

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT
ON
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
NATIONAL-OILWELL, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

76-0475815
(I.R.S. Employer
Identification Number)

5555 San Felipe
Houston, Texas 77056
(713) 960-5100
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

RICHARD L. LIONBERGER, ESQUIRE
Vice President and General Counsel
5555 San Felipe
Houston, Texas 77056
(713) 960-5100
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:
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2000 ONE LOGAN SQUARE
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. []

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: []

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration for the same offering: []

CALCULATION OF REGISTRATION FEE

TITLE OF CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER NOTE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
6 7/8% Senior Notes due 2005, Series B	\$150,000,000	100%	\$150,000,000	\$44,250 (2)

(1) Calculated in accordance with Rule 457(f)(2).

(2) The Registrant paid a filing fee of \$57,401.10 with respect to the Common Stock registered on the original Registration Statement on Form S-3 filed on May 27, 1998.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This registration statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

PROSPECTUS

SUBJECT TO COMPLETION DATED AUGUST 21, 1998

OFFER TO EXCHANGE ALL OUTSTANDING
6 7/8% SENIOR NOTES DUE 2005
(\$150,000,000 PRINCIPAL AMOUNT OUTSTANDING)
FOR 6 7/8% SENIOR NOTES DUE 2005, SERIES B
of
NATIONAL-OILWELL, INC.

The Exchange Offer and withdrawal rights will expire at 5:00 p.m., New York City time on _____, 1998 (as such date may be extended, the "Expiration Date").

National-Oilwell Inc. ("National-Oilwell" or the "Company") hereby offers (the "Exchange Offer"), upon the terms and subject to the conditions set forth in this Prospectus and the accompanying letter of transmittal (the "Letter of Transmittal"), to exchange \$1,000 principal amount of its 6 7/8% Senior Notes due July 1, 2005, Series B (the "Exchange Notes"), for each \$1,000 principal amount of its outstanding 6 7/8% Senior Notes due July 1, 2005 (the "Old Notes" and together with the Exchange Notes, the "Notes") of which an aggregate principal amount of \$150,000,000 is outstanding. See "The Exchange Offer."

The Company will accept for exchange pursuant to the Exchange Offer any and all Old Notes that are validly tendered prior to 5:00 p.m., New York City time, on the Expiration Date. Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Offer is not conditioned upon any amount of the Old Notes being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions, which may be waived by the Company, and to the terms and provisions of the Registration Rights Agreement (as defined below). See "The Exchange Offer."

The Old Notes were issued in a transaction (the "Offering") pursuant to which the Company issued an aggregate of \$150,000,000 principal amount of the Old Notes. The Old Notes were sold by the Company to Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Chase Securities Inc. and Morgan Stanley & Co. Incorporated (the "Initial Purchasers") on June 26, 1998 (the "Closing Date") pursuant to a Purchase Agreement, dated June 23, 1998 (the "Purchase Agreement") among the Company and the Initial Purchasers. The Initial Purchasers subsequently resold the Old Notes in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The Company and the Initial Purchasers also entered into the Registration Rights Agreement dated as of June 26, 1998 (the "Registration Rights Agreement"), pursuant to which the Company granted certain registration rights for the benefit of the holders of the Old Notes. The Exchange Offer is intended to satisfy certain of the Company's obligations under the Registration Rights Agreement with respect to the Old Notes. See "The Exchange Offer -- Purpose and Effect."

The Old Notes were, and the Exchange Notes will be, issued under the Indenture, dated as of June 26, 1998 (the "Indenture"), between the Company and The Bank of New York, as trustee (in such capacity, the "Trustee"). The Bank of New York is acting as Exchange Agent in connection with the Exchange Offer (in such capacity, the "Exchange Agent").

The form and terms of the Exchange Notes will be identical in all material respects to the form and terms of the Old Notes, except that (i) the Exchange Notes have been registered under the Securities Act and, therefore, will not bear legends restricting the transfer thereof, (ii) holders of Exchange Notes will not be entitled to the additional interest payable in certain events under the terms of the Registration Rights Agreement in respect of any Old Notes (the "Additional Interest") and (iii) holders of Exchange Notes will not be, and upon the consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to certain other rights under the Registration Rights Agreement intended for the holders of unregistered securities; provided, however, that (i) if, because of any changes in law, rules or regulations of the Securities and Exchange Commission (the "Commission") or applicable interpretations thereof by the staff of the Commission, the Company is not permitted to effect the Exchange Offer, (ii) if for any other reason this Registration Statement is not declared effective by November 23, 1998 or the Exchange Offer is not consummated by December 23, 1998, (iii) if a holder is advised by counsel that it is not permitted by Federal securities laws or Commission policy to participate in the Exchange Offer or does not receive Exchange Notes that are fully tradeable pursuant to the Exchange Offer without restriction or limitation as to holding period or volume or (iv) upon the request of the Initial Purchasers acquiring a majority of the initial aggregate principal amount of the Old Notes (but only with respect to any Old Notes which the Initial Purchasers acquired directly from the Company), the Company is required to file a shelf registration statement pursuant to Rule 415 under the Securities Act generally for the benefit of such holder of Old Notes (the "Shelf

Registration Statement"), and such holders will be entitled to receive Additional Interest following the occurrence of certain defined events of default in connection with the filing of such Shelf Registration Statement. The Exchange Offer shall be deemed consummated upon the occurrence of written or oral notice by the Company to the Exchange Agent that it has accepted validly tendered Old Notes for exchange and the delivery by the Company to the Trustee of Exchange Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that were validly tendered by holders thereof pursuant to the Exchange Offer. See "The Exchange Offer -- Termination of Certain Rights" and "-- Procedures for Tendering Old Notes" and "Description of Exchange Notes."

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SEE "RISK FACTORS" BEGINNING ON PAGE 11 A
DISCUSSION OF CERTAIN RISKS THAT HOLDERS SHOULD
CONSIDER IN EVALUATING THE EXCHANGE OFFER.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES
AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION
NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE
SECURITIES COMMISSION PASSED UPON THE ACCURACY OR
ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION
TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is _____, 1998

The Exchange Notes will bear interest at a rate equal to 6 7/8% per annum from and including their date of issuance. Interest on the Exchange Notes is payable semiannually on January 1 and July 1 of each year (each, an "Interest Payment Date") beginning January 1, 1999. Holders whose Old Notes are accepted for exchange will have the right to receive interest accrued thereon from the date of their original issuance to, but not including, the date of issuance of the Exchange Notes, such interest to be payable with the first interest payment on the Exchange Notes. Interest on the Old Notes accepted for exchange will cease to accrue on the day prior to the issuance of the Exchange Notes. The Exchange Notes will mature on July 1, 2005. See "Description of Exchange Notes -- General."

The Exchange Notes may be redeemed, in whole or in part, at the option of the Company at any time prior to maturity upon payment of the principal amount thereof, together with unpaid interest accrued to the redemption date and a "Make-Whole Premium" as defined herein. See "Description of the Exchange Notes -- Redemption."

Based on interpretation of the Securities Act by the staff of the Commission set forth in several no-action letters to third parties, and subject to the immediately following sentence, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any purchaser of Notes who is an "affiliate" of the Company or who intends to participate in the Exchange Offer for the purpose of distributing the Exchange Notes, or any broker-dealer who purchased the Notes from the Company to resell pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretation by the staff of the Commission set forth in the above referenced no-action letters, (ii) will not be able to tender the Notes in the Exchange Offer and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Notes, unless such sale or transfer is made pursuant to an exemption from such requirements. The Company does not intend to seek its own no-action letter, and there is no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Notes as it has in such no action letter to third parties.

Each holder of the Notes who wishes to exchange the Notes for the Exchange Notes in the Exchange Offer will be required to make certain representations, including that (i) it is neither an affiliate of Company nor a broker-dealer tendering Notes acquired directly from the Company for its own account, (ii) any Exchange Notes to be received by it shall be acquired in the ordinary course of its business and (iii) at the time of commencement of the Exchange Offer, it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes. In addition, in connection with any resales of Exchange Notes, any Initial Purchaser or other broker-dealer which makes a market in the Old Notes and exchanges Old Notes in the Exchange Offer for Exchange Notes (a "Participating Broker-Dealer") must deliver a prospectus meeting the requirements of the Securities Act. The staff of the Commission has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to the Exchange Notes (other than a resale of an unsold allotment from the original sale of the Old Notes) with this prospectus. Under the Registration Rights Agreement, the Company is required to allow Participating Broker-Dealers to use this prospectus in connection with the resale of Exchange Notes received in exchange for Old Notes acquired by such Participating Broker-Dealers for their own account as a result of market-making or other trading activities.

The Company will not receive any proceeds from the Exchange Offer, but, pursuant to the Registration Rights Agreement, the Company will bear certain registration expenses. No underwriter is being utilized in connection with the Exchange Offer.

The Old Notes were issued originally in global form (the "Global Old Note"). The Global Old Note was deposited with, or on behalf of, The Depository Trust Company ("DTC"), as the initial depository with respect to the Old Notes (in such capacity, the "Depository"). As of August 20, 1998, Cede & Co., nominee for DTC, was the sole registered holder of the Old Notes. Beneficial interests in the Global Old Note are shown on, and transfers thereof are effected only through, records maintained by the Depository and its participants. The use of the Global Old Note to represent certain of the Old Notes permits the Depository's participants, and anyone holding a beneficial interest in an Old Note registered in the name of such a participant, to transfer interests in the Old Notes electronically in accordance with the Depository's established procedures without the need to transfer a physical certificate. Except as provided below, the Exchange Notes will also be issued initially as a note in global form (the "Global Exchange Note," and together with the Global Old Note, the "Global Notes") and deposited with, or on behalf of, the Depository.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains or has incorporated by reference, statements that are not historical facts or statements of current condition and are forward-looking statements. Such statement may be identified by, among other things, the use of forward-looking terminology such as "believes," "expects," "forecasts," "estimates," "plans," "continues," "may," "will," "should," "anticipates," or "intends," or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy or intentions. Such statements address, among other things, statements under "Prospectus Summary" and "Risk Factors" as well as in the Prospectus generally. Although National-Oilwell believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from National-Oilwell's expectations are disclosed under "Risk Factors" and in this Prospectus generally, as well as in the documents incorporated by reference herein. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward-looking statements. The Company disclaims any obligation or intent to update any such factors or forward-looking statement to reflect future events or developments.

AVAILABLE INFORMATION

The Company is subject to the information requirement of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and, in accordance therewith, files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information filed by the Company with the Commission can be inspected at the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and the regional offices of the Commission at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and Seven World Trade Center, New York, New York 10048. Copies of such material may be obtained from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Company's Common Stock is listed on the New York Stock Exchange and reports, proxy statements and other information regarding the Company can be inspected at the offices of the New York Stock Exchange, 22 Broad Street, New York, New York 10006. The Commission maintains a web site that contains all information filed electronically. The address of the Commission's web site is <http://www.SEC.gov>.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company with the Commission are incorporated by reference herein:

- (i) Annual Report on Form 10-K for the year ended December 31, 1997;
- (ii) Quarterly Reports on Form 10-Q for the quarters ended March 31, 1998 and June 30, 1998; and
- (iii) Current Report on Form 8-K filed on June 17, 1998, as amended by a Form 8-K/A filed on August 17, 1998.

All documents filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to consummation of the Exchange Offer shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM A COPY OF THIS PROSPECTUS HAS BEEN DELIVERED, UPON THE WRITTEN OR ORAL REQUEST OF ANY SUCH PERSON, A COPY OF ANY OR ALL OF THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN, OTHER THAN THE EXHIBITS TO SUCH DOCUMENTS, UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO THE INFORMATION THAT THIS PROSPECTUS INCORPORATES. WRITTEN OR ORAL REQUESTS FOR SUCH COPIES SHOULD BE DIRECTED TO THE COMPANY TO THE ATTENTION OF M. GAY MATHER, MANAGER, INVESTOR RELATIONS, NATIONAL-OILWELL, INC., 5555 SAN FELIPE, HOUSTON, TEXAS 77056 (TELEPHONE (713) 960-5422). IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BY _____, 1998.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and the financial statements and notes thereto appearing elsewhere or incorporated by reference in this Prospectus. Prospective investors should also review carefully the information set forth under "Risk Factors."

Unless the context otherwise requires, (i) all references to "National-Oilwell" or the "Company" are to National-Oilwell, Inc. and its subsidiaries, and (ii) all references to activities of, and financial information with respect to, National-Oilwell are presented on a combined basis, including with respect to periods prior to the consummation of the September 25, 1997 business combination (the "Dreco Combination") with Dreco Energy Services Ltd. ("Dreco").

THE COMPANY

National-Oilwell is a worldwide leader in the design, manufacture and sale of machinery, equipment and downhole products used in oil and gas drilling and production, as well as in the distribution to the oil and gas industry of maintenance, repair and operating products. The Company manufactures and assembles drilling machinery, including drawworks, mud pumps and power swivels (also known as "top drives"), which are the major mechanical components of drilling rigs, as well as masts, derricks, substructures and cranes. Many of these components are designed specifically for applications in offshore, extended reach and deep land drilling. The Company estimates that approximately 65% of the mobile offshore rig fleet and the majority of the world's larger land rigs (2,000 horsepower and greater) manufactured in the last twenty years utilize drawworks, mud pumps and other drilling machinery components manufactured by the Company.

As a result of the Dreco Combination, National-Oilwell expanded its machinery and equipment capabilities and added a business segment that designs and manufactures drilling motors and specialized drilling tools for rent and for sale. Drilling motors are essential components of systems for horizontal, directional, extended reach and performance drilling. Drilling tools include drilling jars, shock tools and other specialized products.

The Company also provides distribution services through its network of approximately 120 distribution service centers located near major drilling and production activity worldwide, but principally in the United States and Canada. These distribution service centers stock and sell a variety of expendable items for oilfield applications and spare parts for National-Oilwell equipment. As oil and gas companies and drilling contractors have refocused on their core competencies and emphasized efficiency initiatives to reduce costs and capital requirements, the Company's distribution services have expanded to offer outsourcing and alliance arrangements that include comprehensive procurement, inventory management and logistics support.

Over the last fifteen years, much of the demand for capital equipment has been satisfied from the large surplus of equipment built during the late seventies and early eighties. The Company believes that the surplus has been reduced substantially over this period, especially for higher capacity equipment for which National-Oilwell is a leading supplier. National-Oilwell's backlog for capital equipment has grown to \$260 million at June 30, 1998, up from \$141 million at June 30, 1997. The level of backlog can be affected by volatility in the price of oil and gas and other factors. See "Risk Factors." The Company expects to ship a majority of the June 30, 1998 backlog by the end of 1998.

National-Oilwell believes that reasonably anticipated demand for the Company's capital equipment in 1998 and 1999 can be met without significant incremental capital expenditures by the Company's continuing focus on process improvement and through the combined capabilities available after the Dreco Combination.

National-Oilwell is incorporated in Delaware, with its principal executive offices located at 5555 San Felipe, Houston, Texas 77056, and its telephone number is (713) 960-5100.

RECENT DEVELOPMENTS

On July 21, 1998, National-Oilwell completed the purchase of all the outstanding capital stock of Roberds-Johnson Industries, Inc. ("RJI") for 1.35 million shares of National-Oilwell common stock. The transaction will be recorded in accordance with the pooling-of-interests method of accounting. RJI manufactures a broad range of equipment used on deep water drilling rigs, including modular packages for production facilities, small platform drilling packages, mud tank and engine packages and other fabricated equipment. In addition, RJI has designed and built various models of highly automated land rigs. RJI also provides a full rig-up facility with employees experienced in the engineering and construction of conventional land drilling rigs.

BUSINESS STRATEGY

National-Oilwell's current business strategy is to enhance its market positions and operating performance by:

Leveraging Its Installed Base of Higher Capacity Drilling Machinery and Equipment. National-Oilwell believes its market position presents substantial opportunities to capture a significant portion of expenditures for the construction of new, higher capacity drilling rigs and equipment as well as the upgrade and refurbishment of existing drilling rigs and equipment. The Company believes the advanced age of the existing fleet of drilling rigs, coupled with increasing drilling activity involving greater depths and extended reach, will generate the demand for new equipment, especially in the higher capacity end of the market. National-Oilwell's larger drawworks, mud pumps and power swivels provide, in many cases, the largest capacities currently available in the industry.

Expanding Its Downhole Products Business. National-Oilwell believes that the strengthened marketing and distribution capabilities resulting from the Dreco Combination provide an opportunity for growth in the rental and sale of high-performance drilling motors and downhole tools, especially for use in directional, horizontal, extended reach and other value-added drilling applications.

Building on Distribution Strengths and Alliance/Outsourcing Trends. As a result of efficiency initiatives, oil and gas companies and drilling contractors are frequently seeking alliances with suppliers, manufacturers and service providers, or outsourcing their procurement, inventory management and logistics requirements for equipment and supplies in order to achieve cost and capital improvements. National-Oilwell believes that it is well-positioned to provide these services as a result of its (i) large and geographically diverse network of distribution service centers in major oil and gas producing areas in the United States and Canada, (ii) purchasing leverage due to the volume of products sold, (iii) breadth of available product lines and (iv) integrated information and process systems that enhance procurement, inventory management and logistics activities. In addition, the strategic integration of National-Oilwell's distribution expertise, extensive distribution network and growing base of customer alliances may provide an increased opportunity for cost-effective marketing of National-Oilwell's manufactured parts and equipment.

Continuing to Make Acquisitions that Enhance Its Product Line. National-Oilwell believes that the oilfield service and equipment industry will continue to experience consolidation as businesses seek to align themselves with other market participants in order to gain access to broader markets and become affiliated with integrated product offerings, and National-Oilwell plans to participate in this trend. During 1997, the Company made three acquisitions, including the Dreco Combination, which have enabled the Company to provide a more complete rig package to its customers. To date in 1998, the Company has completed the acquisitions of Speciality Tools Ltd., a company that designs and engineers downhole tools for thru-tubing applications, Versatech International Ltd., a company engaged in the manufacture of coiled tubing tools and equipment, Phoenix Energy Products Holdings, Inc. ("Phoenix"), a company that manufactures and sells several lines of products that are complementary to those of National-Oilwell, including fluid end expendable products, solid control equipment and pipe handling tools, and RJI.

ISSUANCE OF THE OLD NOTES

The Old Notes were sold to the Initial Purchasers on June 26, 1998 pursuant to the Purchase Agreement. The Initial Purchasers subsequently resold the Old Notes in reliance on Rule 144A under the Securities Act and other available exemptions under the Securities Act. In connection with such sale, the Company and the Initial Purchasers also entered into the Registration Rights Agreement pursuant to which the Company granted certain registration rights for the benefit of the holders of the Old Notes. The Exchange Offer is intended to satisfy certain obligations of the Company under the Registration Rights Agreement with respect to the Old Notes. See "The Exchange Offer -- Purpose and Effect." Capitalized terms used but not defined in this Prospectus Summary are defined elsewhere in the Prospectus.

THE EXCHANGE OFFER

The Exchange Offer..... The Company is offering upon the terms and subject to the conditions set forth herein to exchange \$1,000 principal amount of Exchange Notes for each \$1,000 principal amount of the outstanding Old Notes. As of the date of this Prospectus, \$150 million in aggregate principal amount of the Old Notes is outstanding. As of the date of this Prospectus, there is one registered holder of the Old Notes, Cede & Co., nominee for DTC, which holds the Old Notes for its participants. See "The Exchange Offer -- Terms of the Exchange Offer." The terms of the Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Old Notes for which they may be exchanged, except as described under "Prospectus Summary -- Termination of Certain Rights." See "The Exchange Offer."

Expiration Date..... 5:00 p.m., New York City time, on _____, 1998 as the same may be extended. See "The Exchange Offer -- Expiration Date; Extensions; Amendments."

Conditions of the Exchange Offer..... The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions, including that (i) the Exchange Offer, or the making of an exchange by a holder, does not violate applicable law or any applicable interpretation of the staff of the Commission and (ii) no action or proceeding is instituted or threatened that would be reasonably likely to materially impair the ability of the Company to proceed with the Exchange Offer. The Company expects that the foregoing conditions will be satisfied. All such conditions may be waived by the Company. See "The Exchange Offer -- Conditions of the Exchange Offer."

Termination of Certain Rights..... Pursuant to the Registration Rights Agreement and the Old Notes, holders of Old Notes have rights to receive Additional Interest upon certain events, which Additional Interest may not exceed .25% per annum, and have certain rights intended for the holders of unregistered securities. Holders of Exchange Notes will not be and, upon consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to (i) the right to receive the Additional Interest or (ii) certain other rights under the Registration Rights Agreement intended for holders of unregistered securities. The Exchange Offer shall be deemed consummated upon the occurrence of written or oral notice by the Company to the Exchange Agent that it has accepted validly tendered Old Notes for exchange and the delivery by the Company to the Trustee of Exchange Notes in the same aggregate principal amount as the aggregate principal amount of

Old Notes that were tendered by holders thereof pursuant to the Exchange Offer. See "The Exchange Offer -- Termination of Certain Rights" and "Procedures for Tendering Old Notes."

Shelf Registration..... Under the Registration Rights Agreement, the Company will be required to file a Shelf Registration Statement pursuant to Rule 415 under the Securities Act covering Old Notes (the "Shelf Registration") if (i) because of any changes in law, Commission rules or regulations or applicable interpretations thereof by the staff of the Commission, the Company is not permitted to effect the Exchange Offer, (ii) if for any other reason the Registration Statement of which this Prospectus is a part is not declared effective by November 23, 1998 or the Exchange Offer is not consummated by December 23, 1998, (iii) if a holder is advised by counsel that it is not permitted by Federal securities laws or Commission policy to participate in the Exchange Offer or does not receive Exchange Notes that are fully tradeable pursuant to the Exchange Offer without restriction or limitation as to holding period or volume or (iv) upon the request of the Initial Purchasers acquiring a majority of the initial aggregate principal amount of the Old Notes (but only with respect to any Old Notes which the Initial Purchasers acquired directly from the Company). The Company will be required to use its reasonable best efforts to cause any Shelf Registration to be declared effective under the Securities Act as promptly as practicable but no later than January 22, 1999 and, subject to certain exceptions, to keep the Shelf Registration continuously effective under the Securities Act until the earlier of (i) June 25, 2001 or (ii) such period ending when all Old Notes covered by the Shelf Registration (a) have been sold in the manner set forth and as contemplated in the Shelf Registration, (b) cease to be outstanding or (c) become freely tradeable without restriction or limitation as to holding period or volume.

Accrued Interest on the Old Notes..... The Exchange Notes will bear interest at a rate equal to 6 7/8% per annum from and including their date of issuance. Holders whose Old Notes are accepted for exchange will have the right to receive interest accrued thereon from the date of their original issuance to, but not including, the date of issuance of the Exchange Notes, such interest to be payable with the first interest payment on the Exchange Notes. Interest on the Old Notes accepted for exchange, which accrued at the rate of 6 7/8% per annum, will cease to accrue interest on, the day prior to the issuance of the Exchange Notes.

Additional Interest..... Pursuant to the Registration Rights Agreement, if (i) the Registration Statement of which this Prospectus is a part has not been declared effective on or prior to November 23, 1998, (ii) the Exchange Offer is not consummated on or prior to December 23, 1998, (iii) a required Shelf Registration Statement is not declared effective on or prior to the 210th calendar day following the Closing Date or (iv) the Registration Statement of which this Prospectus is a part or any required Shelf Registration Statement is filed and declared effective but shall thereafter be either withdrawn by the Company or become subject to an effective stop order suspending the effectiveness of such registration statement, except as specifically permitted by the Registration Rights Agreement, without being succeeded immediately by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv) above, a "Registration Default"), the interest rate borne by the Old

Notes shall be increased by .25% per annum following such Registration Default; provided that the aggregate amount of any such increase in the interest rate on the Notes shall in no event exceed .25% per annum; and provided, further, that if this Registration Statement is not declared effective on or prior to November 23, 1998 and the Company shall request holders of Old Notes to provide information for inclusion in the Shelf Registration Statement, then Old Notes owned by holders who do not deliver such information to the Company or who do not provide comments on the Shelf Registration Statement when required pursuant to the Registration Rights Agreement will not be entitled to any such increase in the interest rate for any day after December 23, 1998. Following the cure of all Registration Defaults, the accrual of such Additional Interest will cease and the interest rate will revert to the original rate.

<p>Procedures for Tendering Old Notes.....</p>	<p>Unless a tender of Old Notes is effected pursuant to the procedures for book-entry transfer as provided herein, each holder desiring to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, have the signature thereon guaranteed if required by the Letter of Transmittal, and mail or otherwise deliver the Letter of Transmittal, or such facsimile, together with the Old Notes or a Notice of Guaranteed Delivery and any other required documents (such as evidence of authority to act, if the Letter of Transmittal is signed by someone acting in a fiduciary or representative capacity), to the Exchange Agent at the address set forth on the back cover page of this Prospectus prior to 5:00 p.m., New York City time, on the Expiration Date. Any beneficial owner of the Old Notes whose Old Notes are registered in the name of a nominee, such as a broker, dealer, commercial bank or trust company and who wishes to tender Old Notes in the Exchange Offer, should instruct such entity or person to promptly tender on such beneficial owner's behalf. See "The Exchange Offer -- Procedures for Tendering Old Notes."</p>
<p>Guaranteed Delivery Procedures.....</p>	<p>Holders whose certificates for Old Notes are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent (as defined below) on or prior to the Expiration Date, or who cannot complete the procedure for book-entry on a timely basis, may tender their Old Notes pursuant to the guaranteed delivery procedures set forth in the Letter of Transmittal.</p>
<p>Acceptance of Old Notes and Delivery of Exchange Notes.....</p>	<p>Upon satisfaction or waiver of all conditions of the Exchange Offer, the Company will accept any and all Old Notes that are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Notes issued pursuant to the Exchange Offer will be delivered promptly after acceptance of the Old Notes. See "The Exchange Offer -- Acceptance of Old Notes for Exchange; Delivery of Exchange Notes."</p>
<p>Withdrawal Rights.....</p>	<p>Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. See "The Exchange Offer -- Withdrawal Rights."</p>
<p>The Exchange Agent.....</p>	<p>The Bank of New York is the exchange agent (in such capacity, the "Exchange Agent"). The address and telephone number of the Exchange</p>

Agent are set forth in "The Exchange Offer -- The Exchange Agent; Assistance."

Fees and Expenses.....

All expenses incident to the Company's consummation of the Exchange Offer and compliance with the Registration Rights Agreement will be borne by the Company. The Company is also required to pay certain transfer taxes applicable to the Exchange Offer. See "The Exchange Offer -- Fees and Expenses."

Resales of the Exchange

Notes.....

Based on interpretation of the Securities Act by the staff of the Commission set forth in several no-action letters to third parties, and subject to the immediately following sentence, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any purchaser of Notes who is an "affiliate" of the Company or who intends to participate in the Exchange Offer for the purpose of distributing the Exchange Notes, or any broker-dealer who purchased the Notes from the Company to resell pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretation by the staff of the Commission set forth in the above referenced no-action letters, (ii) will not be able to tender the Notes in the Exchange Offer and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Notes, unless such sale or transfer is made pursuant to an exemption from such requirements. The Company does not intend to seek its own no-action letter, and there is no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Notes as it has in such no action letter to third parties.

Each holder of the Notes who wishes to exchange the Notes for the Exchange Notes in the Exchange Offer will be required to make certain representations, including that (i) it is neither an affiliate of Company nor a broker-dealer tendering Notes acquired directly from the Company for its own account, (ii) any Exchange Notes to be received by it shall be acquired in the ordinary course of its business, and (iii) at the time of commencement of the Exchange Offer, it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes. In addition, in connection with any resales of Exchange Notes, any Participating Broker-Dealer must deliver a prospectus meeting the requirements of the Securities Act. The staff of the Commission has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to the Exchange Notes (other than a resale of an unsold allotment from the original sale of the Notes) with the prospectus contained in the Exchange Offer Registration Statement. Under the Registration Rights Agreement, the Company is required to allow Participating Broker-Dealers to use the prospectus contained in the Exchange Offer Registration Statement in connection with the resale of Exchange Notes received in exchange for Notes acquired by such Participating Broker-Dealers for their own account as a result of market-making or other trading activities.

DESCRIPTION OF EXCHANGE NOTES

The form and terms of the Exchange Notes will be identical in all material respects to the form and terms of the Old Notes, except that (i) the Exchange Notes have been registered under the Securities Act and, therefore, will not bear legends restricting the transfer thereof, (ii) holders of the Exchange Notes will not be entitled to Additional Interest and (iii) holders of the Exchange Notes will not be, and upon consummation of the Exchange Offer, holders of the Old Notes will no longer be, entitled to certain other rights under the Registration Rights Agreement intended for the holders of unregistered securities, except in certain limited circumstances. See "Exchange Offer -- Termination of Certain Rights." The Exchange Offer shall be deemed consummated upon the occurrence of the delivery by the Company to the Trustee in its capacity as Registrar under the Indenture of Exchange Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that were tendered by holders thereof pursuant to the Exchange Offer. See "The Exchange Offer -- Termination of Certain Rights," " -- Procedures for Tendering Old Notes," and "Description of Exchange Notes."

Securities Offered.....	\$150,000,000 aggregate principal amount of 6 7/8% Senior Notes due 2005, Series B.
Maturity Date.....	July 1, 2005.
Interest Payments Dates.....	January 1 and July 1, of each year, commencing January 1, 1999.
Ranking.....	The Notes are unsecured senior obligations of the Company and rank pari passu in right of payment with all other existing and future unsecured and unsubordinated indebtedness of the Company and senior in right of payment to all future subordinated indebtedness of the Company. The Notes are effectively subordinated, however, to (i) all future secured obligations of the Company to the extent of the assets securing such obligations and (ii) all current and future borrowings and trade obligations of the subsidiaries of the Company. The Indenture under which the Notes are issued permits the Company and its subsidiaries to incur additional indebtedness, including additional secured indebtedness, subject to certain conditions. See "Description of the Exchange Notes -- General."
Redemption.....	The Notes may be redeemed, in whole or in part, at the option of the Company at any time prior to maturity upon payment of the principal amount thereof, together with unpaid interest accrued to the redemption date and a "Make-Whole Premium," as defined herein. See "Description of the Exchange Notes -- Redemption."
Certain Covenants.....	The Indenture contains certain covenants that, among other things, limit the ability of the Company and its subsidiaries to (i) create certain liens, (ii) engage in sale and leaseback transactions or (iii) engage in certain mergers, consolidations or asset sales. See "Description of the Exchange Notes."
Absence of a Public Market for the Exchange Notes.....	There is no existing market for the Notes and there can be no assurance as to the liquidity of any markets that may develop for the Notes, the ability of holders of the Notes to sell their Notes or the price at which holders would be able to sell their Notes. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Company's operating results and the market for similar securities. The Company has been advised by the Initial Purchasers that, subject to applicable laws and regulations, such firms currently intend to make a market in the Notes, although they are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice. The Company does not intend to apply for

listing of the Notes on any securities exchange or for quotation through the Nasdaq National Market or any other quotation system. See "Risk Factors -- Absence of Public Market for the Notes" and "Plan of Distribution."

For more detailed information regarding the terms of the Notes, see "Description of Exchange Notes."

RISK FACTORS

See "Risk Factors" beginning on page 11 of this Prospectus for a discussion of certain factors which should be considered by prospective investors in evaluating the Exchange Offer.

RISK FACTORS

In addition to the other information contained in this Prospectus, holders of Notes should consider carefully the following risk factors affecting the business of the Company.

DEPENDENCE ON OIL AND GAS INDUSTRY

National-Oilwell's businesses are substantially dependent upon the condition of the oil and gas industry and the industry's willingness to explore for and produce oil and gas. The degree of such willingness is generally dependent upon the prevailing view of future product prices, which are influenced by numerous factors affecting the supply and demand for oil and gas, including the level of drilling activity, worldwide economic activity, interest rates and the cost of capital, the development of alternate energy sources, environmental regulation, tax policies, political requirements of national governments, coordination by the Organization of Petroleum Exporting Countries ("OPEC") and the cost of producing oil and gas. Any significant reduction in demand for drilling services, in cash flows of drilling contractors or in rig utilization rates below current levels would result in a drop in demand for products manufactured and sold by National-Oilwell.

VOLATILITY OF OIL AND GAS PRICES

Oil and gas prices and activity have been characterized by significant volatility over the last approximately twenty years. Since 1986, spot oil prices (West Texas Intermediate) have ranged from a low of approximately \$11 per barrel in 1986 to a high of approximately \$40 per barrel in 1991. Oil prices have generally been under downward pressure to date in 1998, with spot prices generally within a range of \$12-\$16 per barrel. Spot gas prices (Henry Hub) have ranged from lows below \$1.00 per mcf of gas in 1992 to highs above \$3.00 per mcf in 1996 and 1997. There has also been downward pressure on gas prices to date in 1998, and prices have generally been within a range of \$1.80 to \$2.20 per mcf. These price changes have caused numerous shifts in the strategies and expenditure levels of oil and gas companies and drilling contractors, particularly with respect to decisions to purchase major capital equipment of the type manufactured by National-Oilwell. Moreover, uncertainty with respect to the stability and direction of future prices has often led to deferral of such expenditures. Recent expectations of lower oil prices generally have the effect of slowing production and new drilling, particularly in areas where the per barrel cost of production is high. This slowdown has a more immediate effect on parts of National-Oilwell's distribution business but can also affect the downhole products and products and technology segments if lower prices are expected to continue for extended periods. No assurance can be given as to the future price levels of oil and gas or the volatility thereof, or that the future price of oil and gas will be sufficient to support current levels of exploration and production.

HIGHLY COMPETITIVE INDUSTRY

The oilfield products and services industry is highly competitive. The revenues and earnings of National-Oilwell can each be affected by competitive actions such as price changes, introduction of new technologies and products or improved availability and delivery. National-Oilwell competes with a large number of companies, some of which may offer certain more technologically advanced products, possess greater financial resources and have more extensive and diversified operations.

POTENTIAL PRODUCT LIABILITY AND WARRANTY CLAIMS

Certain products of National-Oilwell and its predecessors are used in potentially hazardous drilling, completion and production applications that can cause personal injury or loss of life, damage to property, equipment or the environment and suspension of operations. National-Oilwell maintains insurance coverage in such amounts and against such risks as it believes to be in accordance with normal industry practice. Such insurance does not, however, provide coverage for all liabilities (including liabilities for certain events involving pollution), and there can be no assurance that such insurance will be adequate to cover all losses or liabilities that may be incurred by National-Oilwell in its operations. Moreover, no assurance can be given that National-Oilwell will, in the future, be able to maintain insurance

at levels it deems adequate and at rates it considers reasonable or that particular types of coverage will be available. Litigation arising from a catastrophic occurrence at a location where equipment and services of National-Oilwell or its predecessors have been used may, in the future, result in National-Oilwell being named as a defendant in product liability or other lawsuits asserting potentially large claims. National-Oilwell is a party to various legal and administrative proceedings which have arisen from its businesses. No assurance can be given with respect to the outcome of these or any other pending legal and administrative proceedings and the effects such outcomes may have on National-Oilwell.

IMPACT OF POLITICAL DEVELOPMENTS AND GOVERNMENTAL REGULATIONS

Many aspects of National-Oilwell's operations are affected by political developments, including restrictions on the ability to do business in various foreign jurisdictions, and are subject to both domestic and foreign governmental regulation, including those relating to oilfield operations, worker safety and the protection of the environment. In addition, National-Oilwell depends on the demand for its services from the oil and gas industry and, therefore, is affected by any changes in taxation, price controls or other laws and regulations that affect the oil and gas industry generally. The adoption of laws and regulations curtailing exploration for or production of oil and gas for economic or other policy reasons could adversely affect National-Oilwell's operations. National-Oilwell cannot determine the extent to which its future operations and earnings may be affected by political developments, new legislation, new regulations or changes in existing regulations.

IMPACT OF ENVIRONMENTAL REGULATIONS

The operations of National-Oilwell and its customers are affected by numerous foreign, federal, state, provincial and local environmental laws and regulations. The technical requirements of these laws and regulations are becoming increasingly expensive, complex and stringent. These laws may impose penalties or sanctions for damages to natural resources or threats to public health and safety. Such laws and regulations may also expose National-Oilwell to liability for the conduct of or conditions caused by others, or for acts of National-Oilwell or its predecessors that were in compliance with all applicable laws at the time such acts were performed. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Certain environmental laws provide for joint and several liability for remediation of spills and releases of hazardous substances. In addition, National-Oilwell may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances, as well as damage to natural resources.

RISK OF CERTAIN FOREIGN MARKETS

Certain of National-Oilwell's revenues result from the sale of products to customers for ultimate destinations in the Middle East, Africa, Southeast Asia and other international markets and are subject to risks of instability of foreign economies and governments. Furthermore, National-Oilwell's sales can be affected by laws and regulations limiting exports to particular countries. In certain cases, export laws and regulations of one jurisdiction may contradict those of another.

National-Oilwell attempts to limit its exposure to foreign currency fluctuations by limiting the amount of sales denominated in currencies other than United States dollars, Canadian dollars and British pounds. National-Oilwell has not engaged in and does not currently intend to engage in any significant hedging or currency trading transactions designed to compensate for adverse currency fluctuations among those or any other foreign currencies.

INTEGRATION OF ACQUISITIONS AND MANAGEMENT OF GROWTH

National-Oilwell completed four acquisitions in 1997 and has completed four acquisitions to date in 1998. In addition, the Company expects to evaluate and, where feasible, make additional strategic acquisitions in the future. There can be no assurance that suitable acquisition candidates will be available, that acquisitions can be completed on reasonable terms, that the Company will successfully integrate the operations of any acquired entities or that the

Company will have access to adequate funds to effect any desired acquisitions. In addition, the process of combining the organizations could cause the interruption of, or a loss of momentum in, the activities of some or all of the companies' businesses, which could have an adverse effect on their combined operations. The Dreco Combination and recent growth in revenues and backlog have placed significant demands on the Company and its management to improve the combined entity's operational, financial and management information systems, to develop further the management skills of the Company's managers and supervisors, and to continue to train, motivate and effectively manage the Company's employees. The failure of the Company to manage its growth effectively could have a material adverse effect on the Company.

ABSENCE OF PUBLIC MARKET FOR THE NOTES

There is no existing market for the Notes and there can be no assurance as to the liquidity of any markets that may develop for the Notes, the ability of holders of the Notes to sell their Notes or the price at which holders would be able to sell their Notes. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Company's operating results and the market for similar securities. The Company has been advised by the Initial Purchasers that, subject to applicable laws and regulations, such firms currently intend to make a market in the Notes, although they are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice.

THE EXCHANGE OFFER

PURPOSE AND EFFECT

The Old Notes were sold by the Company to the Initial Purchasers on June 26, 1998, pursuant to the Purchase Agreement. The Initial Purchasers subsequently resold the Old Notes in reliance on Rule 144A under the Securities Act. The Company and the Initial Purchasers also entered into the Registration Rights Agreement pursuant to which the Company agreed with respect to the Old Notes to (i) cause a Registration Statement to be filed with the Commission under the Securities Act concerning the Exchange Offer, (ii) use its reasonable best efforts (a) to cause such Registration Statement to be declared effective by the Commission by November 23, 1998 and (b) to cause the Exchange Offer to be consummated by December 23, 1998. This Exchange Offer is intended to satisfy the Company's exchange offer obligations under the Registration Rights Agreement.

TERMS OF THE EXCHANGE OFFER

The Company hereby offers, upon the terms and subject to the conditions set forth herein and in the accompanying Letter of Transmittal, to exchange \$1,000 in principal amount of the Exchange Notes for each \$1,000 in principal amount of the outstanding Old Notes. The Company will accept for exchange any and all Old Notes that are validly tendered on or prior to 5:00 p.m., New York City time, on the Expiration Date. Tenders of the Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions which may be waived by the Company, and to the terms and provisions of the Registration Rights Agreement. See "-- Conditions of the Exchange Offer."

Old Notes may be tendered only in multiples of \$1,000. Subject to the foregoing, Holders may tender less than the aggregate principal amount represented by the Old Notes held by them, provided that they appropriately indicate this fact on the Letter of Transmittal accompanying the tendered Old Notes (or so indicate pursuant to the procedures for book-entry transfer).

As of August 20, 1998, \$150,000,000 aggregate principal amount of the Old Notes was outstanding and there was one registered holder of the Old Notes, Cede & Co., nominee for DTC, which held the Old Notes for its participants. Only a holder of the Old Notes (or such holder's legal representative or attorney-in-fact) may participate in the Exchange Offer. There will be no fixed record date for determining holders of the Old Notes entitled to participate in the Exchange Offer.

The Company shall be deemed to have accepted validly tendered Old Notes when, as and if the Company has given oral or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering of Old Notes and for the purposes of receiving the Exchange Notes from the Company.

If any tendered Old Notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth herein or otherwise, certificates for any such unaccepted Old Notes will be returned, without expense, to the tendering holder thereof as promptly as practicable after the Expiration Date.

EXPIRATION DATE; EXTENSIONS; AMENDMENTS

The Expiration Date shall be _____, 1998 at 5:00 p.m., New York City time, unless the Company, in its sole discretion, extends the Exchange Offer, in which case the Expiration Date shall be the latest date and time to which the Exchange Offer is extended.

In order to extend the Exchange Offer, the Company will notify the Exchange Agent of any extension by oral or written notice and will make a public announcement thereof, each prior to 10:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

The Company reserves the right, in its sole discretion, (i) to delay accepting any Old Notes, (ii) to extend the Exchange Offer or (iii) if any of the conditions set forth below under "Conditions of the Exchange Offer" shall not have been satisfied, to terminate the Exchange Offer, by giving oral or written notice of such delay, extension, or termination to the Exchange Agent. The Company reserves the right, in its sole discretion, to amend the terms of the Exchange Offer in any manner. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendments by means of a prospectus supplement that will be distributed to the registered holders of the Old Notes.

CONDITIONS OF THE EXCHANGE OFFER

The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions, including without limitation that (i) the Exchange Offer, or the making of an exchange by a holder, does not violate applicable law or any applicable interpretation of the staff of the Commission and (ii) no action or proceeding is instituted or threatened that would be reasonably likely to materially impair the ability of the Company to proceed with the Exchange Offer.

The Company expects that the foregoing conditions will be satisfied. The foregoing conditions are for the sole benefit of the Company and may be waived by the Company in whole or in part at any time and from time to time in its sole discretion. The failure by the Company at any time to exercise any of the foregoing rights shall not be deemed a waiver of such rights and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Company concerning the events described above will be final and binding upon all parties.

TERMINATION OF CERTAIN RIGHTS

Pursuant to the Registration Rights Agreement and the Old Notes, holders of Old Notes have rights to receive Additional Interest and have certain rights intended for the holders of unregistered securities. Holders of Exchange Notes will not be and, upon consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to (i) the right to receive Additional Interest or (ii) certain other rights under the Registration Rights Agreement intended for holders of unregistered securities. The Exchange Offer shall be deemed consummated upon the occurrence of the delivery by the Company to the Registrar of Exchange Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that were tendered by holders thereof pursuant to the Exchange Offer.

SHELF REGISTRATION

The Company will be required to file the Shelf Registration Statement pursuant to Rule 415 under the Securities Act covering the Old Notes if (i) because of any changes in law, Commission rules or regulations or applicable interpretations thereof by the staff of the Commission, the Company is not permitted to effect the Exchange Offer, (ii) if for any other reason the Registration Statement of which this Prospectus is a part is not declared effective by November 23, 1998 or the Exchange Offer is not consummated by December 23, 1998, (iii) if a holder is advised by counsel that it is not permitted by Federal securities laws or Commission policy to participate in the Exchange Offer or does not receive Exchange Notes that are fully tradeable pursuant to the Exchange Offer without restriction or limitation as to holding period or volume or (iv) upon the request of the Initial Purchasers acquiring a majority of the initial aggregate principal amount of the Old Notes (but only with respect to any Old Notes which the Initial Purchasers acquired directly from the Company).

ACCRUED INTEREST ON THE OLD NOTES

The Exchange Notes will bear interest at a rate equal to 6 7/8% per annum from and including their date of issuance. Holders whose Old Notes are accepted for exchange will have the right to receive interest accrued thereon from the date of their original issuance to, but not including, the date of issuance of the Exchange Notes, such interest to be payable with the first interest payment on the Exchange Notes. Interest on the Old Notes accepted for exchange,

which interest accrued at the rate of 6 7/8% per annum, will cease to accrue on the day prior to the issuance of the Exchange Notes.

ADDITIONAL INTEREST

Pursuant to the Registration Rights Agreement, if (a) the Registration Statement of which this Prospectus is a part has not been declared effective on or prior to November 23, 1998, (b) the Exchange Offer is not consummated on or prior to December 23, 1998, (c) a required Shelf Registration Statement is not declared effective on or prior to the 210th calendar day following the Closing Date or (d) this Registration Statement or any required Shelf Registration Statement is filed and declared effective but shall thereafter be either withdrawn by the Company or become subject to an effective stop order suspending the effectiveness of such registration statement, except as specifically permitted by the Registration Rights Agreement, without being succeeded immediately by an additional registration statement filed and declared effective (each such event referred to in clauses (a) through (d) above, a "Registration Default"), the interest rate borne by the Old Notes shall be increased by .25% per annum following such Registration Default; provided that the aggregate amount of any such increase in the interest rate on the Notes shall in no event exceed .25% per annum; and provided, further, that if this Registration Statement is not declared effective on or prior to November 23, 1998 and the Company shall request holders of Old Notes to provide information for inclusion in the Shelf Registration Statement, then Old Notes owned by holders who do not deliver such information to the Company or who do not provide comments on the Shelf Registration Statement when required pursuant to the Registration Rights Agreement will not be entitled to any such increase in the interest rate for any day after December 23, 1998. Following the cure of all Registration Defaults, the accrual of such additional interest will cease and the interest rate will revert to the original rate.

PROCEDURES FOR TENDERING OLD NOTES

The tender of a holder's Old Notes as set forth below and the acceptance thereof by the Company will constitute a binding agreement between the tendering holder and the Company upon the terms and subject to the conditions set forth in this Prospectus and in the accompanying Letter of Transmittal. Except as set forth below, a holder who wishes to tender Old Notes for exchange pursuant to the Exchange Offer must transmit such Old Notes, together with a properly completed and duly executed Letter of Transmittal, including all other documents required by such Letter of Transmittal, to the Exchange Agent at the address set forth on the back cover page of this Prospectus prior to 5:00 p.m., New York City time, on the Expiration Date. THE METHOD OF DELIVERY OF OLD NOTES, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDER. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT THE HOLDER USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY.

Any financial institution that is a participant in DTC's book-entry transfer system may make bookentry delivery of the Old Notes by causing DTC to transfer such Old Notes into the Exchange Agent's account in accordance with DTC's procedures for such transfer. In connection with a book-entry transfer, DTC participants may, in lieu of physically completing and signing the Letter of Transmittal and delivering it to the Depository, electronically transmit their acceptance through Automated Tender Offer Program ("ATOP"), and DTC will then edit and verify the acceptance and send an Agent's Message to the Exchange Agent. Delivery of tendered Notes must be made to the Depository pursuant to the book-entry delivery procedures set forth below or the tendering DTC participant must comply with the guaranteed delivery procedures set forth below.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Exchange Agent and forming a part of the book-entry confirmation, which states that DTC has received an express acknowledgment from each participant in DTC tendering the Old Notes and that such participants have received the Exchange Offer and agree to be bound by the terms of the Exchange Offer and the Company may enforce such agreement against such participants.

Each signature on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the Old Notes surrendered for exchange pursuant hereto are tendered (i) by a registered holder of the Old Notes who has not completed either the box entitled "Special Issuance Instructions" or the box entitled "Special Delivery Instructions" in the Letter of Transmittal or (ii) by an Eligible Institution (as defined below). In the event that a signature on a Letter of Transmittal or a notice of withdrawal, as the case may be, is required to be guaranteed, such guarantee must be by a firm which is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or otherwise be an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act (collectively, "Eligible Institutions"). If the Letter of Transmittal is signed by a person other than the registered holder of the Old Notes, the Old Notes surrendered for exchange must either (i) be endorsed by the registered holder, with the signature thereon guaranteed by an Eligible Institution, or (ii) be accompanied by a bond power, in satisfactory form as determined by the Company in its sole discretion, duly executed by the registered holder, with the signature thereon guaranteed by an Eligible Institution. The term "registered holder" as used herein with respect to the Old Notes means any person in whose name the Old Notes are registered on the books of the Registrar.

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of Old Notes tendered for exchange will be determined by the Company in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any and all Old Notes not properly tendered and to reject any Old Notes the Company's acceptance of which might, in the judgment of the Company, or its counsel, be unlawful. The Company also reserves the absolute right to waive any defects or irregularities or conditions of the Exchange Offer as to particular Old Notes either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the Exchange Offer). The interpretation of the terms and conditions of the Exchange Offer (including the Letter of Transmittal and the instructions thereto) by the Company shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes for exchange must be cured within such period of time as the Company shall determine. The Company will use reasonable efforts to give notification of defects or irregularities with respect to tenders of Old Notes for exchange but shall not incur any liability for failure to give such notification. Tendere of the Old Notes will not be deemed to have been made until such irregularities have been cured or waived.

If any Letter of Transmittal, endorsement, bond power, power of attorney or any other document required by the Letter of Transmittal is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company, in its sole discretion, of such person's authority to so act must be submitted.

Any beneficial owner of the Old Notes whose Old Notes are registered in the name of a nominee, such as a broker, dealer, commercial bank or trust company and who wishes to tender Old Notes in the Exchange Offer should contact such registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender directly, such beneficial owner must, prior to completing and executing the Letter of Transmittal and tendering Old Notes, make appropriate arrangements to register ownership of the Old Notes in such beneficial owner's name. Beneficial owners should be aware that the transfer of registered ownership may take considerable time.

By tendering, each registered holder will represent to the Company that, among other things (i) the Exchange Notes to be acquired in connection with the Exchange Offer by the Holder and each beneficial owner of the Old Notes are being acquired by the holder and each beneficial owner in the ordinary course of business of the holder and each beneficial owner, (ii) the holder and each beneficial owner are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution (within the meaning of the Securities Act) of the Exchange Notes, (iii) the holder and each beneficial owner acknowledge and agree that any person participating in the Exchange Offer for the purpose of distributing the Exchange Notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction of the Exchange Notes acquired by such person and cannot rely on the position of the staff of the Commission set forth in no-action

letters that are discussed herein under "-- Resales of the Exchange Notes," (iv) that if the holder is a broker-dealer that acquired Old Notes as a result of market-making or other trading activities, it will deliver a prospectus in connection with any resale of Exchange Notes acquired in the Exchange Offer, (v) the holder and each beneficial owner understand that a secondary, resale transaction described in clause (iii) above should be covered by an effective registration statement containing the selling security holder information required by Item 507 of Regulation S-K of the Commission, and (vi) neither the Holder nor any Beneficial Owner is an "affiliate," as defined under Rule 405 of the Securities Act, of the Company except as otherwise disclosed to the Company in writing. In connection with a book-entry transfer, each participant will confirm that it makes the representations and warranties contained in the Letter of Transmittal.

GUARANTEED DELIVERY PROCEDURES

Holders whose certificates for Old Notes are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, or who cannot complete the procedure for book-entry transfer on a timely basis, may tender their Old Notes pursuant to the guaranteed delivery procedures set forth in the Letter of Transmittal. Pursuant to such procedures, if the Holder desires to tender Old Notes other than by book-entry transfer, (i) such tender must be made through an Eligible Institution, (ii) prior to the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Notes, the certificate number or numbers of any Old Notes which will not be tendered by book-entry transfer, and the amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that within five business days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Old Notes, in proper form for transfer, and any other documents required by the Letter of Transmittal, will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Old Notes, in proper form for transfer, and all other documents required by this Letter, are received by the Exchange Agent within five business days after the date of execution of the Notice of Guaranteed Delivery. In the case of a book-entry transfer, pursuant to the guaranteed delivery procedures set forth in the Letter of Transmittal (i) the tender must be made through an Eligible Institution, (ii) prior to the Expiration Date, the Exchange Agent must receive confirmation from the Depository of receipt by the Depository of a Notice of Guaranteed Delivery via ATOP, by which the tendering Holder will expressly acknowledge the receipt of, and agree to be bound by, the Notice of Guaranteed Delivery including a guarantee that book-entry confirmation will be received by the Exchange Agent within five business days after the date of transmittal of the Notice of Guaranteed Delivery, and (iii) book-entry confirmation must be received by the Exchange Agent within five business days after the date of the transmittal of the Notice of Guaranteed Delivery via ATOP. Any Holder who wishes to tender Old Notes pursuant to the Guaranteed Delivery Procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery and Letter of Transmittal relating to such Old Notes prior to 5:00 p.m., New York City time, on the Expiration Date.

ACCEPTANCE OF OLD NOTES FOR EXCHANGE; DELIVERY OF EXCHANGE NOTES

Upon satisfaction or waiver of all the conditions to the Exchange Offer, the Company will accept any and all Old Notes that are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Notes issued pursuant to the Exchange Offer will be delivered promptly after acceptance of the Old Notes. For purposes of the Exchange Offer, the Company shall be deemed to have accepted validly tendered Old Notes, when, as, and if the Company has given oral or written notice thereof to the Exchange Agent.

In all cases, issuances of Exchange Notes for Old Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of such Old Notes, a properly completed and duly executed Letter of Transmittal and all other required documents (or of confirmation of a book-entry transfer of such Old Notes into the Exchange Agent's account at DTC); provided, however, that the Company reserves the absolute right to waive any defects or irregularities in the tender or conditions of the Exchange Offer. If any tendered Old Notes are not accepted for any reason, such unaccepted Old Notes will be returned without expense to the tendering Holder thereof as promptly as practicable after the expiration or termination of the Exchange Offer.

WITHDRAWAL RIGHTS

Tenders of the Old Notes may be withdrawn by delivery of a written notice to the Exchange Agent at its address set forth on the back cover page of this Prospectus, at any time prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having deposited the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including the certificate number or numbers and principal amount of such Old Notes, as applicable), (iii) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such Old Notes were tendered (including any required signature guarantees) or be accompanied by a bond power in the name of the person withdrawing the tender, in satisfactory form as determined by the Company in its sole discretion, duly executed by the registered holder, with the signature thereon Guaranteed by an Eligible Institution together with the other documents required upon transfer by the Indenture, and (iv) specify the name in which such Old Notes are to be re-registered, if different from the depositor, pursuant to such documents of transfer. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, in its sole discretion. The Old Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Old Notes which have been tendered for exchange but which are withdrawn will be returned to the holder thereof without cost to such holder as soon as practicable after withdrawal. Properly withdrawn Old Notes may be retendered by following one of the procedures described under "-- Procedures for Tendering Old Notes" at any time on or prior to the Expiration Date.

CONSEQUENCES OF FAILURE TO EXCHANGE

As a result of the making of this Exchange Offer, the Company will have fulfilled one of its obligations under the Registration Rights Agreement, and, except as described under "-- Shelf Registration," holders of Old Notes who do not tender their Old Notes will not have any further registration rights under the Registration Rights Agreement or otherwise. Accordingly, any holder of Old Notes that does not exchange that holder's Old Notes for Exchange Notes will continue to hold the untendered Old Notes and will be entitled to all the rights and subject to the limitations applicable thereto under the Indenture, except to the extent such rights or limitations, by their terms, terminate or cease to have further effectiveness as a result of the Exchange Offer.

The Old Notes that are not exchanged for Exchange Notes pursuant to the Exchange Offer will remain restricted securities. Accordingly, such Old Notes may be resold only (i) to the Company or any subsidiary thereof, (ii) pursuant to an effective registration statement under the Securities Act, (iii) for so long as the Old Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act (a "QIB") that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on 144A, (iv) pursuant to offers and sales to non-U.S. persons in an "offshore transaction" within the meaning of Regulation S under the Securities Act, (v) to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that, prior to such transfer, furnishes to the Trustee, a signed letter containing certain representations relating to the restrictions on transfer of the Old Notes evidenced thereby (the form of which letter can be obtained from the Trustee) or (vi) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws.

To the extent that Old Notes are tendered and accepted in the Exchange Offer, the trading market for the untendered Old Notes could be adversely affected.

THE EXCHANGE AGENT; ASSISTANCE

The Bank of New York is the Exchange Agent. All tendered Old Notes, executed Letters of Transmittal and other related documents should be directed to the Exchange Agent. Requests for assistance and requests for additional copies of the Prospectus, the Letter of Transmittal and other related documents should be addressed to the Exchange Agent as follows:

By Hand or Overnight Delivery:

The Bank of New York
101 Barclay Street
Corporate Trust Services Window
Ground Level
Attn: Reorganization Section

By Facsimile:
(for Eligible Institutions only)

(212) 571-3080

To Confirm by telephone
or for Information Call:
(212) 815-6333

By Registered or Certified Mail:

The Bank of New York
101 Barclay Street
New York, New York 10286
Attn: Reorganization Section

FEES AND EXPENSES

All fees and expenses incident to the performance of or compliance with the Registration Rights Agreement by the Company will be borne by the Company, including, without limitation: (i) all Commission, stock exchange or National Association of Securities Dealers, Inc. (the "NASD") registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of one firm of legal counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Notes and any filings with the NASD), (iii) all expenses of any persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto relating to the performance of and compliance with the Registration Rights Agreement, (iv) all rating agency fees, (v) the fees and disbursements of counsel for the Company and of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, (vi) the fees and expenses of the Trustee, and any escrow agent or custodian and (vii) any fees and expenses of any special experts retained by the Company in connection with any Registration Statement, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Old Notes by a holder.

The Company has not retained any dealer-manager in connection with the Exchange Offer and will not make any payments to brokers, dealers or others soliciting acceptance of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith.

The Company will pay all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, a transfer tax is imposed for any reason other than the exchange of Old Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

ACCOUNTING TREATMENT

The Exchange Notes will be recorded at the same carrying value as the Old Notes, as reflected in the Company's accounting records on the date of the exchange. Accordingly, no gain or loss will be recognized by the Company for accounting purposes. The expenses of the Exchange Offer will be amortized over the term of the Exchange Notes.

RESALES OF THE EXCHANGE NOTES

Based on interpretation of the Securities Act by the staff of the Commission set forth in several no-action letters to third parties, and subject to the immediately following sentence, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof

without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any purchaser of Notes who is an "affiliate" of the Company or who intends to participate in the Exchange Offer for the purpose of distributing the Exchange Notes, or any broker-dealer who purchased the Notes from the Company to resell pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretation by the staff of the Commission set forth in the above referenced no-action letters, (ii) will not be able to tender the Notes in the Exchange Offer and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Notes, unless such sale or transfer is made pursuant to an exemption from such requirements. The Company does not intend to seek its own no-action letter, and there is no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Notes as it has in such no action letter to third parties.

Each holder of the Old Notes who wishes to exchange the Old Notes for the Exchange Notes in the Exchange Offer will be required to make certain representations, including that (i) it is neither an affiliate of Company nor a broker-dealer tendering Notes acquired directly from the Company for its own account, (ii) any Exchange Notes to be received by it shall be acquired in the ordinary course of its business, and (iii) at the time of commencement of the Exchange Offer, it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes. In addition, in connection with any resales of Exchange Notes, any Participating Broker-Dealer must deliver a prospectus meeting the requirements of the Securities Act. The staff of the Commission has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to the Exchange Notes (other than a resale of an unsold allotment from the original sale of the Notes) with this prospectus. Under the Registration Rights Agreement, the Company is required to allow Participating Broker-Dealers to use this prospectus in connection with the resale of Exchange Notes received in exchange for Notes acquired by such Participating Broker-Dealers for their own account as a result of market-making or other trading activities. See "Plan of Distribution."

CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1998. This table should be read in conjunction with the consolidated financial statements of the Company, which are incorporated by reference into this Prospectus. See "National-Oilwell, Inc. and Subsidiaries Selected Consolidated Financial Data."

	ACTUAL

Cash and cash equivalents	\$ 27.0
	=====
Long-term debt, including current portion	
Senior Credit Facility.....	\$ 65.3
Notes.....	150.0
Total debt.....	215.3
Stockholders' equity.....	320.1

Total capitalization.....	\$ 535.4
	=====

The Exchange Offer would not have any effect on the Company's capitalization.

NATIONAL-OILWELL, INC. AND SUBSIDIARIES
SELECTED CONSOLIDATED FINANCIAL DATA

As a result of the differing year ends of National-Oilwell and Dreco prior to the Dreco Combination, the balance sheet and results of operations for dissimilar year ends have been combined pursuant to pooling-of-interests accounting. National-Oilwell's results of operations for the year ended December 31, 1997 include Dreco's results of operations for the six months ended May 31, 1997 and the six months ended December 31, 1997. Data for the year ended December 31, 1996 includes the operations of National-Oilwell for the twelve months ended and as of December 31, 1996 combined pursuant to pooling-of-interests accounting with the operations of Dreco for the twelve months ended and as of November 30, 1996. Data for the three years ended August 31, 1995 reflect the operations of Dreco only, as the operations of National-Oilwell were acquired from a predecessor as of January 1, 1996 and, in accordance with generally accepted accounting principles, cannot be combined. Data for the six months ended June 30, 1997 includes the operations of National-Oilwell for the six months ended and as of June 30, 1997 combined pursuant to pooling-of-interests accounting with the operations of Dreco for the six months ended and as of May 31, 1997. The unaudited consolidated financial statements of National-Oilwell include, in the opinion of National-Oilwell's management, all adjustments, consisting of normal recurring accruals, necessary to present fairly the results of such periods. The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference herein from the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and from the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 1998.

Except for data as of June 30, 1998 and for the six months then ended, the following data does not reflect the acquisition of Phoenix, which was completed on June 2, 1998 and was accounted for under the purchase method of accounting.

	SIX MONTHS ENDED JUNE 30, -----		YEAR ENDED DECEMBER 31, -----		YEAR ENDED AUGUST 31, (1) -----		
	1998 ----	1997 (2) -----	1997 (2) -----	1996 (3) -----	1995 ----	1994 ----	1993 ----
	(IN THOUSANDS OF U.S. DOLLARS, EXCEPT RATIOS)						
OPERATING DATA:							
Revenues.....	\$596,695	\$440,760	\$1,005,572	\$761,816	\$86,875	\$ 79,663	\$93,981
Operating income (loss) before special items (4).....	75,179	34,638	97,899	44,110	10,059	(9,253)	3,133
Operating income (loss) (4).....	75,179	34,638	87,239	27,499	10,059	(9,253)	3,133
Income (loss) before taxes and extraordinary loss (5).....	71,643	32,260	82,482	16,718	12,196	(6,709)	6,061
Income (loss) before extraordinary loss (5).....	44,948	20,764	51,281	10,147	7,789	(6,682)	7,386
Net income (loss).....	44,948	20,764	50,658	6,147	7,789	(6,682)	7,386
OTHER DATA:							
Depreciation and amortization....	8,780	6,509	14,744	8,775	4,558	4,926	4,481
Capital expenditures.....	9,368	12,216	32,605	15,166	6,435	5,932	6,167
EBITDA before special items (6).....	83,959	41,147	112,643	52,885	14,617	(4,327)	7,614
Ratio of earnings to fixed charges (7).....	22.7x	12.1x	14.8x	2.4x	96.3x	-- (7)	11.9x
Ratio of EBITDA to interest expense.....	28.1x	16.2x	21.4x	4.8x	228.4x	-- (6)	15.0x
BALANCE SHEET DATA:							
Working capital.....	315,427	229,501	252,137	168,897	32,992	18,292	27,725
Total assets.....	807,154	468,763	567,511	352,518	72,355	69,323	74,047
Long-term debt, less current maturities.....	214,002	69,268	61,565	39,136	1,987	1,440	2,857
Owners' equity.....	320,125	239,586	277,688	169,016	48,957	38,690	46,626

(1) Data for the three years ended August 31, 1995 reflect the operations of Dreco only, as the operations of National-Oilwell were acquired from a predecessor as of January 1, 1996 and, in accordance with generally accepted accounting principles, cannot be combined.

- (2) In order to conform Dreco's fiscal year end to match National-Oilwell's year end, the results of operations for the month of June 1997 have been included directly in stockholders' equity. Dreco's revenues and net income were \$13.4 million and \$0.9 million for the month.
- (3) In order to conform Dreco's August 31 fiscal year end to a period within 93 days of National-Oilwell's December 31 year end, the results of operations for the period from September 1, 1995 through November 30, 1995 have been included directly in stockholders' equity. Dreco's revenues and net income were \$33.4 million and \$3.2 million for such period.
- (4) In September 1997, National-Oilwell recorded a \$10,660,000 charge related to merger expenses incurred in connection with the Dreco Combination. In October 1996, National-Oilwell recorded \$16,611,000 in charges related to the cancellation of management agreements and expenses related to special incentive plans that terminated upon the occurrence of its initial public offering of Common Stock.
- (5) National-Oilwell recorded extraordinary losses of \$623,000 net of income tax benefit of \$376,000 in September 1997, and of \$4,000,000 net of income tax benefit of \$2,400,000 in October 1996, due to the write-off of deferred debt costs.
- (6) EBITDA before special items means earnings before special items, interest expense, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flows for the period and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. EBITDA is presented as supplemental disclosure and the Company believes it is frequently used to analyze companies and as a measure of a company's ability to service its debt.
- (7) The ratio of earnings to fixed charges is calculated by dividing (i) income (loss) before income taxes and extraordinary loss plus fixed charges by (ii) fixed charges. Fixed charges consist of interest incurred (expensed or capitalized), amortization of deferred financing costs and the portion of rental expense which is deemed representative of interest. If the special charges in 1997 and 1996 were also added to earnings, the ratio of earnings to fixed charges would have been 16.6x and 3.8x, respectively. Additional income before income taxes necessary to attain a ratio of 1.0x for 1994 would have been \$6.7 million.

BUSINESS

GENERAL

National-Oilwell is a worldwide leader in the design, manufacture and sale of machinery, equipment and downhole products used in oil and gas drilling and production, as well as in the distribution to the oil and gas industry of maintenance, repair and operating products. The Company manufactures and assembles drilling machinery, including drawworks, mud pumps and power swivels (also known as "top drives"), which are the major mechanical components of drilling rigs, as well as masts, derricks, substructures and cranes. Many of these components are designed specifically for applications in offshore, extended reach and deep land drilling. The Company estimates that approximately 65% of the mobile offshore rig fleet and the majority of the world's larger land rigs (2,000 horsepower and greater) manufactured in the last twenty years utilize drawworks, mud pumps and other drilling machinery components manufactured by National-Oilwell.

As a result of the Dreco Combination, National-Oilwell expanded its machinery and equipment capabilities and also added a business segment that designs and manufactures drilling motors and specialized drilling tools for rent and for sale. Drilling motors are essential components of systems for horizontal, directional, extended reach and performance drilling. Drilling tools include drilling jars, shock tools and other specialized products.

The Company also provides distribution services through its network of approximately 120 distribution service centers located near major drilling and production activity worldwide, but principally in the United States and Canada. These distribution service centers stock and sell a variety of expendable items for oilfield applications and spare parts for National-Oilwell equipment. As oil and gas companies and drilling contractors have refocused on their core competencies and emphasized efficiency initiatives to reduce costs and capital requirements, the Company's distribution services have expanded to offer outsourcing and alliance arrangements that include comprehensive procurement, inventory management and logistics support.

The relative revenues, before eliminations, and operating income contribution of the three segments is summarized as follows (in thousands):

	PRODUCTS AND TECHNOLOGY -----	DOWNHOLE PRODUCTS -----	DISTRIBUTION SERVICES -----
SIX MONTHS ENDED JUNE 30, 1998			
Total revenues.....	\$308,164	\$35,523	\$289,433
Operating income.....	57,433	11,783	9,070
YEAR ENDED DECEMBER 31, 1997			
Total revenues.....	\$371,841	\$69,012	\$630,899
Operating income.....	53,453	25,551	27,581

CURRENT INDUSTRY ENVIRONMENT

Drilling activity worldwide increased significantly from early 1996 through the end of 1997, with demand for oil and gas rising and inventories comparatively low. In addition, increased use of 3-D seismic, directional drilling and other technologies lowered the cost of finding and developing hydrocarbons. As a result of these industry conditions, drilling contractors experienced improved utilization and profitability, and the resulting cash flows enabled these contractors to replace and upgrade the aging drilling rig fleet. During 1998, the prices of oil and gas have declined, and, as a result of lower oil and gas prices, contracts for drilling services are generally being renewed currently at lower day rates than experienced in late 1997.

Over the last fifteen years, much of the demand for capital equipment has been satisfied from the large surplus of equipment built during the late seventies and early eighties. The Company believes that the surplus has been reduced

substantially over this period, especially for higher capacity equipment for which National-Oilwell is a leading supplier. The Company's orders for new equipment have increased dramatically as shown below, but such orders can be affected by volatility in the price of oil and gas and other factors. See "Risk Factors."

[Chart Showing Capital Equipment Backlog and Revenues
In the Nine Quarters Ending June 30, 1998 (\$Millions)]

DATA POINTS FOR BACKLOG AND REVENUE GRAPH
(\$MILLIONS)

	JUN-96	SEP-96	DEC-96	MAR-97	JUN-97	SEP-97	DEC-97	MAR-98	JUN-98
Backlog.....	33.8	39.2	38.2	86.0	140.8	238.6	271.2	273.0	260.0
Revenue.....	41.4	36.0	34.5	32.4	39.5	55.1	62.1	67.4	85.1

National-Oilwell believes that reasonably anticipated demand for the Company's capital equipment in 1998 and 1999 can be met without significant incremental capital expenditures by the Company's continuing focus on process improvement and through the combined capabilities available after the Dreco Combination. Depending on the timing and nature of future orders, future expansion may be required.

BUSINESS STRATEGY

National-Oilwell's current business strategy is to enhance its market positions and operating performance by:

Leveraging Its Installed Base of Higher Capacity Drilling Machinery and Equipment. National-Oilwell believes its market position presents substantial opportunities to capture a significant portion of expenditures for the construction of new, higher capacity drilling rigs and equipment as well as the upgrade and refurbishment of existing drilling rigs and equipment. The Company believes the advanced age of the existing fleet of drilling rigs, coupled with increasing drilling activity involving greater depths and extended reach, will generate demand for new equipment, especially in the higher capacity end of the market. National-Oilwell's larger drawworks, mud pumps and power swivels provide, in many cases, the largest capacities currently available in the industry.

Expanding Its Downhole Products Business. National-Oilwell believes that the strengthened marketing and distribution capabilities resulting from the Dreco Combination provide an opportunity for growth in the rental and sale of high-performance drilling motors and downhole tools, especially for use in directional, horizontal, extended reach and other value-added drilling applications.

Building on Distribution Strengths and Alliance/Outsourcing Trends. As a result of efficiency initiatives, oil and gas companies and drilling contractors are frequently seeking alliances with suppliers, manufacturers and service providers, or outsourcing their procurement, inventory management and logistics requirements for equipment and supplies in order to achieve cost and capital improvements. National-Oilwell believes that it is well-positioned to provide these services as a result of its (i) large and geographically diverse network of distribution service centers in major oil and gas producing areas in the United States and Canada, (ii) purchasing leverage due to the volume of products sold, (iii) breadth of available product lines and (iv) integrated information and process systems that enhance procurement, inventory management and logistics activities. In addition, the strategic integration of National-Oilwell's distribution expertise, extensive distribution network and growing base of customer alliances may provide an increased opportunity for cost-effective marketing of National-Oilwell's manufactured parts and equipment.

Continuing to Make Acquisitions that Enhance Its Product Line.

National-Oilwell believes that the oilfield service and equipment industry will continue to experience consolidation as businesses seek to align themselves with other market participants in order to gain access to broader markets and become affiliated with integrated product offerings, and National-Oilwell plans to participate in this trend. During 1997, the Company made three acquisitions, including the Dreco Combination, which have enabled the Company to provide a more complete rig package to its customers. To date in 1998 the Company has completed the acquisitions of Speciality Tools Ltd., a company that designs and engineers downhole tools for thru-tubing applications, Versatech International Ltd., a company engaged in the manufacture of coiled tubing tools and equipment, Phoenix and RJI.

OPERATIONS

Products and Technology

National-Oilwell designs, manufactures and sells the major mechanical components for both land and offshore drilling rigs, as well as complete land drilling and well servicing rigs. The major mechanical components include drawworks, mud pumps, power swivels, SCR houses, traveling equipment and rotary tables. These are the major components involved in the primary functions of drilling oil and gas wells, which consist of pumping fluids and hoisting, supporting and rotating the drill string. Many of these components are designed specifically for applications in offshore, extended reach and deep land drilling. This equipment is installed on new rigs and used in the upgrade, refurbishment and repair of existing rigs.

While offering a complete line of conventional rigs, National-Oilwell has extensive experience in providing rig designs to satisfy requirements for harsh or specialized environments. Such products include North Slope of Alaska and Arctic drilling and well servicing rigs, highly mobile drilling and well servicing rigs for jungle and desert use, modular well servicing rigs for offshore platforms and modular drilling facilities for North Sea platforms. Masts, derricks and substructures are made for use on land rigs and on fixed and mobile offshore platforms and are suitable for drilling to maximum depths up to more than 30,000 feet. Other products include pedestal cranes, reciprocating and centrifugal pumps and fluid end expendables for all major manufacturers' pumps. National-Oilwell's business includes the sale of replacement parts for its own manufactured machinery and equipment.

Downhole Products

National-Oilwell designs and manufactures drilling motors and specialized drilling tools for rent and sale. Rentals generally involve products that are not economical for a customer to own or maintain because of the broad range of equipment required for the diverse hole size and depths encountered in drilling for oil and gas. Sales generally involve products that require infrequent service, are disposable or are sold in countries where National-Oilwell does not provide repair and maintenance services.

National-Oilwell's drilling motors are devices placed between the drill string and the drill bit to cause the bit to rotate without necessarily rotating the drill string. Drilling motors are essential components in systems for horizontal, directional, extended reach and performance drilling. National-Oilwell often rents its drilling motors, retaining control over the servicing and maintenance function so as to preserve their operating reliability. National-Oilwell is continuing to enhance and broaden the range of its drilling motors by, among other things, widening the size range offered, reducing the initial cost and ongoing repair and maintenance cost, and developing alternative designs of motor bearing assembly sealing systems and speed reduction systems.

National-Oilwell manufactures hydraulic-mechanical and mechanical drilling jars and shock tools. Drilling jars are used to assist in releasing a drill string that becomes stuck in a well bore. A shock tool is a downhole shock absorber that is placed low in the drill string and is intended to extend bit life, reduce drill string failures and reduce damage to the drilling rig. National-Oilwell also manufactures and rents or sells fishing jars, bumper subs, reamers, stabilizers and kelly and tubing safety valves.

Distribution Services

National-Oilwell provides distribution services through its network of approximately 120 distribution service centers located near major drilling and production activity worldwide, but principally in the United States and Canada. These distribution service centers stock and sell a variety of expendable items for oilfield applications and spare parts for National-Oilwell equipment. As oil and gas companies and drilling contractors have refocused on their core competencies and emphasized efficiency initiatives to reduce costs and capital requirements, National-Oilwell's distribution services have expanded to offer outsourcing and alliance arrangements that include comprehensive procurement, inventory management and logistics support. In addition, management believes that National-Oilwell has a competitive advantage in the distribution services business by distributing market-leading products manufactured by its Products and Technology business.

The supplies and equipment stocked by National-Oilwell's distribution service centers vary by location. Each distribution point generally offers a large line of oilfield products including valves, fittings, flanges, spare parts for oilfield equipment and miscellaneous expendable items. Most drilling contractors and oil and gas companies typically buy such supplies and equipment pursuant to non-exclusive contracts, which normally specify a discount from National-Oilwell's list price for each product or product category.

National-Oilwell's tubular business is focused on the procurement, inventory management and delivery of oil country tubular goods manufactured by third parties. Tubular goods primarily consist of well casing and production tubing used in the drilling, completion and production of oil and gas wells. Well casing is used to line the walls of a well bore to provide structural support. Production tubing provides the conduit through which the oil or gas will be brought to the surface upon completion of the well. Substantially all of National-Oilwell's sales of tubular goods are made through National-Oilwell's direct sales force and have historically been concentrated in North America.

Strategic alliances constitute a growing percentage of National-Oilwell's business and differ from standard agreements for supplies and equipment in that National-Oilwell becomes the customer's primary supplier of those items. In certain cases, National-Oilwell has assumed responsibility for procurement, inventory management and product delivery for the customer, occasionally by working directly out of the customer's facilities.

MARKETING

Substantially all of National-Oilwell's drilling machinery, equipment and spare parts sales, and a large portion of National-Oilwell's smaller pumps and parts sales, are made through National-Oilwell's direct sales force and through National-Oilwell's distribution service centers. Sales to foreign state-owned oil companies are typically made in conjunction with agent or representative arrangements. Distribution sales are made through the Company's network of distribution service centers. National-Oilwell's downhole products are rented in Canada and Venezuela and marketed worldwide through its own sales force and through commission representatives. Customers for all of National-Oilwell's products and services include drilling and other service contractors, exploration and production companies, supply companies and nationally owned or controlled drilling and production companies.

COMPETITION

The oilfield services and equipment industry is highly competitive, and National-Oilwell's revenues and earnings can be affected by price changes, introduction of new technologies and products and improved availability and delivery. National-Oilwell competes in one or more of its segments with a large number of companies. See "Risk Factors -- Highly Competitive Industry."

MANUFACTURING AND BACKLOG

National-Oilwell has numerous principal manufacturing facilities located in the United States and Canada. National-Oilwell also outsources the manufacture of parts or purchases components from qualified subcontractors. The

Company's manufacturing operations require a variety of components, parts and raw materials which National-Oilwell purchases from multiple commercial sources. National-Oilwell has not experienced and does not expect any significant delays in obtaining deliveries of essential components, parts or raw materials.

Sales of National-Oilwell's products are made on the basis of written orders and oral commitments. The Company's backlog for equipment at June 30, 1998 was \$260 million as compared to \$141 million at June 30, 1997. The level of backlog at any particular time is not necessarily indicative of the future operating performance of the Company, and orders may be changed at any time. The level of backlog can be affected by volatility in the price of oil and gas and other factors. See "Risk Factors." A majority of the June 30, 1998 backlog is expected to be shipped by the end of 1998. See "-- Current Industry Environment."

DISTRIBUTION SUPPLIERS

National-Oilwell obtains products sold by its Distribution Services business from a number of suppliers, including its own Products and Technology segment. National-Oilwell does not believe that any one supplier of products is material to National-Oilwell. For the year ended December 31, 1997, National-Oilwell purchased approximately one third of its tubular requirements pursuant to a distribution agreement with the U.S. Steel Group of USX Corporation, and its remaining requirements from various suppliers. National-Oilwell has not experienced and does not foresee experiencing a shortage in products or tubular goods sold by the Company.

ENGINEERING

National-Oilwell maintains a staff of engineers and technicians to (i) design and test new products, components and systems for use in drilling and pumping applications, (ii) enhance the capabilities of existing products and (iii) assist National-Oilwell's sales organization and customers with special projects. National-Oilwell's product engineering efforts focus on developing technology to improve the economics and safety of drilling and pumping processes. National-Oilwell has recently developed a 1,000-ton capacity power swivel to complement its lower capacity models, and has also introduced a 7,800 horsepower heave compensating drawworks and dual derrick systems to increase customer efficiencies on deep water drilling rigs at extended depths and during horizontal drilling.

PATENTS AND TRADEMARKS

National-Oilwell owns or has a license to use a number of patents covering a variety of products. Although in the aggregate these patents are of importance, National-Oilwell does not consider any single patent to be of a critical or essential nature. In general, National-Oilwell depends on technological capabilities, quality products and application of its expertise rather than patented technology in the conduct of its business. The Company enjoys significant product name-brand recognition, principally through its NATIONAL-OILWELL(R), DRECO(R), ROSS HILL, TRUDRIL(R), VECTOR(R), GRIFFITH(R) and MISSION-FLUID KING(R) trade names.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

Set forth below are the names, ages as of August 5, 1998 and position with the Company of the directors and executive officers of National-Oilwell. The Certificate of Incorporation of National-Oilwell currently classifies the board of directors into three classes having staggered terms of three years each. The periods shown for service as an employee of National-Oilwell include service as an employee of its predecessor partnership and of Dresco.

NAME -----	AGE ---	POSITION WITH THE COMPANY -----	DIRECTOR'S TERM EXPIRING -----
Joel V. Staff(1).....	54	Chairman of the Board, President and Chief Executive Officer	1999
James J. Fasnacht.....	43	Vice President and Group President, Distribution Services	--
W. Douglas Frame.....	56	Vice President and Group President, Downhole Products	--
Jerry N. Gauche.....	50	Vice President -- Organizational Effectiveness	--
Steven W. Krablin.....	48	Vice President and Chief Financial Officer	--
Richard L. Lionberger.....	48	Vice President, General Counsel and Secretary	--
Merrill A. Miller, Jr.....	48	Vice President and Group President, Products and Technology	--
Frederick W. Pheasey.....	56	Executive Vice President and Director	2001
Howard I. Bull(2)(3).....	58	Director	2001
James C. Comis III.....	34	Director	2001
James T. Dresher(2)(3).....	79	Director	2000
W. McComb Dunwoody(1).....	53	Director	1999
William E. Macaulay(1).....	52	Director	1999
Bruce M. Rothstein.....	46	Director	2000

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- (1) Member of Executive Committee.
 (2) Member of Audit Committee.
 (3) Member of Compensation Committee.

Joel V. Staff has served as the President and Chief Executive Officer of National-Oilwell since July 1993 and Chairman of the Board since January 1996. Prior to joining National-Oilwell, Mr. Staff served as a Senior Vice President of Baker Hughes Incorporated, a worldwide diversified oil services company, from October 1983 to May 1993. Mr. Staff also serves as a director of Denali Incorporated, a provider of products and services for handling critical fluids.

James J. Fasnacht has served as Vice President since November 1993, as Group President, Distribution Services since April 1997, as General Manager of Pumping Systems from November 1993 to April 1997, as Human Resources Manager from 1991 to November 1993 and in various other capacities since joining National-Oilwell in 1979.

W. Douglas Frame has served as Vice President and Group President, Downhole Products since September 1997. Prior thereto, Mr. Frame, who joined Dreco in 1978, served in various capacities in both the drilling equipment and downhole products groups.

Jerry N. Gauche has served as Vice President -- Organizational Effectiveness since joining National-Oilwell in January 1994. Prior thereto, Mr. Gauche was employed by BP Exploration, Inc., an oil and gas exploration and production company, where he served as General Manager of Central Services from January 1990 to September 1992 and Director of Public Affairs and Executive Coordination from May 1988 to December 1989. From October 1992 to January 1994, Mr. Gauche was self-employed managing his personal investments.

Steven W. Krablin has served as Vice President and Chief Financial Officer since January 1996. Mr. Krablin served in various capacities including Vice President -- Finance and Chief Financial Officer of Enterra Corporation, an international oilfield service company, from November 1986 to January 1996.

Richard L. Lionberger has served as Vice President, General Counsel and Secretary of the Company since June 1998. Prior thereto Mr. Lionberger was Vice President, General Counsel and Secretary of Diamond Offshore Drilling, Inc., a drilling contractor from February 1992 to June 1998.

Merrill A. Miller, Jr. has served as Vice President since July 1996, as Group President, Products and Technology since April 1997, as General Manager of Drilling Systems from July 1996 to April 1997 and as Vice President of Marketing, Drilling Systems from February 1996 to July 1996. Prior thereto, Mr. Miller was President of Anadarko Drilling Company, a drilling contractor, from January 1995 to February 1996. From May 1980 to January 1995, Mr. Miller served in various capacities including Vice President/U.S. Operations of Helmerich & Payne International Drilling Co., a drilling contractor.

Frederick W. Pheasey has served as Executive Vice President and director of National-Oilwell since September 1997. He was a co-founder of Dreco and served in various executive capacities with Dreco and its predecessors from 1972 to September 1997, most recently as its Chairman.

Howard I. Bull has served as a Director of National-Oilwell since January 1996. Mr. Bull was President, Chief Executive Officer and a director of Dal-Tile International, Inc., a manufacturer and distributor of tile, from April 1994 until his retirement in June 1997. Prior thereto, Mr. Bull served at York International Corporation, a worldwide manufacturer and distributor of air conditioner and refrigeration equipment, as President of its Applied Systems Division and Air Conditioning Business Group. Mr. Bull also serves as a director of Marine Drilling Companies, Inc., an offshore drilling contractor. Mr. Bull has an interest in one of the funds managed by Inverness/Phoenix LLC, a principal stockholder of the Company.

James C. Comis III has served as a Director of National-Oilwell since January 1996. He is a Managing Director of Inverness Management LLC. Through Inverness Management LLC and its affiliates, Mr. Comis has been engaged in sponsoring and investing in private equity transactions since 1990. Additionally, Mr. Comis has served as Managing Director of Inverness/Phoenix LLC since 1994. Inverness/Phoenix LLC is a principal stockholder of the Company.

James T. Dresher has served as a Director of National-Oilwell since January 1996. Mr. Dresher was Chairman/Chief Executive Officer and principal owner of Unidata, Inc., a Denver-based software company, from December 1991 until February 1998 and has been Chairman and owner of Glenangus, a residential real estate development company, since 1972. Mr. Dresher serves as a director of Ardent Software, Inc., a data management company. Mr. Dresher has an interest in one of the funds managed by Inverness/Phoenix LLC, a principal stockholder of the Company.

W. McComb Dunwoody has served as a Director of National-Oilwell and Chairman of its Executive Committee since January 1996. He is a Managing Director of Inverness Management LLC. Through Inverness Management LLC and its affiliates, Mr. Dunwoody has been engaged in sponsoring and investing in private equity transactions since 1981.

Additionally, Mr. Dunwoody has served as President and Chief Executive Officer of Inverness/Phoenix LLC since 1994 and has been Chief Executive Officer of The Inverness Group Incorporated since 1981. Inverness/Phoenix LLC is a principal stockholder of the Company.

William E. Macaulay has served as a Director of National-Oilwell since January 1996. He has been the President and Chief Executive Officer of First Reserve Corporation, a corporate manager of private investments focusing on the energy and energy-related sectors, since 1983. First Reserve Corporation is a principal stockholder of the Company. Mr. Macaulay serves as a director of EVI Weatherford Inc., an oilfield service company, Maverick Tube Corporation, a manufacturer of steel pipe and casing, TransMontaigne Oil Company, an oil products distribution and refining company, Cal Dive International, Inc., a provider of subsea services in the Gulf of Mexico, Domain Energy Corporation, an oil and gas exploration company, and Entech Industries, Inc., a manufacturer of high-end valves used principally in sub-sea gathering systems. Mr. Macaulay formerly served as a director of Phoenix, which was acquired by the Company on June 2, 1998.

Bruce M. Rothstein has served as a Director of National-Oilwell since May 1996. Mr. Rothstein is a Managing Director of First Reserve Corporation, which he joined in 1991. First Reserve Corporation is a principal stockholder of the Company. Mr. Rothstein serves as a director of Anker Coal Group, Inc., a producer and marketer of coal, and Entech Industries, Inc., a manufacturer of high-end valves used principally in sub-sea gathering systems.

DESCRIPTION OF EXCHANGE NOTES

The Old Notes were issued under the Indenture, in a transaction not subject to the registration requirements of the Securities Act. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "Trust Indenture Act"). The Notes are subject to all such terms, and Holders of the Notes are referred to the Indenture and the Trust Indenture Act for a statement thereof. The following summary of certain provisions of the Notes and the Indenture does not purport to be complete and is subject, and is qualified in its entirety by reference, to all of the provisions of the Notes and the Indenture, including the definitions therein of certain terms used below. The Indenture provides for the issuance thereunder of the Exchange Notes. If the Exchange Offer is completed but some Old Notes are not exchanged for Exchange Notes, such Old Notes and the Exchange Notes will constitute a single series for all purposes of the Indenture. References in this summary to the Notes include the Old Notes and the Exchange Notes unless the context otherwise requires. Copies of the forms of the Indenture and the Registration Rights Agreement are available as set forth under "Available Information."

GENERAL

The Notes are in the aggregate principal amount of \$150,000,000 and will mature on July 1, 2005. The Notes bear interest at the rate per annum of 6 7/8%, payable semiannually on January 1 and July 1 of each year, commencing January 1, 1999, to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the preceding December 15 or June 15, as the case may be. The Notes are subject to redemption prior to maturity as described under "-- Redemption."

The Notes are senior unsecured obligations of the Company and rank pari passu in right of payment with all other unsecured and unsubordinated indebtedness of the Company. The Indenture does not limit the Company's ability to incur additional indebtedness.

The Company is a holding company, conducting essentially all of its business through subsidiaries, and the Indenture does not restrict the incurrence of debt by such subsidiaries. The Notes are effectively subordinated to all obligations of such subsidiaries. Consequently, the rights of the Company to receive assets of any subsidiary (and thus the ability of holders of Notes to benefit indirectly from such assets) are subject to the prior claims of creditors of that subsidiary.

REDEMPTION

The Notes are redeemable, at the option of the Company, at any time in whole or from time to time in part, upon not less than 30 and not more than 60 days' notice as provided in the Indenture, on any date prior to maturity (the "Redemption Date") at a price (the "Redemption Price") equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the Redemption Date) plus a Make-Whole Premium, if any. In no event will the Redemption Price ever be less than 100% of the principal amount of the Notes plus accrued interest to the Redemption Date.

The amount of the Make-Whole Premium with respect to any Note (or portion thereof) to be redeemed will be equal to the excess, if any, of the sum of the present values, calculated as of the Redemption Date, of: (i) each interest payment that, but for such redemption, would have been payable on the Note (or portion thereof) being redeemed on each Interest Payment Date occurring after the Redemption Date (excluding any accrued interest for the period prior to the Redemption Date); plus (ii) the principal amount that, but for such redemption, would have been payable at the final maturity of the Note (or portion thereof) being redeemed; over the principal amount of the Note (or portion thereof) being redeemed.

The present values of interest and principal payments referred to above will be determined in accordance with generally accepted principles of financial analysis. Such present values will be calculated by discounting the amount

of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the Redemption Date at a discount rate equal to the Treasury Yield (as defined below) plus 20 basis points.

The Make-Whole Premium will be calculated by an independent investment banking institution of national standing appointed by the Company; provided, that if the Company fails to make such appointment at least 45 days prior to the Redemption Date, or if the institution so appointed is unwilling or unable to make such calculation, such calculation will be made by Merrill Lynch & Co. or if such firm is unwilling or unable to make such calculation, by an independent investment banking institution of national standing appointed by the Trustee (in any such case, an "Independent Investment Banker").

For purposes of determining the Make-Whole Premium, "Treasury Yield" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Notes that have a constant maturity that corresponds to the remaining term to maturity of the Notes, calculated to the nearest 1/12th of a year (the "Remaining Term"). The Treasury Yield will be determined as of the third business day immediately preceding the applicable Redemption Date.

The weekly average yields of United States Treasury Notes will be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release (the "H.15 Statistical Release"). If the H.15 Statistical Release sets forth a weekly average yield for United States Treasury Notes having a constant maturity that is the same as the Remaining Term, then the Treasury Yield will be equal to such weekly average yield. In all other cases, the Treasury Yield will be calculated by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Notes that have a constant maturity closest to and greater than the Remaining Term and the United States Treasury Notes that have a constant maturity closest to and less than the Remaining Term (in each case as set forth in the H.15 Statistical Release). Any weekly average yields as calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200% or above being rounded upward. If weekly average yields for United States Treasury Notes are not available in the H.15 Statistical Release or otherwise, then the Treasury Yield will be calculated by interpolation of comparable rates selected by the Independent Investment Banker.

If less than all of the Notes are to be redeemed, the Trustee will select the Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption Notes and portions of Notes in amounts equal to whole multiples of \$1,000.

CERTAIN DEFINITIONS

The following definitions are applicable to the discussion of the Indenture:

"Consolidated Net Tangible Assets" means the aggregate amount of assets included on a consolidated balance sheet of the Company, less applicable reserves and other properly deductible items and after deducting therefrom (a) all current liabilities (other than liabilities that, by their terms, are extendable or renewable at the option of the obligor to a date that is 12 months or more after the date on which such current liabilities are determined) and (b) all goodwill, trade names, trademarks, patents, copyrights, unamortized debt discount and expense and other like intangibles, all in accordance with generally accepted accounting principles consistently applied.

"Lien" means, with respect to any property or asset, any mortgage, pledge, lien, encumbrance, charge or security interest of any kind in respect of such property or asset, whether or not filed, recorded or otherwise perfected under applicable law, but excluding agreements to refrain from granting Liens.

"Permitted Liens" means (a) certain purchase money Liens, (b) statutory liens or landlords', carriers', warehouseman's, mechanics', suppliers', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate

proceedings, (c) Liens existing on property at the time of acquisition by the Company or a Restricted Subsidiary, (d) Liens on the property or on the outstanding shares or indebtedness of any Person at the time it becomes a Restricted Subsidiary, (e) Liens on property of a Person existing at the time such Person is merged or consolidated with the Company or a Restricted Subsidiary, (f) Liens in favor of governmental bodies to secure certain progress or advance payments, (g) Liens existing on property owned by the Company or any of its Subsidiaries on the date of the Indenture or provided for pursuant to agreements existing on the date of the Indenture, (h) Liens created pursuant to the creation of trusts or other arrangements funded solely with cash or securities of the type customarily subject to such arrangements in customary financial practice with respect to long-term or medium-term indebtedness for borrowed money, the sole purpose of which is to make provision for the retirement or defeasance, without prepayment of indebtedness or (i) any extensions, renewals or replacements in whole or in part of a Lien enumerated in clauses (a) through (h) above.

"Person" means (a) any form of business entity, association, grouping, trust or other form now or hereafter permitted by the laws of any state of the United States of America or any foreign government or utilized by businesses in the conduct of their activities and (b) a natural person, as the context may require.

"Principal Property" means any real property, manufacturing plant, office building, warehouse or other physical facility, or any other like depreciable asset of the Company or of any Restricted Subsidiary, whether owned at the date of the Indenture or thereafter acquired that in the opinion of the Board of Directors of the Company is of material importance to the total business conducted by the Company and its Restricted Subsidiaries, as a whole; provided, however, that any such property shall not be deemed a Principal Property if such property does not have a fair value in excess of 5% of the total assets included on a consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with generally accepted accounting principles consistently applied.

"Restricted Subsidiary" means (a) any currently existing Subsidiary whose principal assets and business are located in the United States or Canada and (b) any Subsidiary that is designated by the Company to be a Restricted Subsidiary.

"Sale and Leaseback Transaction" means the sale or transfer by the Company or a Restricted Subsidiary of any Principal Property owned by it with the intention of taking back a lease on such property.

"Secured Debt" means indebtedness for money borrowed by the Company or a Restricted Subsidiary, and any other indebtedness of the Company or a Restricted Subsidiary, on which interest is paid or payable (other than indebtedness owed by a Restricted Subsidiary to the Company, by a Restricted Subsidiary to another Restricted Subsidiary or by the Company to a Restricted Subsidiary), that in any such case is secured by (a) any Lien on any Principal Property of the Company or a Restricted Subsidiary or (b) a Lien on any shares of stock or indebtedness of a Restricted Subsidiary that owns a Principal Property. The amount of Secured Debt at any time outstanding shall be the amount then owing thereon by the Company or a Restricted Subsidiary.

"Subsidiary" means, with respect to any Person, (a) any corporation of which the Company, or the Company and one or more Subsidiaries, or any one or more Subsidiaries, directly or indirectly own voting securities entitling any one or more of the Company and its Subsidiaries to elect a majority of the directors, either at all times, or so long as there is no default or contingency which permits the holders of any other class or classes of securities to vote for the election of one or more directors, (b) any partnership of which the Company, or the Company and one or more of its Subsidiaries, or any one or more Subsidiaries, is at the date of determination, a general or limited partner of such partnership, but only if the Company and its Subsidiaries are entitled to receive more than 50% of the assets of such partnership upon dissolution or more than 50% of the profits of such partnership, or (c) any other Person (other than a corporation or partnership) in which the Company, or the Company and one or more Subsidiaries, or any one or more Subsidiaries, directly or indirectly, at the date of determination thereof, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

LIMITATION ON LIENS

The Indenture provides that the Company will not, nor will it permit any Restricted Subsidiary to, create, incur, issue, assume or guarantee any Secured Debt without making effective provision whereby the Notes and any other indebtedness of or guaranteed by the Company or any such Restricted Subsidiary then entitled thereto, subject to applicable priorities of payment, shall be secured by such Lien equally and ratably with any and all other obligations and indebtedness thereby secured, so long as any such other obligations and indebtedness shall be so secured; provided, that if any such Lien securing such Secured Debt ceases to exist, such equal and ratable security for the benefit of the holders of Notes shall automatically cease to exist without any further action; provided, further, that if such Secured Debt is expressly subordinated to the Notes, the Lien securing such subordinated Secured Debt shall be subordinate and junior to the Lien securing the Notes with the same relative priority as such Secured Debt shall have with respect to the Notes. The foregoing provisions do not apply to Secured Debt that is secured by Permitted Liens.

Notwithstanding the foregoing restrictions, the Company and its Restricted Subsidiaries may, without equally and ratably securing the Notes, create, incur, issue, assume or guarantee Secured Debt not otherwise permitted or excepted if the sum of (a) the amount of such Secured Debt plus (b) the aggregate value of Sale and Leaseback Transactions (subject to certain exceptions described below), does not exceed 10% of Consolidated Net Tangible Assets (as shown in the quarterly consolidated balance sheet of the Company most recently published prior to the date of such creation, incurrence, issuance, assumption or guarantee).

LIMITATION ON SALE AND LEASEBACK TRANSACTIONS

The Indenture provides that the Company will not, nor will it permit any Restricted Subsidiary to, engage in a Sale and Leaseback Transaction, unless: (a) such Sale and Leaseback Transaction occurs within one year from the date of completion of the acquisition of the Principal Property subject thereto or the date of the completion of construction, development or substantial repair or improvement, or commencement of full operations, on such Principal Property, whichever is later, (b) the Sale and Leaseback Transaction involves a lease for a period, including renewals, of not more than three years, (c) the Company or such Restricted Subsidiary would be entitled to incur Secured Debt secured by a Lien on the Principal Property subject thereto in a principal amount equal to or exceeding the net sale proceeds from such Sale and Leaseback Transaction without equally and ratably securing the Notes pursuant to the above covenant entitled "Limitation on Liens," or (d) the Company or such Restricted Subsidiary, within a one-year period after such Sale and Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale and Leaseback Transaction to (i) the redemption of Notes or the prepayment, repayment, reduction or retirement of any indebtedness of the Company or any of its Subsidiaries that ranks pari passu with the Notes or (ii) the expenditure or expenditures for Principal Property used or to be used in the ordinary course of business of the Company or any Restricted Subsidiary.

Notwithstanding the foregoing, under the Indenture, the Company may, and may permit each of its Restricted Subsidiaries to, effect any Sale and Leaseback Transaction that is not excepted by clauses (a) through (d) (inclusive) of the above paragraph, provided that, after giving effect thereto and the application of proceeds, if any, received by the Company or any Restricted Subsidiary as a result thereof, the net sale proceeds from such Sale and Leaseback Transaction, together with the aggregate principal amount of all Secured Debt then outstanding (other than the Notes) secured by Liens upon Principal Property that are not Permitted Liens would not exceed 10% of the Consolidated Net Tangible Assets (as shown in the quarterly consolidated balance sheet of the Company most recently published prior to the date such Sale and Leaseback Transaction is effected).

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Indenture provides that the Company may (a) consolidate with or merge into, or (b) sell, convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety to, any Person, provided that (i) in the case of any such consolidation or merger, the Company is the continuing entity or, if the Company is not the continuing entity, the continuing entity is a Person organized and validly existing under the laws of the United States, any political

subdivision thereof or any State thereof and assumes by supplemental indenture all of the Company's obligations on the Notes and under the Indenture, and (ii) after giving effect to the transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall exist. Upon a disposition of assets described in clause (b) of the preceding sentence, the Company will be released from any further liability under the Notes and the Indenture.

EVENTS OF DEFAULT

Each of the following constitutes an Event of Default under the Indenture with respect to the Notes: (a) failure to pay principal of or any premium on the Notes when due; (b) failure to pay any interest on the Notes when due, and the continuance of such default for 30 days; (c) failure to perform or observe any other covenant of the Company in the Notes or Indenture, and the continuance of such default for 60 days after written notice has been given by the Trustee, or the Holders of at least 25% in principal amount of the Notes, as provided in the Indenture; (d) indebtedness of the Company or any Subsidiary is not paid when due within the applicable grace period, if any, or is accelerated by the holders thereof and, in either case, the principal amount of such unpaid or accelerated indebtedness exceeds \$20 million; and (e) certain events in bankruptcy, insolvency or reorganization of the Company.

If an Event of Default (other than an Event of Default described in clause (e) above) shall occur and be continuing, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes by notice to the Company as provided in the Indenture may declare the principal amount of all Notes to be due and payable immediately. If an Event of Default described in clause (e) above shall occur, the principal amount of all the Notes will automatically, and without any action by the Trustee or any Holder, become immediately due and payable. After any acceleration, but before a judgment or decree for the payment of the money due has been obtained by the Trustee, the Holders of a majority in aggregate principal amount of the Notes, by written notice to the Trustee, may rescind and annul such acceleration and its consequences if all Events of Default, other than the non-payment of accelerated principal, have been cured or waived as provided in the Indenture. For information as to waiver of defaults, see "Modification and Waiver."

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default shall occur and be continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders of the Notes, unless such Holders of the Notes shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the Notes has the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Note has any right to institute any proceeding with respect to the Indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (a) such Holder has previously given to the Trustee written notice of a continuing Event of Default, (b) the Holders of at least 25% in aggregate principal amount of the Notes have made written request, and such Holder or Holders have offered reasonable indemnity, to the Trustee to institute such proceeding in respect to such Event of Default as trustee and (c) the Trustee has failed to institute such proceeding, and has not received from the Holders of a majority in aggregate principal amount of the Notes a direction inconsistent with such request, within 60 days after such notice, request and offer. However, such limitations do not apply to any proceeding which is instituted by a Holder of a Note for the enforcement of payment of the principal of, any premium or interest on such Note on or after the applicable due date specified in such Note.

The Company is required to furnish to the Trustee annually a statement by certain of its officers as to whether or not the Company, to their knowledge, is in default in the performance or observance of any of the terms, provisions and conditions of the Indenture and, if so, specifying all such known defaults.

MODIFICATION AND WAIVER

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Notes; provided, however, that no such modification or amendment may, without the consent of the Holder of each Note affected thereby, (a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any such Note, (b) reduce the principal amount of, or any interest on, any such Note, (c) reduce the amount of principal of any such Note payable upon acceleration of the Stated Maturity thereof, (d) change the place or currency of payment of principal of, or interest on, any such Note, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any such Note, (f) reduce the percentage in principal amount of such Note, the consent of whose Holders is required for modification or amendment of the Indenture, (g) reduce the percentage in principal amount of such Note necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults, (h) modify such provisions with respect to modification and waiver, (i) waive, reduce or modify a Make-Whole Premium with respect to any Note called for redemption or (j) make changes to the amendment and waiver provisions or to the provisions relating to waivers of past defaults or institution of proceedings for payment of principal, any premium or interest.

The Holders of a majority in principal amount of the Notes may waive compliance by the Company with certain restrictive provisions of the Indenture or waive any past default under the Indenture, except a continuing default in the payment of principal of, any premium or interest on such Notes and covenants and provisions of the Indenture that under the proviso in the preceding paragraph cannot be amended without the consent of the Holder of each Note affected thereby.

Except in certain limited circumstances, the Company is entitled to set any day as a record date for the purpose of determining the Holders of Notes entitled to give or take any direction, notice, consent, waiver or other action under the Indenture, in the manner and subject to the limitations provided in the Indenture. In certain limited circumstances, the Trustee also is entitled to set a record date for action by Holders of Notes. If a record date is set for any action to be taken by Holders of the Notes, such action may be taken only by persons who are Holders of the Notes on the record date. To be effective, such action must be taken by Holders of the requisite principal amount of the Notes within a specified period following the record date. For any particular record date, this period will be 180 days or such shorter period as may be specified by the Company (or the Trustee, if it sets the record date), and may be shortened or lengthened (but not beyond 180 days) from time to time.

SATISFACTION AND DISCHARGE; DEFEASANCE

Satisfaction and Discharge. The Indenture provides that the Company may satisfy and discharge certain obligations to Holders of Notes which have not already been delivered to the Trustee for cancellation and which have either become due and payable or are by their terms due and payable within one year by (a) depositing or causing to be deposited with the Trustee funds or U.S. Government Obligations in an amount sufficient to pay the principal and any premium and interest to the date of such deposit (in case of the Notes which have become due and payable) or to the Stated Maturity, as the case may be, (b) paying or causing to be paid all other sums payable under the Indenture with respect to such Notes and (c) delivering to the Trustee an Officer's Certificate relating to such satisfaction and discharge.

Defeasance and Discharge. The Indenture provides that the Company will be discharged from all its indebtedness and obligations with respect to the Notes (except for certain obligations to exchange or register the transfer of the Notes, to replace stolen, lost or mutilated outstanding Notes, to maintain paying agencies and to hold moneys for payment in trust) upon the deposit in trust for the benefit of the Holders of the Notes of money or U.S. Government Obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of, any premium and interest on the Notes at Stated Maturity in accordance with the terms of the Indenture and the Notes. Such defeasance or discharge may occur only if, among other things, the Company has delivered to the Trustee an Opinion of Counsel to the effect that the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling, or there has been a change in tax law, in either case to the effect that Holders of the Notes will not recognize gain or loss

for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge were not to occur.

Defeasance of Certain Covenants. The Indenture provides that the Company may omit to comply with certain restrictive covenants, including the covenants described under "Limitation on Liens," "Limitation on Sale and Leaseback Transactions" and "Consolidation, Merger and Sale of Assets," in which event certain Events of Default, which are described above in clause (c) (with respect to such respective covenants) under "Events of Default," will no longer constitute Events of Default. The Company, in order to exercise such option to defease such covenants, will be required to deposit, in trust for the benefit of the Holders of the Notes, money or U.S. Government Obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of, any premium and interest on the Notes at Maturity in accordance with the terms of the Indenture and the Notes. The Company will also be required, among other things, to deliver to the Trustee an Opinion of Counsel to the effect that Holders of the Notes will not recognize gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain obligations and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and defeasance were not to occur.

If subsequent to the completion of a defeasance of certain covenants as described in the immediately preceding paragraph, the Notes are declared due and payable because of the occurrence of any remaining Event of Default, the amount of money and U.S. Government Obligations so deposited in trust would be sufficient to pay amounts due on the Notes at Maturity but may not be sufficient to pay amounts due on the Notes upon any acceleration resulting from such Event of Default. In such case, the Company would remain liable for such payments.

CONCERNING THE TRUSTEE

The Bank of New York, the Trustee under the Indenture, makes loans to the Company in the normal course of business and is a lender under the Company's Senior Credit Facility.

BOOK-ENTRY DELIVERY AND FORM

The Exchange Notes initially are expected to be represented by one or more permanent global certificates in definitive, fully registered form (previously defined as the "Global Exchange Notes"). The Global Exchange Notes will be deposited with, or on behalf of DTC and registered in the name of DTC or a nominee of DTC. EXCEPT AS DESCRIBED BELOW, OWNERS OF INTERESTS IN THE GLOBAL NOTES WILL NOT HAVE NOTES REGISTERED IN THEIR NAMES, WILL NOT RECEIVE PHYSICAL DELIVERY OF NOTES IN CERTIFICATED FORM AND WILL NOT BE CONSIDERED THE REGISTERED OWNERS, OR HOLDERS THEREOF UNDER THE INDENTURE FOR ANY PURPOSE.

A Global Note is exchangeable for definitive Notes in registered certificated form if (i) the Depository (A) notifies the Company that it is unwilling or unable to continue as depository for the Global Note and the Company thereupon fails to appoint a successor depository or (B) has ceased to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, or (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause issuance of the Notes in certificated form. In addition, beneficial interests in a Global Note may be exchanged for certificated Notes upon request but only upon at least 20 days prior written notice given to the Trustee by or on behalf of the Depository in accordance with customary procedures. In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in names, and issued in any approved denominations, requested by or on behalf of the Depository (in accordance with its customary procedures) and will bear the appropriate restrictive legend described under "Notice to Investors" unless the Company determines otherwise in compliance with applicable law.

Neither the Company nor the Trustee will be liable for any delay by the Global Note Holder or the Depositary in identifying the beneficial owners of Notes, and the Company and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the Global Note Holder or the Depositary for all purposes.

In addition, transfer of beneficial interests in the Global Notes are subject to the applicable rules and procedures of the Depositary and its direct or indirect participants, which may change from time to time. The Notes may be presented for registration of transfer and exchange at the offices of the Trustee.

DEPOSITARY PROCEDURES

The Depositary has advised the Company that the Depositary is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of Participants. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to the Depositary's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of the Depositary only through the Participants or Indirect Participants. The ownership interest and transfer of ownership interest of each actual purchaser of each security held by or on behalf of the Depositary are recorded on the records of the Participants and Indirect Participants.

The Depositary has also advised the Company that pursuant to procedures established by it, (i) upon deposit of the Global Notes, the Depositary will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of Global Notes and (ii) ownership of such interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by the Depositary (with respect to Participants) or by Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through the Depositary, if they are Participants in such system, or indirectly through organizations that are Participants in such system. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited to that extent. Because the Depositary can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the Depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interest. For certain other restrictions on the transferability of the Notes, see "-- Exchange of Book-Entry Notes for Certificated Notes."

Payments in respect of the principal, premium, if any, and interest on a Global Note registered in the name of the Depositary or its nominee will be payable by the Trustee to the Depositary or its nominee in its capacity as the registered Holder under the Indenture. Under the terms of the Indenture, the Company and the Trustee will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither the Company, the Trustee nor any agent of the Company or the Trustee has or will have any responsibility or liability for (i) any aspect of the Depositary's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of the Depositary's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes or (ii) any other matter relating to the actions and practices of the Depositary or any of its Participants or Indirect Participants.

The Depositary has advised the Company that its current practices, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with

the payment on the payment date, in amounts proportionate to their respective holdings in principal amount of beneficial interests in the relevant security such as the Global Notes as shown on the records of the Depository. Payments by Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will not be the responsibility of the Depository, the Trustee or the Company. Neither the Company nor the Trustee will be liable for any delay by the Depository or its Participants in identifying the beneficial owners of the Notes, and the Company and the Trustee may conclusively rely on and will be protected in relying on instructions from the Depository or its nominee as the registered owner of the Notes for all purposes.

Interests in the Global Notes will trade in the Depository's Same-Day Funds Settlement System, and secondary market trading activity in such interests will, therefore, settle in immediately available funds, subject in all cases to the rules and procedures of the Depository and its Participants.

Transfers between Participants in the Depository will be effective in accordance with the Depository's procedures, and will be settled in same-day funds.

The Depository has advised the Company that it will take any action permitted to be taken by a Holder of Notes only at the direction of one or more Participants to whose account the Depository interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given direction. However, if there is an Event of Default under the Notes, the Depository reserves the right to exchange Global Notes for Notes in certificated form, and to distribute such Notes to its Participants.

Although the Depository has agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among Participants in the Depository, it is under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Initial Purchasers or the Trustee will have any responsibility for the performance by the Depository or its Participants or Indirect Participants of their respective obligations under the rules and procedures governing its operations.

Same Day Settlement and Payment. The Indenture requires that payments in respect of the Notes represented by the Global Note (including principal, premium, if any, and interest) be made by wire transfer of immediately available funds to the accounts specified by the Global Note Holder. With respect to certificated Notes, the Company will make all payments of principal, premium, if any, and interest by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check to each such Holder's registered address. The Company expects that secondary trading in the certificated Notes will also be settled in immediately available funds.

The information in this section concerning the Depository and its book-entry system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF EXCHANGE NOTES

This summary of certain U.S. federal income tax considerations addresses tax considerations applicable to a holder of Exchange Notes that is a citizen or resident of the United States or a U.S. domestic corporation or partnership or that otherwise will be subject to U.S. federal income taxation on a net income basis in respect of the Exchange Notes (a "U.S. Holder"). The summary deals only with U.S. Holders that will hold Exchange Notes as capital assets but does not address tax considerations applicable to (i) U.S. Holders that may be subject to special tax rules, such as U.S. tax-exempt entities, banks, insurance companies, or dealers in securities or currencies, (ii) U.S. Holders that will hold Exchange Notes as a position in a "straddle" for tax purposes, and (iii) U.S. Holders that have a "functional currency" other than the U.S. Dollar. In addition, the discussion does not address special rules that could in certain

circumstances apply to a U.S. Holder that owns directly or by attribution 10 percent or more of the total combined voting power of all classes of stock entitled to vote of the Company.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), as in effect on the date of this Offering Memorandum, as well as regulations promulgated thereunder and existing administrative interpretations and court decisions.

PERSONS WHO WOULD BE CONSIDERED TO BE U.S. HOLDERS AND THAT ARE CONSIDERING THE ACQUISITION OF EXCHANGE NOTES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATION OF UNITED STATES FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER JURISDICTION.

EXCHANGE OF OLD NOTES FOR EXCHANGE NOTES

The exchange of Old Notes for Exchange Notes pursuant to the Exchange Offer will not be a taxable event, and holders of Old Notes will not recognize any gain or loss for federal income tax purposes. Holders of Old Notes who acquire Exchange Notes pursuant to the Exchange Offer will have the same tax basis in the Exchange Notes as they had in the Old Notes.

INCOME ON NOTES

The Exchange Notes will be treated as newly originated debt instruments for federal income tax purposes and will not be issued with original issue discount. Interest earned on the Exchange Notes will be taxed as ordinary income and holders of the Exchange Notes will account for the interest income under the proper method of accounting employed by such holder.

SALE, EXCHANGE OR MATURATION OF EXCHANGE NOTES

Upon the sale, exchange, retirement or other disposition of an Exchange Note, including the receipt of the face amount of an Exchange Note at maturity, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in such Exchange Note. The adjusted tax basis of an Exchange Note for a U.S. Holder that purchased an Old Note generally will equal the issue price of the Old Note.

Except as discussed under "Market Discount" below, gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other disposition of an Exchange Note generally will be long-term capital gain or loss if the U.S. Holder has held the Note for more than eighteen months at the time of disposition. The ability of U.S. Holders to offset capital losses against ordinary income is limited.

BACKUP WITHHOLDING

A U.S. Holder of an Exchange Note may be subject to backup withholding at the rate of 31% with respect to interest paid on an Exchange Note and gross proceeds upon sale or retirement of an Exchange Note unless such holder (a) is a corporation or other exempt recipient and, when required, demonstrates this fact or (b) provides, when required, a correct taxpayer identification number, certifies under the penalty of perjury that the holder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Furthermore, a holder of an Exchange Note that does not provide the holder's correct taxpayer identification number may be subject to penalties imposed by the Internal Revenue Service (the "IRS"). Backup withholding will be made when cash payments are made with respect to the Exchange Note. Backup withholding is not an additional tax; any amounts so withheld will be allowed as a refund or credit against the holder's federal income tax liability provided that the required information is furnished to the IRS.

TREATMENT OF SUBSEQUENT PURCHASERS OF NOTES

Premium. A U.S. Holder of an Exchange Note that purchases the Exchange Note at a cost greater than its remaining redemption amount will be considered to have purchased the Exchange Note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant yield method, over the remaining term of the Exchange Note. Such election, once made, generally applies to all Exchange Notes held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the permission of the IRS. A U.S. Holder that elects to amortize such premium must reduce its tax basis in an Exchange Note by the amount of the premium amortized during its holding period. With respect to a U.S. Holder that does not elect to amortize the bond premium, the amount of bond premium will be included in the holder's tax basis when the Exchange Note matures or is disposed of by the U.S. Holder.

Market Discount. If a subsequent U.S. Holder of an Exchange Note purchases the Exchange Note at a price that is lower than its adjusted issue price, by .025% or more of its adjusted issue price multiplied by the number of remaining whole years to maturity, the Exchange Note will be considered to bear "market discount" (in an amount equal to the difference between such purchase price and such adjusted issue price) in the hands of such subsequent U.S. Holder. In such case, gain realized by the subsequent U.S. Holder on the sale or retirement of the Exchange Note will be treated as ordinary interest income to the extent of the market discount that accrued on the Exchange Note while held by such subsequent U.S. Holder. In addition, the subsequent U.S. Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or continued to purchase or carry the Exchange Note. Also if a subsequent U.S. Holder makes a gift of an Exchange Note, accrued market discount, if any will be recognized as if such Holder had sold such Exchange Note for a price equal to its fair market value. In general terms, market discount on an Exchange Note will be treated as accruing ratably over the term of such Exchange Note, or, at the election of the U.S. Holder, under a constant yield method.

Alternatively, a U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or constant yield basis), in which case the rule regarding deferral of interest deductions will not apply. Such election, once made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS.

PLAN OF DISTRIBUTION

Based on interpretation of the Securities Act by the staff of the Commission set forth in several no-action letters to third parties, and subject to the immediately following sentence, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any purchaser of Notes who is an "affiliate" of the Company or who intends to participate in the Exchange Offer for the purpose of distributing the Exchange Notes, or any broker-dealer who purchased the Notes from the Company to resell pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretation by the staff of the Commission set forth in the above referenced no-action letters, (ii) will not be able to tender the Notes in the Exchange Offer and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Notes, unless such sale or transfer is made pursuant to an exemption from such requirements. The Company does not intend to seek its own no-action letter, and there is no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Notes as it has in such no action letter to third parties.

Each holder of the Notes who wishes to exchange the Notes for the Exchange Notes in the Exchange Offer will be required to make certain representations, including that (i) it is neither an affiliate of Company nor a broker-dealer tendering Notes acquired directly from the Company for its own account, (ii) any Exchange Notes to be received by it shall be acquired in the ordinary course of its business, and (iii) at the time of commencement of the Exchange Offer, it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes. In addition, in connection with any resales of Exchange Notes, any Participating

Broker-Dealer must deliver a prospectus meeting the requirements of the Securities Act. The staff of the Commission has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to the Exchange Notes (other than a resale of an unsold allotment from the original sale of the Notes) with the prospectus contained in the Exchange Offer Registration Statement. Under the Registration Rights Agreement, the Company is required to allow Participating Broker-Dealers to use the prospectus contained in the Exchange Offer Registration Statement in connection with the resale of Exchange Notes received in exchange for Notes acquired by such Participating Broker-Dealers for their own account as a result of market-making or other trading activities.

The Company will not receive any proceeds from any sales of Exchange Notes by broker-dealers. Any resales of Exchange Notes by broker-dealers may be made directly to a purchaser or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on such resales of Exchange Notes and any commissions or concessions received by such persons may be deemed to be underwriting compensation under the Securities Act. Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must agree that it will deliver a prospectus in connection with any resale of such Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. The Company has agreed to pay all expenses incident to the Exchange Offer other than commissions or concessions of any brokers or dealers and will indemnify Holders (including broker-dealers) against certain liabilities, including liabilities under the Securities Act.

By its acceptance of the Exchange Offer, any broker-dealer that receives Exchange Notes pursuant to the Exchange Offer hereby agrees to notify the Company prior to using the Prospectus in connection with the sale or transfer of Exchange Notes, and acknowledges and agrees that, upon receipt of notice from the Company of the happening of any event which makes any statement in the Prospectus untrue in any material respect or which requires the making of any changes in the Prospectus in order to make the statements therein not misleading or which may impose upon the Company disclosure obligations that may have a material adverse effect on the Company (which notice the Company agrees to deliver promptly to such broker-dealer), such broker-dealer will suspend use of the Prospectus until the Company has notified such broker-dealer that delivery of the Prospectus may resume and has furnished copies of any amendment or supplement to the Prospectus to such broker-dealer.

LEGAL MATTERS

Certain legal matters with respect to the Exchange Notes offered hereby will be passed upon for the Company by Morgan, Lewis & Bockius LLP, Philadelphia, Pennsylvania.

EXPERTS

The consolidated financial statements of National-Oilwell at December 31, 1997 and for each of the two years then ended, appearing in National-Oilwell's Annual Report on Form 10-K for the year ended December 31, 1997 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon, included therein, and incorporated by reference elsewhere herein, which, for the year ended December 31, 1996, is based in part on the report of Coopers & Lybrand, independent auditors. The financial statements referred to above are included in reliance upon such reports given upon the authority of such firms as experts in accounting and auditing.

The consolidated financial statements of National-Oilwell at August 31, 1995 and for the year then ended, appearing in National-Oilwell's Annual Report on Form 10-K for the year ended December 31, 1997 have been audited by Coopers & Lybrand, independent auditors, as set forth in their report thereon and incorporated by reference elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

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All tendered Old Notes, executed Letters of Transmittal and other related documents should be directed to the Exchange Agent. Requests for assistance and requests for additional copies of the Prospectus, the Letter of Transmittal and other related documents should be addressed to the Exchange Agent as follows:

By Hand or Overnight Delivery:

The Bank of New York
101 Barclay Street
Corporate Trust Services Window
Ground Level
Attn: Reorganization Section

By Facsimile:
(for Eligible Institutions only)

(212) 571-3080

To confirm by telephone or for
information call:
(212) 815-6333

By Registered or Certified Mail:

The Bank of New York
101 Barclay Street
New York, New York 10286
Attn: Reorganization Section,

(Originals of all documents submitted by facsimile should be sent promptly by hand, overnight courier, or registered or certified mail)

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND THE ACCOMPANYING LETTER OF TRANSMITTAL, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. NEITHER THIS PROSPECTUS NOR THE ACCOMPANYING LETTER OF TRANSMITTAL NOR BOTH TOGETHER CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS OR THE LETTER OF TRANSMITTAL OR BOTH TOGETHER NOR ANY EXCHANGE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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OFFER TO EXCHANGE
ALL OUTSTANDING
6 7/8% SENIOR NOTES DUE 2005, SERIES B
(\$150,000,000 PRINCIPAL AMOUNT)
FOR 6 7/8% SENIOR NOTES DUE 2005

OF

NATIONAL-OILWELL, INC.

PROSPECTUS

, 1998

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law (the "DGCL") authorizes, inter alia, a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that such person is or was an officer or director of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. A Delaware corporation may indemnify past or present officers and directors of such corporation or of another corporation or other enterprise at the former corporation's request, in an action by or in the right of the corporation to procure a judgment in its favor under the same conditions, except that no indemnification is permitted without judicial approval if such person is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in defense of any action referred to above, or in defense of any claim, issue or matter therein, the corporation must indemnify him against the expenses (including attorney's fees) which he actually and reasonably incurred in connection therewith. Section 145 further provides that any indemnification shall be made by the corporation only as authorized in each specific case upon a determination by the (i) stockholders, (ii) board of directors by a majority vote or a quorum consisting of directors who were not parties to such action, suit or proceeding or (iii) independent counsel if a quorum of disinterested directors so directs. Section 145 provides that indemnification pursuant to its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 145 of the DGCL also empowers National-Oilwell to purchase and maintain insurance on behalf of any person who is or was an officer or director of National-Oilwell against liability asserted against or incurred by him in any such capacity, whether or not National-Oilwell would have the power to indemnify such officer or director against such liability under the provisions of Section 145. National-Oilwell maintains a directors' and officers' liability policy for such purposes.

Article Sixth, Part II, Section 1 of National-Oilwell's Amended and Restated Certificate of Incorporation and Article VI of National-Oilwell's Bylaws each provide that directors, officers, employees and agents shall be indemnified to the fullest extent permitted by Section 145 of the DGCL.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

EXHIBIT NUMBER	DESCRIPTION
4.1	-- Indenture dated as of June 26, 1998 between the Company and The Bank of New York, as trustee, including the form of Exchange Note
4.2	-- Registration Rights Agreement dated as of June 26, 1998 among the Company and Merrill Lynch & Co., Chase Securities Inc. and Morgan Stanley & Co. Incorporated
5	-- Opinion of Morgan, Lewis & Bockius LLP regarding validity of Exchange Notes
12	-- Statement regarding computation of earnings to fixed charges ratio
23.1	-- Consent of Ernst & Young LLP
23.2	-- Consent of Coopers & Lybrand
23.3	-- Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5)
24.1	-- Powers of Attorney (included on signature pages hereof)
25	-- Statement of Eligibility of Trustee

All schedules are omitted because they are not applicable or the required information has been provided in the consolidated financial statements or the notes thereto.

(c) Not applicable.

ITEM 22. UNDERTAKINGS

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question

whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b) or 11 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

SIGNATURES

Pursuant to the requirements on the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Houston, state of Texas on August 21, 1998.

NATIONAL-OILWELL, INC.

By: /s/ Steven W. Krablin

Steven W. Krablin
Vice President and Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven W. Krablin and Richard L. Lionberger, or either of them, his true and lawful attorney-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all registration statements filed by National-Oilwell, Inc., a Delaware corporation, in which the undersigned holds offices, and any amendments to the registration statement, and to file any and all of the same, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	CAPACITY -----	DATE ----
/s/ Joel V. Staff ----- Joel V. Staff	Chairman of the Board of Directors (Principal Executive Officer)	August 21, 1998
/s/ Steven W. Krablin ----- Steven W. Krablin	Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 21, 1998
/s/ Howard I. Bull ----- Howard I. Bull	Director	August 21, 1998
/s/ James C. Comis III ----- James C. Comis III	Director	August 21, 1998

SIGNATURE -----	CAPACITY -----	DATE -----
/s/ James T. Dresher ----- James T. Dresher	Director	August 21, 1998
/s/ W. McComb Dunwoody ----- W. McComb Dunwoody	Director	August 21, 1998
/s/ William E. Macaulay ----- William E. Macaulay	Director	August 21, 1998
/s/ Frederick W. Pheasey ----- Frederick W. Pheasey	Director	August 21, 1998
/s/ Bruce M. Rothstein ----- Bruce M. Rothstein	Director	August 21, 1998

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
4.1	-- Indenture dated as of June 26, 1998 between the Company and The Bank of New York, as trustee, including the form of Exchange Note
4.2	-- Registration Rights Agreement dated as of June 26, 1998 among the Company and Merrill Lynch & Co., Chase Securities Inc. and Morgan Stanley & Co. Incorporated
5	-- Opinion of Morgan, Lewis & Bockius LLP regarding validity of Exchange Notes
12	-- Statement regarding computation of earnings to fixed charges ratio
23.1	-- Consent of Ernst & Young LLP
23.2	-- Consent of Coopers & Lybrand
23.3	-- Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5)
24.1	-- Powers of Attorney (included on signature pages hereof)
25	-- Statement of Eligibility of Trustee

=====

NATIONAL - OILWELL, INC.

Issuer

6 7/8% SENIOR NOTES DUE 2005

INDENTURE

Dated as of June 26, 1998

THE BANK OF NEW YORK

Trustee

=====

CROSS-REFERENCE TABLE (1)

TRUST INDENTURE ACT SECTION	INDENTURE SECTION
310 (a) (1)	7.10
(a) (2)	7.10
(a) (3)	N.A.
(a) (4)	N.A.
(a) (5)	7.10
(b)	7.10
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.5
(b)	10.3
(c)	10.3
313 (a)	7.6
(b) (2)	7.6, 7.7
(c)	7.6, 10.2
(d)	7.6
314 (a)	4.5
(a) (4)	10.5
(c) (1)	N.A.
(c) (2)	N.A.
(c) (3)	N.A.
(e)	10.5
(f)	N.A.
315 (a)	3.5
(b)	N.A.
(c)	7.1, 7.2
(d)	N.A.
(e)	6.11
316 (a) (last sentence)	N.A.
(a) (1) (A)	N.A.
(a) (1) (B)	N.A.
(a) (2)	N.A.
(b)	N.A.
(c)	N.A.
317 (a) (1)	6.4
(a) (2)	N.A.
(b)	N.A.
318 (a)	N.A.
(b)	N.A.
(c)	10.1

N.A. means not applicable.

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(1) This Cross-Reference Table is not part of this Indenture.

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INDENTURE dated as of June 26, 1998 between National-Oilwell, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee").

The Company and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 67/8% Senior Notes due 2005 (the "Initial Notes") and the 67/8% Senior Notes due 2005, Series B issued in the Exchange Offer (the "Exchange Notes" and, together with the Initial Notes, the "Notes"):

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 Definitions.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear and CEDEL that apply to such transfer or exchange.

"Bankruptcy Code" means Title 11, U.S. Code, as amended, or any similar federal or state law for the relief of debtors.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board.

"Business Day" means any day other than a Legal Holiday.

"CEDEL" means Cedel Bank, societe anonyme.

"Consolidated Net Tangible Assets" means the aggregate amount of assets included on a consolidated balance sheet of the Company, less applicable reserves and other properly deductible

items and after deducting therefrom (a) all current liabilities (other than liabilities that, by their terms, are extendible or renewable at the option of the obligor to a date 12 months or more after the date on which such current liabilities are determined) and (b) all goodwill, trade names, trademarks, patents, copyrights, unamortized debt discount and expense and other like intangibles, all in accordance with generally accepted accounting principles consistently applied.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 10.2 hereof or such other address as to which the Trustee may give notice to the Company.

"Custodian" means any receiver, trustee, assignee, liquidator, sequester or similar official under the Bankruptcy Code.

"Default" means any event that is or with the passage of time or the giving of notice (or both) would be an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.6 hereof, in the form of Exhibit A-1 hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depository" means, with respect to the Global Notes issued, the Person specified in Section 2.3 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Notes" means notes registered under the Securities Act that are issued under Section 2.6 hereof in exchange for the Notes pursuant to the Exchange Offer.

"Exchange Offer" has the meaning set forth in the Registration Rights Agreement.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Global Note Legend" means the legend set forth in Section 2.6(g)(ii) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, in the form of Exhibit A hereto issued in accordance with Section 2.1, 2.6(b) (iv), 2.6(d) (iv) or 2.6(f) hereof.

"Government Securities" means direct obligations of, or obligations guaranteed by, the United States of America for the payment of which guarantees or obligations the full faith and credit of the United States is pledged.

"guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof or pledging assets to secure), of all or any part of any indebtedness.

"Holder" means a Person in whose name a Note is registered.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Institutional Accredited Investor" means an institution that is an "accredited investor," as defined in Rule 501(a) (1), (2), (3) or (7) under the Securities Act.

"Initial Notes" means the \$150,000,000 in aggregate principal amount of the Notes initially authenticated and delivered under the Indenture on the Issue Date.

"Interest Payment Date" shall have the meaning assigned to it in the Notes as contemplated by Section 2.1 hereof.

"Issue Date" means the date on which the Notes are first authenticated and delivered under the Indenture.

"Legal Holiday" a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of the Notes for use by such Holders in connection with the Exchange Offer.

"Lien" means, with respect to any property or asset, any mortgage, pledge, lien, encumbrance, charge or security interest of any kind in respect of such property or asset, whether

or not filed, recorded or otherwise perfected under applicable law, but excluding agreements to refrain from granting Liens.

"Make-Whole Premium" means an amount, with respect to any Note (or portion thereof) to be redeemed pursuant to Article III hereof, equal to the excess, if any, of (a) the sum of the present values, calculated as of the Redemption Date, of (i) each interest payment that, but for such redemption, would have been payable on the Note (or portion thereof) being redeemed on each Interest Payment Date occurring after the Redemption Date (excluding any accrued interest for the period prior to the Redemption Date) and (ii) the principal amount that, but for such redemption, would have been payable at the final maturity of the Note (or portion thereof) being redeemed; over (b) the principal amount of the Note (or portion thereof) being redeemed. The present values of interest and principal payments referred to in clauses (i) and (ii) above will be determined in accordance with generally accepted principles of financial analysis. Such present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the Redemption Date at a discount rate equal to the Treasury Yield (as defined below) plus 20 basis points. The Make-Whole Premium will be calculated by an independent investment banking institution of national standing appointed by the Company; provided, that if the Company fails to make such appointment at least 45 days prior to the Redemption Date, or if the institution so appointed is unwilling or unable to make such calculation, such calculation will be made by Merrill Lynch & Co. or if such firm is unwilling or unable to make such calculation, by an independent investment banking institution of national standing appointed by the Trustee (in any such case, an "Independent Investment Banker"). For purposes of determining the Make-Whole Premium, "Treasury Yield" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Notes that have a constant maturity that corresponds to the remaining term to maturity of the Notes, calculated to the nearest 1/12th of a year (the "Remaining Term"). The Treasury Yield will be determined as of the third business day immediately preceding the applicable Redemption Date. The weekly average yields of United States Treasury Notes will be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release (the "H.15 Statistical Release"). If the H.15 Statistical Release sets forth a weekly average yield for United States Treasury Notes having a constant maturity that is the same as the Remaining Term, then the Treasury Yield will be equal to such weekly average yield. In all other cases, the Treasury Yield will be calculated by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Notes that have a constant maturity closest to and greater than the Remaining Term and the United States Treasury Notes that have a constant maturity closest to and less than the Remaining Term (in each case as set forth in the H.15 Statistical Release). Any weekly average yields as calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200% or above being rounded upward. If weekly average yields for United States Treasury Notes are not available in the H.15 Statistical Release or otherwise, then the Treasury Yield will be calculated by interpolation of comparable rates selected by the Independent Investment Banker.

"Non-U.S. Person" means a person who is not a U.S. Person.

"Note Custodian" means the Trustee, as custodian with respect to the Global Notes, or any successor entity thereto.

"Notes" has the meaning assigned to it in the preamble to this Indenture.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Assistant Secretary or any Vice-President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer or the principal accounting officer of the Company, that meets the requirements of Section 10.5 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 10.5 hereof. The counsel may be an employee of or counsel to the Company or any Subsidiary of the Company.

"Participant" means, with respect to DTC, Euroclear or CEDEL, a Person who has an account with DTC, Euroclear or CEDEL, respectively (and, with respect to DTC, shall include Euroclear and CEDEL).

"Participating Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Permitted Liens" means:

(a) any Lien on any property hereafter acquired (including acquisition through merger or consolidation) or constructed by the Company or a Restricted Subsidiary and created contemporaneously with, or within twelve months after, such acquisition or the completion of construction to secure or provide for the payment of all or any part of the purchase price of such property or the cost of construction thereof, as the case may be; or

(b) statutory liens or landlords', carriers', warehouseman's, mechanics', suppliers', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings; or

(c) Liens existing on property at the time of acquisition by the Company or a Restricted Subsidiary; or

(d) Liens existing on the property or on the outstanding shares or indebtedness of any Person at the time it becomes a Restricted Subsidiary; or

(e) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or a Restricted Subsidiary; or

(f) Liens on property of the Company or a Restricted Subsidiary in favor of the United States of America or any State thereof or any foreign government, or any department, agency or instrumentality or political subdivision of any thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute; or

(g) Liens existing on property owned by the Company or any of its Subsidiaries on the date of this Indenture or provided for pursuant to agreements existing on the date of the Indenture; or

(h) Liens created pursuant to the creation of trusts or other arrangements funded solely with cash, cash equivalents or other marketable investments or securities of the type customarily subject to such arrangements in customary financial practice with respect to long-term or medium-term indebtedness for money borrowed, the sole purpose of which is to make provisions for the retirement or defeasance, without prepayment of indebtedness; or

(i) any extensions, renewals or replacements (or successive extensions, renewals or replacements) in whole or in part of a Lien referred to in the foregoing clauses (a) through (h) above; provided, however, that the principal amount of Secured Debt secured thereby shall not exceed the principal amount outstanding at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to the property which secured the Lien so extended, renewed or replaced and additions to such property.

"Person" means (a) any form of business entity, association, grouping, trust or other form now or hereafter permitted by the laws of any state of the United States of America or any foreign government or utilized by businesses in the conduct of their activities and (b) a natural person, as the context may require.

"Principal Property" means any real property, manufacturing plant, office building, warehouse or other physical facility, or any other like depreciable asset of the Company or of any Restricted Subsidiary, whether owned at the date of this Indenture or thereafter acquired that in the opinion of the Board of Directors of the Company is of material importance to the total business conducted by the Company and its Restricted Subsidiaries, as a whole; provided, however, that any such property shall not be deemed a Principal Property if such property does not have a fair value in excess of 5% of the total assets included on a consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with generally accepted accounting principles consistently applied.

"Private Placement Legend" means the legend set forth in Section 2.6(g) (i) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"QIB" means a "qualified institution buyer" as defined in Rule 144A.

"Redemption Date" has the meaning assigned to it in Section 3.1.

"Redemption Price" has the meaning assigned to it in Section 3.1.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of June 26, 1998, by and among the Company and the other parties named on the signature pages thereof, attached hereto as Exhibit E, as such agreement may be amended, modified or supplemented from time to time.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as appropriate.

"Regulation S Permanent Global Note" means a permanent global Note in the form of Exhibit A-1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"Regulation S Temporary Global Note" means a temporary global Note in the form of Exhibit A-2 hereto bearing the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"Remaining Term" has the meaning assigned to it in the definition of "Make-Whole Premium."

"Responsible Officer," when used with respect to the Trustee, means any officer, including, without limitation, any vice president, assistant vice president, assistant treasurer or assistant secretary within the corporate trust department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to particular corporate trust matter, any other officer or employee to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Period" means the 40-day distribution compliance period as set forth in Regulation S.

"Restricted Subsidiary" means (a) any currently existing Subsidiary whose principal assets and business are located in the United States or Canada, and (b) any Subsidiary that is designated by the Company to be a Restricted Subsidiary.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 144A Global Note" means the Global Note in the form of Exhibit A-1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"Sale and Leaseback Transaction" means the sale or transfer by the Company or a Restricted Subsidiary of any Principal Property owned by it with the intention of taking back a lease on such property.

"SEC" means the Securities and Exchange Commission.

"Secured Debt" means indebtedness for money borrowed by the Company or a Restricted Subsidiary, and any other indebtedness of the Company or a Restricted Subsidiary, on which interest is paid or payable (other than indebtedness owed by a Restricted Subsidiary to the Company, by a Restricted Subsidiary to another Restricted Subsidiary or by the Company to a Restricted Subsidiary), that in any such case is secured by (a) any Lien on any Principal Property of the Company or a Restricted Subsidiary or (b) a Lien on any shares of stock or indebtedness of a Restricted Subsidiary that owns a Principal Property. The amount of Secured Debt at any time outstanding shall be the amount then owing thereon by the Company or a Restricted Subsidiary.

"Securities Act" means the Securities Act of 1933, as amended.

"Shelf Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this Indenture.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of indebtedness, including the Notes, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person, (a) any corporation of which the Company, or the Company and one or more Subsidiaries, or any one or more Subsidiaries, directly or indirectly own voting securities entitling any one or more of the Company and its Subsidiaries to elect a majority of the directors, either at all times, or so long as there is no default or contingency which permits the holders of any other class or classes of securities to vote for the election of one or more directors, (b) any partnership of which the Company, or the Company and one or more of its Subsidiaries, or any one or more Subsidiaries, is at the date of determination, a general or limited partner of such partnership, but only if the Company and its Subsidiaries are entitled to receive more than 50% of the assets of such partnership upon dissolution or more than 50% of the profits of such partnership, or (c) any other Person (other than a corporation or partnership) in which the Company, or the Company and one or more Subsidiaries, or any one or more Subsidiaries, directly or indirectly, at the date of determination thereof, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date on which this Indenture is qualified under the TIA, except as provided in Section 9.3 hereof.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent global Note in the form of Exhibit A-1 attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"U.S. Person" means a U.S. person as defined in Rule 902(k) under the Securities Act.

SECTION 1.2 Other Definitions.

TERM	DEFINED IN SECTION
"Covenant Defeasance".....	8.5
"DTC".....	2.3
"Event of Default".....	6.1
"Defeasance".....	8.4
"Paying Agent".....	2.3
"Registrar".....	2.3

SECTION 1.3 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"obligor" on the Notes means the Company and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.4 Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, the statements and pronouncements of the Financial Accounting Standards Board and such other statements by such other entities as have been approved by a significant segment of the accounting profession, which are applicable at the date of determination;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular;

(5) provisions apply to successive events and transactions; and

(6) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE II

THE NOTES

SECTION 2.1 Form and Dating.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of \$1,000 and integral multiples thereof.

The Notes will mature on July 1, 2005 and will bear interest at the rate per annum of 67/8%, payable semiannually on January 1 and July 1 of each year, commencing January 1, 1999, to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the preceding December 15 or June 15, as the case may be. The Notes will be subject to redemption prior to maturity pursuant to Article III of this Indenture. The interest rate accruing on the Initial Notes is subject to increase upon the occurrence of certain events as provided in the Registration Rights Agreement.

The Notes are senior unsecured obligations of the Company and rank *pari passu* in right of payment with all other unsecured and unsubordinated indebtedness of the Company.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

Notes issued in global form shall be substantially in the form of Exhibit A-1 or A-2 attached hereto (including the Global Note Legend and the "Schedule of Exchanges in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A-1 attached hereto (but without the Global Note Legend and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a

Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee, the Depositary or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.6 hereof.

Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its New York office, as custodian for the Depositary, and registered in the name of the nominee of the Depositary for credit to the accounts of designated agents holding on behalf of Euroclear or CEDEL, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period shall be terminated after the 40-day distribution compliance period applicable to the Initial Notes has expired under Regulation S and upon the receipt by the Trustee of (i) a written certificate from the Depositary, together with copies of certificates from Euroclear and CEDEL certifying that they have received certification of nonUnited States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Note (except to the extent of any beneficial owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial ownership interest in a 144A Global Note bearing a Private Placement Legend, all as contemplated by Section 2.6(b) hereof), and (ii) an Officers' Certificate from the Company stating that the applicable Restricted Period has terminated. Following the termination of the Restricted Period, beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in Regulation S Permanent Global Notes pursuant to the Applicable Procedures. Simultaneously with the authentication of Regulation S Permanent Global Notes, the Trustee shall cancel the Regulation S Temporary Global Note. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interests as hereinafter provided.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Cedel Bank" and "Customer Handbook" of CEDEL shall be applicable to transfers of beneficial interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes that are held by members of, or Participants, in DTC through Euroclear or CEDEL.

SECTION 2.2 Execution and Authentication.

Two Officers (at least one of whom shall be the Chief Executive Officer, the Chief Finance Officer or the Treasurer) shall sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall, upon a written order of the Company signed by an Officer, authenticate the Initial Notes for original issue on the Issue Date of up to \$150,000,000 aggregate principal amount of the Notes. The aggregate principal amount of Notes outstanding at any time may not exceed \$150,000,000 except as provided in Section 2.7 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

SECTION 2.3 Registrar and Paying Agent.

The Company shall maintain an office or agency within the City and State of New York where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall promptly notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

SECTION 2.4 Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, or interest or premium, if any, on, the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent,

it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.5 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall provide to a Responsible Officer of the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA Section 312(a).

SECTION 2.6 Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Notes will be exchanged by the Company for Definitive Notes if (i) the Company delivers to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository for the Global Notes or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 90 days after the date of such notice from the Depository or (ii) the Company in its sole discretion notifies the Trustee in writing that it elects to cause issuance of the Notes in certificated form; provided that in no event shall the Regulation S Temporary Global Note be exchanged by the Company for Definitive Notes prior to the expiration of the Restricted Period. Upon the occurrence of either of the preceding events in (i) or (ii) above, Definitive Notes shall be issued in such names as the Depository shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.7 and 2.11 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to Section 2.7 or 2.11 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.6(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.6(b), (c) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global

Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period transfers of beneficial interests in the Temporary Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred only to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.6(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests (other than a transfer of a beneficial interest in a Global Note to a Person who takes delivery thereof in the form of a beneficial interest in the same Global Note), the transferor of such beneficial interest must deliver to the Registrar (A) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above; provided that (x) no transfer or exchange of a beneficial interest in a Global Note for a Definitive Note shall be effective under clause (B) hereof unless permitted by Applicable Procedures of the Depositary, (y) in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (1) the expiration of the Restricted Period and (2) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act and (z) beneficial interests in a Global Note may be exchanged for Definitive Notes only upon at least 20 days prior written notice given to the Trustee by or on behalf of the Depositary in accordance with Applicable Procedures. Upon an Exchange Offer by the Company in accordance with Section 2.6(f) hereof, the requirements of this Section 2.6(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of

beneficial interests in Global Notes contained in this Indenture, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.6(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of clause (ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the Rule 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (1) thereof; or

(B) if the transferee will take delivery in the form of the Regulation S Temporary Global Note or the Regulation S Permanent Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (2) thereof.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of clause (ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in

an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (1) (a) thereof;

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof; and

(3) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.2 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (2) (a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the

Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3) (a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor or in reliance on any other exemption from the registration requirements of the Securities Act, in either case other than those listed in subparagraphs (B) through (D) above, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by Item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3) (b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3) (c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.6(h) hereof, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.6(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall make available for delivery such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.6(c) (i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Notwithstanding Sections 2.6(c) (i) (A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be (A) exchanged for a Definitive Note prior to the expiration of the Restricted Period or (B) transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to the conditions set forth in clause (A) above or unless the transfer is pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) Notwithstanding 2.6(c)(i) hereof, a holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (1)(b) thereof;

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof; and

(3) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Company, to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

(iv) If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.6(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced

accordingly pursuant to Section 2.6(h) hereof, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.6(c) (iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall make available for delivery such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.6(c) (iv) shall not bear the Private Placement Legend. A beneficial interest in an Unrestricted Global Note cannot be exchanged for a Definitive Note bearing the Private Placement Legend or transferred to a Person who takes delivery thereof in the form of a Definitive Note bearing the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (2) (b) thereof;

(B) if such Definitive Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (1) thereof;

(C) if such Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (2) thereof;

(D) if such Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3) (a) thereof;

(E) if such Definitive Note is being transferred to an Institutional Accredited Investor or in reliance on any other exemption from the registration requirements of the Securities Act, in either case other than those listed in

subparagraphs (B) through (D) above, a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by Item (3) thereof, if applicable;

(F) if such Definitive Note is being transferred to the Company or any of its subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3) (b) thereof; or

(G) if such Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3) (c) thereof,

the Trustee shall cancel the Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of subparagraph (A) above, the appropriate Restricted Global Note and, in the case of subparagraph (B) above, the 144A Global Note, and, in the case of subparagraph (C) above, the Regulation S Global Note.

(ii) A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (1) (c) thereof;

(2) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof; and

(3) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Definitive Notes are being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.6(d) (ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

(iv) If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (ii) (B), (ii) (D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.2 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraphs (ii) (B), (ii) (D) or (iii) above.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.6(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, pursuant to the provisions of this Section 2.6(e).

(i) Restricted Definitive Notes may be transferred to and registered in the name of Persons who take delivery thereof if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904 of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (2) thereof; and

(C) if the transfer will be made to an Institutional Accredited Investor or pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by Item (3) thereof, if applicable.

(ii) Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (1)(d) thereof;

(2) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof; and

(3) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Restricted Definitive Note is being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

(iii) A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request for such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof. Unrestricted Definitive Notes cannot be exchanged for or transferred to Persons who take delivery thereof in the form of a Restricted Definitive Note.

(f) Exchange Offer. Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of (A) an authentication order in accordance with Section 2.2 hereof and (B) an Opinion of Counsel opining as to the enforceability of the Exchange Notes, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by persons that are not (x) broker-dealers, (y) Persons participating in the distribution of the Exchange Notes or (z) Persons who are affiliates (as defined in Rule 144) of the Company and accepted for exchange in the Exchange Offer or (ii) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer. Concurrent with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Persons designated by the Holders of Definitive Notes so accepted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE

REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES (1) NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO (X) THE DATE THAT IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR ANY PREDECESSOR OF THIS SECURITY) AND THE LAST DAY ON WHICH NATIONAL- OILWELL, INC. (THE "COMPANY") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAWS (THE "RESALE RESTRICTION TERMINATION DATE"), EXCEPT (A) TO THE COMPANY OR A SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT IS ACQUIRING SUCH SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS RELATING TO RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE), (E) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR IN AN "OFFSHORE TRANSACTION" WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (2) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE COMPANY, THE TRUSTEE, THE TRANSFER AGENT AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (C), (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT

IT IS (1) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, (2) AN INSTITUTIONAL ACCREDITED INVESTOR, (3) A NON-U.S. PERSON AND IS ACQUIRING THE NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT OR (4) IT IS A PERSON ELIGIBLE TO BE TRANSFERRED THIS NOTE IN ACCORDANCE WITH CLAUSE (F) OF THE FOREGOING SENTENCE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (b)(iv), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) of this Section 2.6 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO ARTICLE 2 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.6(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

Additionally, for so long as DTC is the Depositary with respect to the Global Note, such Global Note shall also bear a legend in substantially the following form:

"UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL

INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(iii) Regulation S Temporary Global Note Legend. The Regulation S Temporary Global Note shall bear a legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee, the Note Custodian or the Depositary at the direction of the Trustee, to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note, by the Trustee, the Note Custodian or by the Depositary at the direction of the Trustee, to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges in accordance with the other provisions of this Indenture, the Company shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.7 and 9.5 hereof).

(iii) The Registrar shall not be required to register the transfer or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of Notes for redemption under Section 3.3 hereof and ending at the close of business on the day of such mailing, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.2 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.6 to effect a transfer or exchange may be submitted by facsimile.

(ix) Each Holder of a Note agrees to indemnify the Company and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Note in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

(x) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depository participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the

terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.7 Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Note if the Trustee's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

SECTION 2.8 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.9 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note.

If a Note is replaced pursuant to Section 2.7 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.1 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

SECTION 2.9 Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether

the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded.

SECTION 2.10 Temporary Notes.

Until Definitive Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes upon a written order of the Company signed by two Officers of the Company. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Definitive Notes in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

SECTION 2.11 Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall return such canceled Notes to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12 Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.1 hereof. The Company shall promptly notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13 CUSIP Numbers.

The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that

reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE III

REDEMPTION

SECTION 3.1 Redemption at the Option of the Company.

The Notes are redeemable prior to the Stated Maturity of principal, at the option of the Company, at any time in whole or from time to time in part, upon the delivery of the notices provided in Sections 3.2 and 3.4 hereof, on any date prior to the Stated Maturity of principal selected by the Company (the "Redemption Date") at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders on the relevant record date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date) plus the Make-Whole Premium, if any (the "Redemption Price"). In no event will the Redemption Price ever be less than 100% of the principal amount of the Notes plus accrued interest to the Redemption Date.

SECTION 3.2 Notice to the Trustee.

If the Company elects to redeem Notes pursuant to this Article III, it shall notify the Trustee of the Redemption Date and principal amount of the Notes to be redeemed. The Company shall so notify the Trustee at least 45 days before the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee) by delivering to the Trustee an Officers' Certificate stating that such redemption will comply with the provisions of this Indenture and of the Notes. Any such notice may be canceled at any time prior to the mailing of such notice of such redemption to any Holder and shall thereupon be void and of no effect.

SECTION 3.3 Selection of Notes To Be Redeemed.

If less than all the Notes are to be redeemed, the particular Notes to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the outstanding Notes not previously called for redemption, pro rata, by lot or by such other method as the Trustee shall deem fair and appropriate and that may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Notes or any integral multiple thereof) of the principal amount of Notes of a denomination larger than the minimum authorized denomination or of the principal amount of Global Notes.

The Trustee shall promptly notify the Company and the Registrar in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed.

For purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Notes shall relate, in the case of any of the Notes redeemed or to be redeemed only in part, to the portion of the principal amount thereof which has been or is to be redeemed.

SECTION 3.4 Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Notes to be redeemed, at the address of such Holder appearing in the register of Notes maintained by the Registrar.

All notices of redemption shall identify the Notes to be redeemed (including CUSIP numbers) and shall state:

- (1) the Redemption Date;
- (2) the Redemption Price (excluding the amount of any Make-Whole Premium, if any);
- (3) that, unless the Company defaults in making the redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date, and the only remaining right of the Holders of such Securities is to receive payment of the Redemption Price upon surrender to the Paying Agent of the Notes redeemed;
- (4) if any Note is to be redeemed in part, the portion of the principal amount thereof to be redeemed and that on and after the redemption date, upon surrender for cancellation of such Note to the Paying Agent, a new Note or Notes in the aggregate principal amount equal to the unredeemed portion thereof will be issued without charge to the Holder;
- (5) that Note called for redemption must be surrendered to the Paying Agent to collect the Redemption Price and the name and address of the Paying Agent;
- (6) the CUSIP number, if any, relating to such Notes.

Notice of redemption of Notes to be redeemed at the election of the Company shall be given by the Company or, at the Company's written request, by the Trustee in the name and at the expense of the Company.

SECTION 3.5 Effect of Notice of Redemption.

Once notice of redemption is mailed, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price. Upon surrender to the Paying Agent, such Notes called for redemption shall be paid at the Redemption Price, but interest installments whose maturity is on or prior to such Redemption Date will be payable on the day payment of such interest is due to the Holders of record at the close of business on the relevant record dates specified pursuant in Section 2.1 hereof and the Notes.

SECTION 3.6 Deposit of Redemption Price.

On or prior to 10:00 a.m., New York City time, on any Redemption Date, the Company shall deposit with the Trustee or the Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 2.4) an amount of money in same day funds sufficient to pay the Redemption Price of, including (except if the Redemption Date shall be a date interest is due under the Notes) accrued and unpaid interest if any, on, the Notes or portions thereof which are to be redeemed on that date, other than Notes or portions thereof called for redemption on that date which have been delivered by the Company to the Trustee for cancellation.

If the Company complies with the preceding paragraph, then, unless the Company defaults in the payment of such Redemption Price, interest on the Notes to be redeemed will cease to accrue on and after the applicable Redemption Date, whether or not such Notes are presented for payment, and the Holders of such Notes shall have no further rights with respect to such Notes except for the right to receive the Redemption Price upon surrender of such Notes. If any Notes called for redemption shall not be so paid upon surrender thereof for redemption, the principal, premium, if any, and, to the extent lawful, accrued and unpaid interest thereon shall, until paid, bear interest from the Redemption Date at the rate applicable to such Notes.

SECTION 3.7 Notes Redeemed or Purchased in Part.

Upon surrender to the Paying Agent of a Note to be redeemed in part, the Company shall execute and the Trustee shall authenticate and make available for delivery to the Holder of such Note without service charge a new Note or Notes, and of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the unredeemed portion of the principal of the Note so surrendered that is not redeemed.

SECTION 3.8 Purchase of Notes.

The Company and any Affiliate of the Company may at any time purchase or otherwise acquire Notes in the open market or by private agreement. Such acquisition shall not operate as or be deemed for any purpose to be a redemption of the indebtedness represented by such Notes. Any Notes purchased or acquired by the Company may be delivered to the Trustee and, upon such

delivery, the indebtedness represented thereby shall be deemed to be satisfied. Section 2.9 shall apply to all Notes so delivered.

ARTICLE IV

COVENANTS

SECTION 4.1 Payment of Notes.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on, the Notes on the dates and in the manner provided in the Notes and this Indenture. Principal and interest, if any, shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. New York City Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. The interest rate applicable to the Notes is subject to increase upon the occurrence of certain events as provided in the Registration Rights Agreement.

The Company shall pay interest on overdue principal at the rate borne on the Notes to the extent lawful; it shall pay on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.2 Maintenance of Office or Agency.

The Company shall maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the office of the Trustee at 101 Barclay Street, Floor 21 West, New York, New York 10286, as one such office or agency of the Company in accordance with Section 2.3 hereof.

SECTION 4.3 Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the knowledge of the signers thereof a Default or Event of Default, specifying all such Defaults or Events of Defaults (as applicable) and the nature and status thereof.

The Company shall deliver to the Trustee, as soon as possible and in any event within five days after the Company becomes aware of the occurrence of any Event of Default or Default, an Officers' Certificate setting forth the details of such Event of Default or Default and the action which the Company proposes to take with respect thereto.

SECTION 4.4 Corporate Existence.

Subject to Article 5, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and its Restricted Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Restricted Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

SECTION 4.5 SEC Reports; Financial Statements.

(a) The Company shall file with the Trustee, within 15 days after it files the same with the SEC, copies of the annual reports and the information, documents and other reports (or copies of such portions of any of the foregoing) as the SEC may by rules and regulations prescribe that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. The Company shall also comply with the provisions of TIA Section 314(a).

(b) If the Company is not subject to the requirements of Section 13 or 15(d) of the Exchange Act, the Company shall furnish to all Holders of the Rule 144A Global Note or Holders that qualify as QIB's who have elected to take physical delivery of a Restricted Definitive Note, and prospective purchasers who are acquiring a Restricted Definitive Note or a beneficial

interest in the Rule 144A Global Note as a QIB in accordance with Rule 144A, promptly upon their request, the information required to be delivered pursuant to clause (d) (4) of Rule 144A.

(c) Delivery of such reports, information and documents to the Trustee under this Section 4.5 is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants under this Article IV (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 4.6 Limitation on Liens.

So long as any of the Notes are outstanding, the Company shall not at any time create, incur, assume or guarantee, and shall not cause, suffer or permit a Restricted Subsidiary to create, incur, assume or guarantee, any Secured Debt without making effective provision (and the Company covenants that in such case it will make or cause to be made such effective provision) whereby the Notes then outstanding and any other indebtedness of or guaranteed by the Company or any Restricted Subsidiary then entitled thereto, subject to applicable priorities of payment, shall be secured, by such Lien equally and ratably with any and all other obligations and indebtedness thereby secured, so long as such other obligations and indebtedness shall be so secured; provided, that if any such Lien securing such Secured Debt ceases to exist, such equal and ratable security for the benefit of the Holders of Notes shall automatically cease to exist without any further action; provided, further, that if such Secured Debt is expressly subordinated to the Notes, the Lien securing such subordinated Secured Debt shall be subordinate and junior to the Lien securing the Notes with the same relative priority as such Secured Debt shall have with respect to the Notes; and provided further, that the foregoing covenants shall not be applicable to the Secured Debt that is secured by Permitted Liens.

Notwithstanding the foregoing provisions of this Section 4.6, the Company and its Restricted Subsidiaries may, without equally and ratably securing the Notes, create, incur, assume or guarantee Secured Debt not otherwise permitted or excepted if the sum of (a) the amount of such Secured Debt plus (b) the aggregate value of Sale and Leaseback Transactions (excluding Sale and Leaseback Transactions identified in (a) through (d) of Section 4.7), does not exceed 10% of Consolidated Net Tangible Assets (as shown in the quarterly consolidated balance sheet of the Company most recently published prior to the date of creation, incurrence, assumption or guarantee).

SECTION 4.7 Limitation on Sale and Leaseback Transactions.

The Company will not, nor will it permit any of its Restricted Subsidiaries to, engage in a Sale and Leaseback Transaction, unless: (a) such Sale and Leaseback Transaction occurs within one year from the date of completion of the acquisition of the Principal Property subject thereto or the date of the completion of construction, development or substantial repair or improvements, or commencement of full operations, on such Principal Property, whichever is later, (b) the Sale and Leaseback Transaction involves a lease for a period, including renewals, of not more than three

years, (c) the Company or such Restricted Subsidiary would be entitled to incur Secured Debt secured by a Lien on the Principal Property subject thereto in a principal amount equal to or exceeding the net sale proceeds from such Sale and Leaseback Transaction without equally and ratably securing the Notes pursuant to Section 4.6, or (d) the Company or such Restricted Subsidiary, within a one-year period after the Sale and Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale and Leaseback Transaction to (i) the redemption of the Notes or the prepayment, repayment, reduction or retirement of any indebtedness of the Company or any of its subsidiaries that ranks pari passu with the Notes or (ii) the expenditure or expenditures for Principal Property used or to be used in the ordinary course of business of the Company or any of its Restricted Subsidiaries.

Notwithstanding the foregoing, the Company may, and may permit each of its Restricted Subsidiaries, to, effect any Sale and Leaseback Transaction that is not excepted by clauses (a) through (d) (inclusive) of the above paragraph, provided that, after giving effect thereto and the application of proceeds, if any, received by the Company or any its Restricted Subsidiaries as a result thereof, the net sale proceeds from such Sale and Leaseback Transaction, together with the aggregate principal amount of all Secured Debt then outstanding (other than the Notes) secured by Liens upon Principal Property (which are not Permitted Liens) would not exceed 10% of the Consolidated Net Tangible Assets (as shown in the quarterly consolidated balance sheet of the Company most recently published prior to the date the Sale and Leaseback Transaction is effected).

ARTICLE V

SUCCESSORS

SECTION 5.1 Consolidation, Merger, or Sale of Assets.

The Company may (a) consolidate with or merge into, or (b) sell, convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety to, any Person, provided that (i) in the case of any such consolidation or merger, the Company is the continuing entity or, if the Company is not the continuing entity, the continuing entity is a Person organized and validly existing under the laws of the United States, any political subdivision thereof or any State thereof and assumes by supplemental indenture all of the Company's obligations on the Notes and under the Indenture, and (ii) after giving effect to the transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall exist. Upon a disposition of assets described in clause (b) of the preceding sentence, the Company will be released from any further liability under the Notes and the Indenture.

SECTION 5.2 Successor Corporation Substituted.

Upon any consolidation or merger, transfer or lease of its properties and assets substantially as an entirety in accordance with Section 5.1 hereof, the successor corporation formed by such consolidation with, or into which the Company is merged or to which such conveyance, transfer or

lease of its properties and assets is made shall succeed to, and be substituted for (so that from and after the date of such consolidation or merger, or conveyance transfer or lease of its property and assets substantially as an entirety, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.1 Events of Default.

An "Event of Default" occurs hereunder with respect to the Notes if:

- (a) the Company defaults in the payment when due of principal of or Make-Whole Premium, if any, on, the Notes;
- (b) the Company defaults in payment when due of interest on the Notes and such default continues for a period of 30 days;
- (c) the Company or any of its Restricted Subsidiaries fails to observe or perform any covenant of the Company (other than the covenants described in clauses (a) or (b) above) in the Notes or this Indenture for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding;
- (d) indebtedness of the Company or any Subsidiary is not paid when due within the applicable grace period, if any, or is accelerated by the holders thereof and, in either case, the principal amount of such unpaid or accelerated indebtedness exceeds \$20 million;
- (e) the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary:
 - (i) commences a voluntary case,
 - (ii) consents to the entry of an order for relief against it in an involuntary case,
 - (iii) consents to the appointment of a custodian of it or for all or substantially all of its property, or
 - (iv) makes a general assignment for the benefit of its creditors.

(f) a court of competent jurisdiction enters an order or decree under the Bankruptcy Code that:

(i) is for relief against the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary, in an involuntary case;

(ii) appoints a Custodian of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary, or for all or substantially all of the property of the Company or any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary; or

(iii) orders the liquidation of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 6.2 Acceleration.

If any Event of Default (other than an Event of Default specified in clauses (e) or (f) of Section 6.1) shall occur and be continuing, either the Trustee or the Holders of at least 25% of the then outstanding Notes by notice to the Company may declare the principal amount of the Notes to be due and payable immediately. If an Event of Default specified in clauses (e) or (f) of Section 6.1 shall occur, the principal amount of all the then outstanding Notes will automatically, and without any action by the Trustee or any Holder, become immediately due and payable. After any acceleration, but before a judgment or decree for the payment of the money due has been obtained by the Trustee, the Holders of a majority in aggregate principal amount of the then outstanding Notes, by written notice to the Trustee, may rescind and annul such acceleration and its consequences if all Events of Default, other than the non-payment of accelerated principal, have been cured or waived pursuant to the terms of this Indenture.

SECTION 6.3 Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any and accrued and unpaid interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right

or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.4 Waiver of Past Defaults.

The Holders of a majority in aggregate principal amount of the outstanding Notes may on behalf of the Holders of all of the Notes waive any past default hereunder and its consequences, except a Default:

(a) in the payment of the principal of or any premium or interest on any Note, or

(b) in respect of any other covenant or provision hereof which, under Section 9.2 hereof, cannot be modified or amended without the consent of the Holder of each outstanding Note.

Upon any such waiver, such Default or Event of Default shall cease to exist and shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 6.5 Control by Majority.

Subject to Section 7.2(f) hereof, Holders of a majority in principal amount of the then outstanding Notes (together as a single class) may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

SECTION 6.6 Limitation on Suits.

A Holder of a Note may institute any proceeding with respect to the Indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder with respect to this Indenture or the Note only if:

(a) the Holder of a Note has previously given to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in aggregate principal amount of the Notes make a written request to the Trustee to institute a proceeding or pursue a remedy as trustee;

(c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense to be incurred in compliance with such request;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60-day period the Holders of a majority in principal amount of the Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 6.7 Rights of Holders of Notes to Receive Payment and Institute Proceedings.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, and premium, if any, and interest on, the Note on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired, affected or limited in any way (including by any limitation set forth in Section 6.6 hereof) without the consent of the Holder of each Note affected thereby.

SECTION 6.8 Collection Suit by Trustee.

If an Event of Default specified in Section 6.1(a) or (b) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, and premium, if any, and interest remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.9 Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on,

and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting any Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10 Priorities.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.7 hereof, including payment of all compensation, expense, and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of the Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

SECTION 6.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the cost of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.7 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE VII

TRUSTEE

SECTION 7.1 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) The Trustee need perform only those duties that are specifically set forth in this Indenture and the TIA and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee. To the extent of any conflict between the duties of the Trustee hereunder and under the TIA, the TIA shall control.

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.5 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.2 Rights of Trustee.

(a) The Trustee may conclusively rely upon any document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) Subject to Section 7.1(b) hereof, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities (including fees and expenses of its agents and counsel) that might be incurred by it in compliance with such request or direction.

(g) The Trustee, in its individual or other capacity, may make loans to, accept deposits from, and perform services for, the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee, including, without limitation, as a lender under the Company's Senior Credit Facility.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder.

SECTION 7.3 Individual Rights of Trustee.

The Trustee, any Paying Agent, any authenticating agent or registrar in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.4 Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.5 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, or interest or premium, if any, on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

SECTION 7.6 Reports by Trustee to Holders of the Notes.

Within 60 days after each June 15 beginning with the June 15 following the date of this Indenture, and for so long as the Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b) (2). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which Notes are listed in accordance with TIA Section 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any stock exchange or delisted therefrom.

SECTION 7.7 Compensation and Indemnity.

The Company shall pay to the Trustee from time to time such compensation for its acceptance of this Indenture and services hereunder as the parties shall agree from time to time. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any and all losses, liabilities, claims, damages or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.7) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability, claim, damage or expense may be attributable to its negligence or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.7 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section, the Trustee shall have a Lien prior to any of the Notes on all money or property held or collected by the Trustee, except that held

in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.1(e) or (f) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under the Bankruptcy Code.

The Trustee shall comply with the provisions of TIA Section 313(b)(2) to the extent applicable.

SECTION 7.8 Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof,

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under the Bankruptcy Code;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Notes may, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Note may, at the expense of the Company, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.7 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.8, the Company's obligations under Section 7.7 hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.9 Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10 Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has, or is the subsidiary of a bank holding company that has, a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b).

SECTION 7.11 Preferential Collection of Claims Against Company.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE VIII

SATISFACTION AND DISCHARGE; DEFEASANCE

SECTION 8.1 Satisfaction and Discharge of Indenture.

This Indenture shall upon delivery of a written request of an Officer of the Company to the Trustee cease to be of further effect with respect to the Notes (except as to any surviving rights of registration of transfer or exchange of Notes herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes, when

(a) either

(i) all such Notes theretofore authenticated and delivered (other than (1) such Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.7 and (2) such Notes for whose payment money or Government Securities have theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 8.9) have been delivered to the Trustee for cancellation; or

(ii) all such Securities not theretofore delivered to the Trustee for cancellation

(A) have become due and payable, or

(B) will become due and payable at their final Stated Maturity within one year,

and the Company, in the case of (A) or (B) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount of money or Government Securities sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of such Notes which have become due and payable) or to the Stated Maturity of the principal of the Notes;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company with respect to such Notes; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to such Notes have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to the Notes, the obligations of the Company to the Trustee under Section 7.7 hereof, and, if money or Government Securities shall have been deposited with the Trustee pursuant to subclause (ii) of clause (b) of this Section, the obligations of the Company or Trustee under Section 8.2 hereof and Section 8.9 shall survive.

SECTION 8.2 Application of Trust Money.

Subject to the provisions of Section 8.9, all money and Government Securities deposited with the Trustee pursuant to Section 8.1 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money or Government Securities has been deposited with the Trustee.

SECTION 8.3 Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.4 or 8.5 hereof be applied to all outstanding Notes, upon compliance with the conditions set forth in this Article VIII.

SECTION 8.4 Defeasance and Discharge.

In addition to discharge of the Indenture pursuant to Section 8.1 hereof, the Company shall be deemed to have paid and discharged the entire indebtedness on all the Notes on the date of the deposit referred to in clause (a) of Section 8.6 hereof, and the provisions of this Indenture with respect to the Notes shall no longer be in effect, (except as to (1) the rights of Holders of such Notes to receive, solely from the trust fund described in Section 8.6 hereof and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Notes when payments are due (other than by acceleration), (2) the Company's obligations with respect to such Notes under Sections 2.4, 2.6, 2.7, 2.10, 4.2 and 8.9 hereof, and (3) the rights, powers, trusts, obligations, duties and immunities of the Trustee hereunder), and the Trustee, at the expense of the Company, upon written request of an Officer of the Company, shall execute proper instruments acknowledging the same, if the applicable conditions set forth in Section 8.6 hereof are satisfied ("Defeasance"). For this purpose, such Defeasance means that the Company (and any other obligor of the Notes) shall be deemed to have paid and discharged the entire indebtedness represented by the Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 8.7 hereof and the rights and obligations referred to in clauses (1) through (3) (inclusive) of this Section 8.4, and to have satisfied all its other obligations under such Notes and this Indenture insofar

as such Notes are concerned. Subject to compliance with this Article, the Company may exercise its option (if any) to have this Section applied to any Notes notwithstanding the prior exercise of its option (if any) to have Section 8.5 hereof applied to such Notes.

SECTION 8.5 Covenant Defeasance.

The Company shall be released on the date of the deposit referred to in clause (a) of Section 8.6 hereof from its obligations under Sections 4.6, 4.7 and 5.1 hereof, inclusive, on and after the date the applicable conditions set forth in Section 8.6 hereof are satisfied ("Covenant Defeasance"); and the occurrence of any event specified in clause (c) of Section 6.1 hereof (with respect to any of Sections 4.6, 4.7 and 5.1 hereof, inclusive), shall be deemed not to be or result in an Event of Default, in each case with respect to the Notes. For this purpose, such Covenant Defeasance means that, with respect to the Notes (i) the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section, whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any Section to any other provision herein or in any other document and such omission to comply shall not constitute a Default or Event of Default under Section 6.1 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby, and (ii) such Notes shall thereafter be deemed to be not "Outstanding" for the purposes of any request, demand, authorization, direction, notice, waiver, consent or declaration or other action of Holders (and the consequences of any therefor) in connection with such specified covenants, but shall continue to be deemed Outstanding for all other purposes hereunder.

SECTION 8.6 Conditions to Defeasance or Covenant Defeasance.

The following shall be the applicable conditions to the application of Section 8.4 or Section 8.5 hereof to any Notes, as the case may be:

(a) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 7.10 hereof and agrees to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Notes, (A) money in an amount, or (B) Government Securities which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certificate thereof delivered to the Trustee, to pay the principal of and any premium and interest on such Notes on the Stated Maturity of the principal of the Notes in accordance with the terms of this Indenture and such Notes.

(b) In order to have Section 8.4 hereof apply to any Notes, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (A) the

Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case (A) or (B) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Notes will not recognize gain or loss for federal income tax purposes as a result of such deposit and Defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and Defeasance had not occurred.

(c) In order to have Section 8.5 hereof apply to any Notes, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Notes will not recognize gain or loss for federal income tax purposes as a result of such deposit and Covenant Defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and Covenant Defeasance had not occurred.

(d) No Default or Event of Default with respect to such Notes or any other Notes shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified in clauses (e) or (f) of Section 6.1 hereof, at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied with respect to such specified events until after such 90th day).

(e) Such Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

(f) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that on the 91st day following the deposit, the trust funds will not be subject to avoidance under Section 547 of the Bankruptcy Code or any successor provision thereof.

(g) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others.

(h) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.7 Deposited Money and Government Securities to be Held in Trust;
Other Miscellaneous Provisions.

Subject to Section 8.8 hereof, all money and Government Securities (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 8.9 hereof, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 8.6 hereof in respect of any Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Notes for the payment or redemption of which such funds have been deposited with the Trustee, of all sums due and to become due thereon in respect of principal and any premiums and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

Anything in this Article to the contrary notwithstanding, the Trustee or the Paying Agent, as applicable, shall promptly return, deliver or pay to the Company from time to time upon Company request any money or Government Securities held by it as provided in Section 8.6 hereof with respect to any Notes which, at any time, are in excess of the amount thereof which would then be required to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities. The provisions of Section 8.8 hereof shall apply to any money held by the Trustee or any Paying Agent under this Article that remains unclaimed for two years after the Stated Maturity of the Notes for which money or Government Securities have been deposited pursuant to Section 8.6 hereof.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Securities deposited pursuant to this Article or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of outstanding Notes.

SECTION 8.8 Repayment to Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, and premium and interest, if any, on, any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on its written request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a secured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such

notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.9 Reinstatement.

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.4 or 8.5 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.4 or 8.5 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.4 or 8.5 hereof, as the case may be; provided, however, that, if the Company makes any payment of principal of, or premium, if any, or interest on, any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE IX

AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 9.1 Without Consent of Holders of Notes.

Notwithstanding Section 9.2 hereof, the Company and the Trustee may amend or supplement this Indenture or the Notes without the consent of Holders of the Notes:

(a) to cure any ambiguity, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of Article 2 hereof (including the related definitions) in a manner that does not materially adversely affect any Holder;

(c) to provide for the assumption of the Company's obligations to the Holders of any of the Notes in the case of a merger, consolidation or sale of assets of the Company pursuant to Article 5 hereof;

(d) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any such Holder in any material respect; or

(e) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA or to allow any guarantor to guarantee the Notes.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental Indenture, and upon receipt by the Trustee of the documents described in Section 9.6 hereof, the Trustee shall join with the Company in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture that affects its own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.2 With Consent of Holders of Notes.

Except as provided below in this Section 9.2, the Company and the Trustee may amend or supplement this Indenture and the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for the Notes), and, subject to Sections 6.4 and 6.7 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, or premium, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes).

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by a Responsible Officer of the Trustee of the documents described in Section 9.6 hereof, the Trustee shall join with the Company in the execution of such amended or supplemental Indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.2 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver. Subject to Sections 6.4 and 6.7 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a nonconsenting Holder):

(a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any such Note;

(b) reduce the principal amount of, or any interest on, any such Note;

(c) reduce the amount of principal of any such Note payable upon acceleration of the Stated Maturity thereof;

(d) change the place or currency of payment of principal of, or interest on, any such Note;

(e) impair the right to institute suit for the enforcement of any payment on or with respect to any such Note;

(f) reduce the percentage in principal amount of such Note, the consent of whose Holders is required for modification or amendment of the Indenture;

(g) reduce the percentage in principal amount of such Note necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(h) modify such provisions with respect to modification and waiver;

(i) waive, reduce or modify a Make-Whole Premium payable with respect to any Note called for redemption; or

(j) make any change in Section 6.4 or 6.7 hereof or in the foregoing amendment and waiver provisions.

SECTION 9.3 Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture or the Notes shall be set forth in a amended or supplemental Indenture that complies with the TIA as then in effect.

SECTION 9.4 Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

SECTION 9.5 Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company, in exchange for all Notes, may issue and the Trustee shall authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.6 Trustee to Sign Amendments, Etc.

The Trustee shall sign any amended or supplemental Indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise. The Company may not sign an amendment or supplemental Indenture until the Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.1 hereof) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

SECTION 9.7 Record Dates.

Except as otherwise provided in this Indenture or the Notes, the Company will be entitled to set any day as a record date for the purpose of determining the Holders of Notes entitled to give or take any direction, notice, consent, waiver or other action under the Indenture. Pursuant to Section 6.10, the Trustee also will be entitled to set a record date for certain action by Holders of Notes. If a record date is set for any action to be taken by Holders of the Notes, such action may be taken only by persons who are Holders of the Notes on the record date. To be effective, such action must be taken by Holders of the requisite principal amount of the Notes within a specified period following the record date. For any particular record date, this period will be 180 days or such shorter period as may be specified by the Company (or the Trustee, if it sets the record date), and may be shortened or lengthened (but not beyond 180 days) from time to time.

ARTICLE X

MISCELLANEOUS

SECTION 10.1 Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

SECTION 10.2 Notices.

Any notice or communication by the Company or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company:

National-Oilwell, Inc.
5555 San Felipe
Houston, Texas 77056
Telecopier No.: (713) 960-5237
Attention: Chief Financial Officer

If to the Trustee:

The Bank of New York
101 Barclay Street, Floor 21 West
New York, New York 10286
Attention: Corporate Trust Trustee Administration
Telecopier No.: 212-815-5915
Ref: National-Oilwell, Inc.

The Company or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 10.3 Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 10.4 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.5 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.5 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

SECTION 10.5 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall comply with the provisions of TIA Section 314(e) and shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

SECTION 10.6 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 10.7 No Personal Liability of Directors, Officers, Employees and Stockholders.

No past, present or future director, officer, employee, incorporator, partner, member of stockholder of the Company, or of any member, partner or stockholder of any such entity, as such, shall have any liability for any obligation of the Company under the Notes, this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

SECTION 10.8 Governing Law.

THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF, SHALL GOVERN AND BE USED TO CONSTRUCT THIS INDENTURE AND THE NOTES.

SECTION 10.9 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 10.10 Successors.

All agreements of the Company in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 10.11 Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 10.12 Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 10.13 Table of Contents, Headings, Etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Signatures Page(s) Follow]

SIGNATURES

Dated as of June 26, 1998

Company:

NATIONAL-OILWELL, INC.

By: /s/ Steven W. Krablin

Steven W. Krablin, Vice President and
Chief Financial Officer

Trustee:

THE BANK OF NEW YORK

By: /s/ Remo J. Reale

Name: Remo J. Reale
Title: Assistant Vice President

EXHIBIT A-1
(FACE OF NOTE)

CUSIP: _____

6 7/8% SENIOR NOTES DUE 2005, [SERIES B]*

No. _____

\$150,000,000

NATIONAL-OILWELL, INC.

promises to pay to

or registered assigns, the principal sum of

Dollars on July 1, 2005.

Interest Payment Dates: January 1 and July 1

Record Dates: December 15 and June 15

NATIONAL-OILWELL, INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

This is one of the [Global]
Notes referred to in the
within-mentioned Indenture:

The Bank of New York
as Trustee

By: _____

Dated:

Authorized Signatory

- - - - -

* This bracketed language should appear only in Exchange Notes.

6 7/8% Senior Notes due 2005, [Series B]*

[Insert the Global Note Legend, if applicable,
pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable,
pursuant to the provisions of the Indenture]

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. National-Oilwell, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Note at 6 7/8% per annum, from June 26, 1998 until maturity [and shall pay any additional interest payable on the principal amount of this Note pursuant to Section 2.5 of the Registration Rights Agreement referred to below.]** The Company will pay interest semi-annually in arrears on January 1 and July 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be January 1, 1999. The Company shall pay interest on overdue principal and premium, if any, from time to time as provided in Section 2.12 of the Indenture at the rate borne on the Notes; it shall pay interest on overdue installments of interest (without regard to any applicable grace periods) from time to time as provided in Section 2.12 of the Indenture at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the December 15 or June 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Company maintained for such purpose within the City and State of New York, or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest and premium, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

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* This bracketed language should appear in Exchange Notes only.

** Omit this bracketed language in Exchange Notes.

3. Paying Agent and Registrar. Initially, The Bank of New York, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture. The Company issued the Notes under an Indenture dated as of June 26, 1998 ("Indenture") between the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are obligations of the Company limited to \$150,000,000 in aggregate principal amount.

5. Optional Redemption.

The Notes are redeemable prior to their Stated Maturity, at the option of the Company, at any time in whole or from time to time in part, on any date prior to their final Stated Maturity selected by the Company (the "Redemption Date") at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders on the relevant record date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date) plus the Make-Whole Premium (as defined in the Indenture), if any (the "Redemption Price"). In no event will the Redemption Price ever be less than 100% of the principal amount of the Notes plus accrued interest to the Redemption Date.

6. Mandatory Redemption. The Company shall not be required to make mandatory redemption payments with respect to the Notes.

7. Notice of Redemption. Notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the Redemption Date, interest ceases to accrue on Notes or portions thereof called for redemption.

8. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15

days before the mailing of a notice of redemption of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

9. Persons Deemed Owners. The registered Holder of a Note may be treated as its owner for all purposes.

10. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions in Article 2 of the Indenture in a manner that does not materially adversely affect any Holder, to provide for the assumption of the Company's obligations to Holders of the Notes in case of a merger, consolidation or sale of assets in accordance with Article 5 of the Indenture, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder in any material respect, or to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA or to allow any guarantor to guarantee the Notes.

11. Defaults and Remedies. Events of Default include: (a) default in the payment when due of principal of, or Make-Whole Premium, if any, on, the Notes; (b) default in the payment when due of interest on the Notes and such default continues for a period of 30 days; (c) failure by the Company or any of its Restricted Subsidiaries to observe or perform any other covenant (other than the covenants described in (a) and (b) above) in the Indenture or the Notes for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding; (d) failure by the Company or any Subsidiary to pay indebtedness when due within the applicable grace period, if any, or the acceleration of such indebtedness by the holders thereof and, in either case, the principal amount of such unpaid or accelerated indebtedness exceeds \$20 million; or (e) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries as specified in Section 6.1 of the Indenture. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, the principal amount of all then outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of

the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes or in respect of any other covenant or provision of the Indenture which, under Section 9.2 of the Indenture, cannot be modified without the consent of the Holder of each outstanding Note. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

12. Trustee Dealings with Company. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

13. No Recourse Against Others. A director, officer, employee, incorporator, partner, member or stockholder of the Company or any Subsidiary of the Company, as such, shall not have any liability for any obligations of the Company under the Notes, or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

14. Authentication. This Note shall not be valid until authenticated by the manual signature of an authorized signatory of the Trustee or an authenticating agent.

15. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

16. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and CUSIP numbers will be used in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

[17. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement dated as of June 26, 1998, between the Company and the parties named on the signature pages thereof (the "Registration Rights Agreement").]**

- - - - -
 ** Omit this bracketed language in Exchange Notes.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture [and/or the Registration Rights Agreement.]** Requests may be made to the principal office of the Company, attention Chief Financial Officer.

- - - -----

** Omit this bracketed language in Exchange Notes.

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

(Insert assignee's social security or tax identification number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute
another to act for him.

Date:
Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL
NOTE***

The following exchanges of a part of this Global Note for an interest in another Note, or exchanges of a part of another Note for an interest in this Global Note, have been made:

DATE OF EXCHANGE	AMOUNT OF DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	AMOUNT OF INCREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	PRINCIPAL AMOUNT OF THIS GLOBAL NOTE FOLLOWING SUCH DECREASE (OR INCREASE)	SIGNATURE OF AUTHORIZED SIGNATORY OF NOTE CUSTODIAN
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*** This should be included only if the Note is a Global Note.

(FACE OF REGULATION S TEMPORARY GLOBAL NOTE)

CUSIP/CINS: U6366C AA 3

6 7/8% Senior Notes due 2005

No.: _____ \$ _____

NATIONAL-OILWELL, INC.

promises to pay to

or registered assigns, the principal sum of

Dollars on July 1, 2005.

Interest Payment Dates: January 1 and July 1

Record Dates: December 15 and June 15.

NATIONAL-OILWELL, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

This is one of the Global
Notes referred to in the
within-mentioned Indenture:

The Bank of New York
as Trustee

By: _____

Dated:

Authorized Signatory

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR DEFINITIVE NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES (1) NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO (X) THE DATE THAT IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR ANY PREDECESSOR OF THIS SECURITY) AND THE LAST DAY ON WHICH NATIONAL-OILWELL, INC. (THE "COMPANY") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAWS (THE

"RESALE RESTRICTION TERMINATION DATE"), EXCEPT (A) TO THE COMPANY OR A SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT IS ACQUIRING SUCH SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS RELATING TO RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE), (E) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR IN AN "OFFSHORE TRANSACTION" WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (2) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE COMPANY, THE TRUSTEE, THE TRANSFER AGENT AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (C), (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS (1) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, (2) AN INSTITUTIONAL ACCREDITED INVESTOR, (3) A NON-U.S. PERSON AND IS ACQUIRING THE NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT OR (4) IT IS A PERSON ELIGIBLE TO BE TRANSFERRED THIS NOTE IN ACCORDANCE WITH CLAUSE (F) OF THE FOREGOING SENTENCE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

Capitalized terms used herein shall have the meanings assigned to them in the indenture referred to below unless otherwise indicated.

1. Interest. National-Oilwell, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Note at 67/8% per annum, from June 26, 1998 until maturity [and shall pay any additional interest payable on the principal amount of this Note pursuant to Section 2.5 of the Registration Rights Agreement referred to below.]** The Company will pay interest semi-annually in arrears on January 1 and July 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be January 1, 1999. The Company shall pay interest on overdue principal and premium, if any, from time to time as provided in Section 2.2 of the Indenture at the rate borne on the Notes; it shall pay interest on overdue installments of interest (without regard to any applicable grace periods) from time to time as provided in Section 2.2 of the Indenture at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Until this Regulation S Temporary Global Note is exchanged for one or more Regulation S Permanent Global Notes, the Holder hereof shall not be entitled to receive payments of interest hereon; until so exchanged in full, this Regulation S Temporary Global Note shall in all other respects be entitled to the same benefits as other Notes under the Indenture.

2. Method of Payment. The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the December 15 or June 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Company maintained for such purpose within the City and State of New York, or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds will be required with respect to principal of, and interest and premium on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, The Bank of New York, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

 ** Omit this bracketed language if the Note is an Exchange Note.

4. Indenture. The Company issued the Notes under an Indenture dated as of June 26, 1998 ("Indenture") between the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are obligations of the Company limited to \$150,000,000 in aggregate principal amount.

5. Optional Redemption. The Notes are redeemable prior to their final Stated Maturity, at the option of the Company, at any time in whole or from time to time in part, on any date prior to their Stated Maturity selected by the Company (the "Redemption Date") at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders on the relevant record date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date) plus the Make-Whole Premium (as defined in the Indenture), if any (the "Redemption Price"). In no event will the Redemption Price ever be less than 100% of the principal amount of the Notes plus accrued interest to the Redemption Date.

6. Mandatory Redemption. The Company shall not be required to make mandatory redemption payments with respect to the Notes.

7. Notice of Redemption. Notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the Redemption Date, interest, if any, cease to accrue on Notes or portions thereof called for redemption.

8. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before the mailing of a notice of redemption of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

This Regulation S Temporary Global Note is exchangeable in whole or in part for one or more Global Notes only (i) on or after the termination of the 40-day restricted period (as defined in Regulation S) and (ii) upon presentation of certificates (accompanied by an Opinion of Counsel, if applicable) required by Article 2 of the Indenture. Upon exchange of this Regulation S Temporary

Global Note for one or more Global Notes, the Trustee shall cancel this Regulation S Temporary Global Note.

9. Persons Deemed Owners. The registered Holder of a Note may be treated as its owner for all purposes.

10. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions in Article 2 of the Indenture in a manner that does not materially adversely affect any Holder, to provide for the assumption of the Company's obligations to Holders of the Notes in case of a merger, consolidation or sale of assets in accordance with Article 5 of the Indenture, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder in any material respect, or to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA or to allow any guarantor to guarantee the Notes.

11. Defaults and Remedies. Events of Default include: (a) default in the payment when due of principal of, or Make-Whole Premium, if any, on, the Notes; (b) default in the payment when due of interest on the Notes and such default continues for a period of 30 days; (c) failure by the Company or any of its Restricted Subsidiaries to observe or perform any other covenant (other than the covenants described in (a) and (b) above) in the Indenture or the Notes for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding; (d) failure by the Company or any Subsidiary to pay indebtedness when due within the applicable grace period, if any, or the acceleration of such indebtedness by the holders thereof and, in either case, the principal amount of such unpaid or accelerated indebtedness exceeds \$20 million; or (e) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries as specified in Section 6.1 of the Indenture. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, the principal amount of all then outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of

the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes or in respect of any other covenant or provision of the Indenture which, under Section 9.2 of the Indenture, cannot be modified without the consent of the Holder of each outstanding Note. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

12. Trustee Dealings with Company. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

13. No Recourse Against Others. A director, officer, employee, incorporator, partner, member or stockholder of the Company or any Subsidiary of the Company, as such, shall not have any liability for any obligations of the Company under the Notes, or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

14. Authentication. This Note shall not be valid until authenticated by the manual signature of an authorized signatory of the Trustee or an authenticating agent.

15. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

16. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and CUSIP numbers will be used in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

17. [Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement dated as of June 26, 1998, between the Company and the parties named on the signature pages thereof (the "Registration Rights Agreement").]**

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture [and/or the Registration Rights Agreement.]** Requests may be made to the principal office of the Company, attention Chief Financial Officer.

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** Omit this bracketed language in the Exchange Notes.

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

(Insert assignee's social security number or tax identification number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute
another to act for him.

Date:
Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an
"eligible guarantor institution"
meeting the requirements of the
Registrar, which requirements
include membership or participation
in the Security Transfer Agent
Medallion Program ("STAMP") or such
other "signature guarantee program"
as may be determined by the
Registrar in addition to, or in
substitution for, STAMP, all in
accordance with the Securities
Exchange Act of 1934, as amended.

SCHEDULE OF EXCHANGES OF REGULATION S TEMPORARY
GLOBAL NOTE

The following exchanges of a part of this Regulation S Temporary Global Note for an interest in another Note, or of other Restricted Notes for an interest in this Regulation S Temporary Global Note, have been made:

DATE OF EXCHANGE	AMOUNT OF DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	AMOUNT OF INCREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	PRINCIPAL AMOUNT OF THIS GLOBAL NOTE FOLLOWING SUCH DECREASE (OR INCREASE)	SIGNATURE OF AUTHORIZED SIGNATORY OF NOTE CUSTODIAN
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FORM OF CERTIFICATE OF TRANSFER

National-Oilwell, Inc.
 5555 San Felipe
 Houston, Texas 77056
 Telecopier No.:(713) 960-5237
 Attention: Chief Financial Officer

The Bank of New York
 101 Barclay Street, Floor 21 West
 New York, New York 10286
 Attention: Corporate Trust Trustee Administration

Re: 6 7/8% Senior Notes due 2005

Reference is hereby made to the Indenture, dated as of June 26, 1998 (the "Indenture"), between National-Oilwell, Inc., as issuer (the "Company") and The Bank of New York, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such in such Note[s] specified in Annex A hereto, in the principal amount of \$_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE RULE 144A GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement

Legend printed on the Rule 144A Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

2. CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S TEMPORARY GLOBAL NOTE, THE REGULATION S PERMANENT GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) (1) for Transfers being effected in accordance with Rule 903, the transaction is executed in, on or through a physical trading floor of an established foreign securities exchange that is located outside the United States or (2) for Transfers being effected in accordance with Rule 904, the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(a) or Rule 904(a) of Regulation S under the Securities Act and (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Permanent Global Note, the Regulation S Temporary Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

3. CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

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or

(d) such Transfer is being effected to an Institutional Accredited Investor or pursuant to another exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144, Rule 903 or Rule 904 and the Transferor hereby certifies that the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) if the Transfer is to an Institutional Accredited Investor, a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certificate) to the effect that such Transfer is in compliance with the Securities Act (provided that an Opinion of Counsel need not be furnished in respect of Transfers of a principal amount of Notes of \$250,000 or more at the time of Transfer to an Institutional Accredited Investor who furnishes the certificate set forth in (1) above). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Global Note and/or the Definitive Notes and in the Indenture and the Securities Act.

4. CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the

United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

- - - -----
[Insert Name of Transferor]

By: -----
Name: -----
Title: -----

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (A) OR (B)]

(a) [] a beneficial interest in the:

(i) [] 144A Global Note (CUSIP _____), or

(ii) [] Regulation S Global Note (CUSIP _____); or

(b) [] a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [] a beneficial interest in the:

(i) [] 144A Global Note (CUSIP _____), or

(ii) [] Regulation S Global Note (CUSIP _____), or

(iii) [] Unrestricted Global Note (CUSIP _____); or

(b) [] a Restricted Definitive Note.

(c) [] an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

FORM OF CERTIFICATE OF EXCHANGE

National-Oilwell, Inc.
5555 San Felipe
Houston, Texas 77056
Telecopier No.: (713) 960-5237
Attention: Chief Financial Officer

The Bank of New York
101 Barclay Street, Floor 21 West
New York, New York 10286
Attention: Corporate Trust Trustee Administration

Re: 6 7/8% Senior Notes due 2005

Reference is hereby made to the Indenture, dated as of June 26, 1998 (the "Indenture"), between National-Oilwell, Inc., as issuer (the "Company"), and The Bank of New York, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] in an exchange transaction specified herein, in the principal amount of \$_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE

(a) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficiary interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

(a) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the

[CHECK ONE]

144A Global Note

Regulation S Global Note

with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Owner]

By: -----

Name: -----

Title: -----

Dated: _____, _____

FORM OF CERTIFICATE FROM ACQUIRING INSTITUTIONAL
ACCREDITED INVESTOR

National-Oilwell, Inc.
5555 San Felipe
Houston, Texas 77056
Telecopier No.: (713) 960-5237
Attention: Chief Financial Officer

The Bank of New York
101 Barclay Street, Floor 21 West
New York, New York 10286
Attention: Corporate Trust Trustee Administration

Re: National-Oilwell, Inc. 6 7/8% Senior Notes due 2005

Reference is hereby made to the Indenture, dated as of June 26, 1998 (the "Indenture"), between National-Oilwell, Inc., as issuer (the "Company") and The Bank of New York, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of \$ _____ aggregate principal amount of:

- (a) [] a beneficial interest in a Global Note, or
(b) [] a Definitive Note,

we confirm that:

1. we are an "accredited investor" within the meaning of Rule 501(a) (1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act"), or an entity in which all of the equity owners are accredited investors within the meaning of Rule 501(a) (1), (2), (3) or (7) under the Securities Act (an "institutional accredited investor");
2. (i) (A) any purchase of the Notes by us will be for our own account or for the account of one or more other institutional accredited investors or as fiduciary for the account of one or more trusts, each of which is an "accredited investor" within the meaning of Rule 501(a) (7) under the Securities Act and for each of which we exercise sole investment discretion or (B) we are a "bank," within the meaning of Section 3(a) (2) of the Securities Act, or a "savings and loan association" or other institution described in Section 3(a) (5) (A) of the Securities Act that is acquiring Notes as fiduciary for the account of one or more institutions for which we exercise sole investment discretion;

3. in the event that we purchase any Notes, we will acquire Notes having a minimum purchase price of not less than \$250,000 for our own account and for each separate account for which we are acting;
4. we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing Notes;
5. we are not acquiring the Notes with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdictions, provided that the disposition of our property and the property of any accounts for which we are acting as fiduciary shall remain at all times within our control;
6. we have received a copy of the Offering Memorandum relating to the offering of the Notes and acknowledge that we have had access to such financial and other information, and have been afforded the opportunity to ask such questions of representatives of the Company and receive answers thereto, as we deem necessary in connection with our decision to purchase the Notes; and
7. (vii) (a) we are not an employee benefit plan or other arrangement that is subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, or an entity whose underlying assets include assets of such a plan or arrangement (pursuant to 29 C.F.R. Section 2510.3-101 or otherwise), and we are not purchasing (and will not hold) the Notes on behalf of, or with the assets of, any such plan, arrangement or entity; or (b) our purchase and holding of the Notes are completely covered by the full exemptive relief provided by U.S. Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1 or 84-14.

We understand that the Notes are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Notes have not been registered under the Securities Act, and we agree, on our own behalf, and on behalf of each account for which we acquire any Notes, that if in the future we decide to resell or otherwise transfer such Notes, such Notes will not be offered, sold or otherwise transferred prior to (x) the date that is two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the original issue date hereof (or any predecessor of this Note) and the last day on which National-Oilwell, Inc. (the "Company") or any affiliate of the Company was the owner of the Note (or any predecessor of this security) and (y) such later date, if any, as may be required by applicable laws (the "Resale Restriction Termination Date"), except (a) to the Company or a subsidiary thereof, (b) pursuant to an effective registration statement under the Securities Act, (c) for so long as the Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A that is acquiring the Note for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) (an "institutional accredited investor") that, prior to such transfer, furnishes to the trustee a signed letter containing certain representations relating to restrictions on transfer of

the Note (the form of which letter can be obtained from the Trustee), (e) pursuant to offers and sales to non-U.S. Persons that occur in an "offshore transaction" within the meaning of Regulation S under the Securities Act, or (f) pursuant to another available exemption from the registration requirements of the Securities Act; provided that the Company, the Trustee, the transfer agent and the registrar shall have the right prior to any such offer, sale or transfer (i) pursuant to clause (c), (d), (e) or (f) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them, and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the Note is completed and delivered by the transferor to the Trustee. We further agree to provide any person purchasing any of the Notes other than pursuant to clause (b) above from us a notice advising such purchaser that resales of the Notes are restricted as stated above. We understand that the registrar and transfer agent for the Notes will not be required to accept for registration of transfer any Notes, except upon presentation of evidence satisfactory to the Company that the foregoing restrictions on transfer have been complied with. We further understand that any Notes that we receive in the form of physical certificates will bear a legend reflecting the substance of this paragraph.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

 [Insert Name of Accredited Investor]

By: -----
 Name: -----
 Title: -----

Dated: _____, _____

REGISTRATION RIGHTS AGREEMENT

[Omitted. Filed as Exhibit 4.2 to the Registration Statement]

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REGISTRATION RIGHTS AGREEMENT

DATED AS OF JUNE 26, 1998

AMONG

NATIONAL-OILWELL, INC.
AS
ISSUER,

AND

MERRILL LYNCH & CO.
CHASE SECURITIES INC.
MORGAN STANLEY & CO. INCORPORATED
AS
INITIAL PURCHASERS

=====

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into this 26th day of June, 1998, among NATIONAL-OILWELL, INC., a Delaware corporation (the "Company"), and MERRILL LYNCH & CO., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED ("Merrill"), CHASE SECURITIES INC. and MORGAN STANLEY & CO. INCORPORATED (collectively, the "Initial Purchasers").

This Agreement is made pursuant to the Purchase Agreement, dated June 26, 1998, among the Company and the Initial Purchasers (the "Purchase Agreement"), which provides for the sale by the Company to the Initial Purchasers of an aggregate of \$150,000,000 principal amount of the Company's 6 7/8% Senior Notes due 2005 (the "Securities"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" shall mean the Closing Time as defined in the Purchase Agreement.

"Company" shall have the meaning set forth in the preamble and shall also include the Company's successors and, unless the context otherwise requires, its subsidiaries.

"Depository" shall mean The Depository Trust Company, or any other depository appointed by the Company, provided, however, that such depository must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2.1 hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2.1 hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"Exchange Period" shall have the meaning set forth in Section 2.1 hereof.

"Exchange Securities" shall mean the 6 7/8% Senior Notes due 2005, Series B issued by the Company under the Indenture containing terms identical to the Securities in all material respects (except for references to certain interest rate provisions, restrictions on transfers and restrictive legends), to be offered to Holders of Securities in exchange for Registrable Securities pursuant to the Exchange Offer.

"Holder" shall mean an Initial Purchaser, for so long as it owns any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture.

"Indenture" shall mean the Indenture relating to the Securities, dated as of June 26, 1998, between the Company, as issuer, and The Bank of New York, as trustee, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof.

"Initial Purchaser" or "Initial Purchasers" shall have the meaning set forth in the preamble.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of the then- outstanding Registrable Securities; provided, however, that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or any subsidiary of the Company shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage amount.

"Participating Broker-Dealer" shall mean any of Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Chase Securities Inc. and Morgan Stanley & Co. Incorporated and any other broker-dealer which makes a market in the Securities and exchanges Registrable Securities in the Exchange Offer for Exchange Securities.

"Person" shall mean an individual, partnership (general or limited), corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented

by any prospectus supplement, including any such prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble.

"Registrable Securities" shall mean the Securities; provided, however, that Securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (ii) such Securities have been sold to the public pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the 1933 Act, (iii) such Securities shall have ceased to be outstanding or (iv) the Exchange Offer is consummated (except in the case of Securities purchased from the Company and continued to be held by an Initial Purchaser).

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. (the "NASD") registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of one firm of legal counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities and any filings with the NASD), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto relating to the performance of and compliance with this Agreement, (iv) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Securities or the Exchange Securities, as the case may be, on any securities exchange or exchanges, (v) all rating agency fees, (vi) the fees and disbursements of counsel for the Company and of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, (vii) the fees and expenses of the Trustee, and any escrow agent or custodian, (viii) the reasonable fees and disbursements of one firm of legal counsel selected by the Majority Holders to represent the Holders of Registrable Securities in connection with a Shelf Registration and (ix) any fees and expenses of any special experts retained by the Company in connection with any Registration Statement, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the Company which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration

Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated or deemed to be incorporated by reference therein.

"Securities" shall have the meaning set forth in the preamble.

"SEC" shall mean the Securities and Exchange Commission or any successor agency or governmental body performing the functions currently performed by the United States Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2.2 hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2.2 of this Agreement which covers all of the Registrable Securities on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

2. Registration Under the 1933 Act.

2.1 Exchange Offer. The Company shall

(A) prepare and, as soon as practicable but not later than 90 days following the Closing Date, file with the SEC an Exchange Offer Registration Statement on an appropriate form under the 1933 Act with respect to a proposed Exchange Offer and the issuance and delivery to the Holders, in exchange for the Registrable Securities, of a like principal amount of Exchange Securities, (B) use its reasonable best efforts to cause the Exchange Offer Registration Statement to be declared effective under the 1933 Act within 150 days of the Closing Date, (C) use its reasonable best efforts to keep the Exchange Offer Registration Statement effective until the closing of the Exchange Offer and (D) use its reasonable best efforts to cause the Exchange Offer to be consummated not later than 180 days following the Closing Date. The Exchange Securities will be issued under the Indenture. Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder (a) is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, (b) is not a broker-dealer tendering Registrable Securities acquired directly from the Company for its own account, (c) acquired the Exchange Securities in the ordinary course of such Holder's business and (d) has no arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to transfer such Exchange Securities from and after their receipt without any limitations or restrictions under the registration requirements of the

1933 Act and without material restrictions under the securities laws of a substantial proportion of the several states of the United States.

In connection with the Exchange Offer, the Company shall:

(a) mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Exchange Offer open for acceptance for a period of not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");

(c) utilize the services of the Depositary for the Exchange Offer;

(d) permit Holders to withdraw tendered Registrable Securities at any time prior to 5:00 p.m. (Eastern Standard Time), on the last business day of the Exchange Period, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange, and a statement that such Holder is withdrawing his election to have such Securities exchanged;

(e) notify each Holder that any Registrable Security not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under this Agreement (except in the case of certain rights retained by the Initial Purchasers and Participating Broker-Dealers as provided herein); and

(f) otherwise comply in all material respects with all applicable laws relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer, Company shall:

(i) accept for exchange all Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which shall be an exhibit thereto;

(ii) deliver or cause to be delivered all Registrable Securities so accepted for exchange to the Trustee for cancellation; and

(iii) cause the Trustee promptly to authenticate and deliver Exchange Securities to each Holder of Registrable Securities so accepted for exchange in a principal amount equal to the principal amount of the Registrable Securities of such Holder so accepted for exchange.

Interest on each Exchange Security will accrue from the day after the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date of original issuance. The Exchange Offer shall not be subject to any conditions, other than (i) that the Exchange Offer, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the staff of the SEC, (ii) the due tendering of Registrable Securities in accordance with the Exchange Offer, (iii) that each Holder of Registrable Securities exchanged in the Exchange Offer shall have represented that all Exchange Securities to be received by it shall be acquired in the ordinary course of its business and that at the time of the consummation of the Exchange Offer it shall have no arrangement or understanding with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities and shall have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or other appropriate form under the 1933 Act available, (iv) that no action or proceeding shall have been instituted or threatened in any court or by or before any governmental agency with respect to the Exchange Offer, (v) that there shall not have been adopted or enacted any law, statute, rule or regulation, (vi) that there shall not have been declared by United States federal or New York state authorities a banking moratorium, (vii) that trading on the New York Stock Exchange or generally in the United States over-the-counter market shall not have been suspended by order of the SEC or any other governmental authority and (viii) such other conditions as may be reasonably acceptable to Merrill Lynch, in each of clauses (iv) through (viii), which, in the Company's judgment, would reasonably be expected to impair the ability of the Company to proceed with the Exchange Offer. The Company shall inform the Initial Purchasers of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

2.2 Shelf Registration. (i) If, because of any changes in law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC, the Company is not permitted to effect the Exchange Offer as contemplated by Section 2.1 hereof, (ii) if for any other reason the Exchange Offer Registration Statement is not declared effective within 150 days following the Closing Date or the Exchange Offer is not consummated within 180 days after the Closing Date, (iii) if a Holder is advised by counsel that it is not permitted by Federal securities laws or SEC policy to participate in the Exchange Offer or does not receive Exchange Securities that are fully tradeable pursuant to the Exchange Offer without restriction or limitation as to holding period or volume or (iv) upon the request of the Initial Purchasers acquiring a majority of the initial aggregate principal amount of the Registrable Securities (but only with respect to any Registrable Securities which the Initial Purchasers acquired directly from the Company) then in case of each of clauses (i) through (iv) the Company shall, at their cost:

(a) As promptly as practicable, file with the SEC, and thereafter shall use its reasonable best efforts to cause to be declared effective as promptly as practicable but no later than 210 days after the Closing Date, a Shelf Registration Statement relating to the offer

and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by the Majority Holders participating in the Shelf Registration and set forth in such Shelf Registration Statement.

(b) Use its reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of two years from the Closing Date, or for such shorter period that will terminate when all Registrable Securities covered by the Shelf Registration Statement (i) have been sold pursuant thereto, (ii) cease to be outstanding or (iii) become freely tradeable without restriction or limitation as to holding period or volume; provided, however, that the Company shall not be obligated to keep the Shelf Registration Statement effective if (A) any event occurs or facts are discovered which make any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which require the making of any changes in such Registration Statement or Prospectus in order to make the Statements therein not misleading; (B) the Company determines, in its reasonable judgment, upon advice of counsel, as authorized by a resolution of its Board of Directors, that the continued effectiveness and useability of the Shelf Registration Statement would (x) require the disclosure of material information, which the Company has a bona fide business reason for preserving as confidential, or (y) interfere with any financing, acquisition, corporate reorganization or other material transaction involving the Company or any of its subsidiaries, and provided further, that the failure to keep the Shelf Registration Statement effective and usable for offers and sales of Registrable Securities for such reasons shall last no longer than 45 days in any 12-month period (whereafter a Registration Default, as hereinafter defined, shall occur), and (B) the Company thereafter complies as promptly as reasonably practicable with the requirements of Section 3(k) hereof, if applicable. Any such period during which the Company is excused from keeping the Shelf Registration Statement effective and usable for offers and sales of Registrable Securities is referred to herein as a "Suspension Period"; a Suspension Period shall commence on and include the date that the Company gives notice to the Holders that the Shelf Registration Statement is no longer effective or the prospectus included therein is no longer usable for offers and sales of Registrable Securities as a result of the application of the proviso of the foregoing sentence and shall end on the earlier to occur of (1) the date on which each seller of Registrable Securities covered by the Shelf Registration Statement either receives the copies of the supplemented or amended prospectus contemplated by Section 3(k) hereof or is advised in writing by the Company that use of the prospectus may be resumed and (2) the expiration of 45 days in any 12-month period during which one or more Suspension Periods has been in effect. The Company shall extend the relevant period referred to above during which it is required to keep affective the Shelf Registration Statement (or the period during which Participating Broker-Dealers are entitled to use the prospectus included in the Exchange Offer Registration Statement in connection with the resale of the Exchange Securities, as the case may be) by the number of days during the period from and including the date of the giving of such notice to and including the date which is the earlier to occur as described in the preceding sentence.

(c) Notwithstanding any other provisions hereof, use their reasonable best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement, as required by Section 3(b) below, and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

2.3 Expenses. The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2.1 or 2.2. Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

2.4 Effectiveness. (a) The Company will be deemed not to have used its reasonable best efforts to cause the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, to become, or to remain, effective during the requisite period if the Company voluntarily takes any action that would, or omits to take any action which omission would, result in any such Registration Statement not being declared effective or in the holders of Registrable Securities covered thereby not being able to exchange or offer and sell such Registrable Securities during that period as and to the extent contemplated hereby, unless such action is required by applicable law.

(b) An Exchange Offer Registration Statement pursuant to Section 2.1 hereof or a Shelf Registration Statement pursuant to Section 2.2 hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Securities pursuant to a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have remained effective during the period of such interference, until the offering of Registrable Securities pursuant to such Registration Statement may legally resume.

2.5 Interest. The Indenture executed in connection with the Securities will provide that in the event that either (a) the Exchange Offer Registration Statement is not filed with

The Commission on or prior to the 90th calendar day following the Closing Date, (b) the Exchange Offer Registration Statement has not been declared effective on or prior to the 150th calendar day following the Closing Date, (c) the Exchange Offer is not consummated on or prior to the 180th calendar day following the Closing Date, (d) a required Shelf Registration Statement is not declared effective on or prior to the 210th calendar day following the Closing Date or (e) the Exchange Offer Registration Statement or Shelf Registration Statement is filed and declared effective but shall thereafter be withdrawn by the Company or becomes subject to an effective stop order suspending the effectiveness of such registration statement, except as specifically permitted by Section 2.2(b) hereof, without being succeeded immediately by an additional registration statement filed and declared effective (each such event referred to in clauses (a) through (e) above, a "Registration Default"), the interest rate borne by the Securities shall be increased by one-quarter of one percent (0.25%) per annum following such Registration Default, with an aggregate maximum increase in the interest rate equal to one-quarter of one percent (0.25%) per annum; provided, however, that if the Exchange Offer Registration Statement is not declared effective on or prior to the 150th calendar day following the Closing Date and the Company shall request holders of Securities to provide information for inclusion in the Shelf Registration Statement, then Securities owned by Holders who do not deliver such information to the Company or who do not provide comments on the Shelf Registration Statement when requested by the Company will not be entitled to any such increase in the interest rate for any day after the 180th day following the Closing Date. Following the cure of all Registration Defaults, the accrual of such additional interest will cease and the interest rate will revert to the original rate.

2.6 Specific Enforcement. Without limiting the remedies available to the Initial Purchasers and the Holders, the Company acknowledges that any failure by the Company to comply with their obligations under Sections 2.1 and 2.2 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may, to the extent permitted by law, obtain such relief as may be required to specifically enforce the Company's obligations under Section 2.1 and Section 2.2 hereof.

3. Registration Procedures.

In connection with the obligations of the Company with respect to Registration Statements pursuant to Sections 2.1 and 2.2 hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement, within the relevant time period specified in Section 2, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof, (iii) shall comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith or incorporated by reference therein, and (iv) shall comply in all respects with the

requirements of Regulation S-T under the 1933 Act, and use their reasonable best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; and cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the 1933 Act and comply with the provisions of the 1933 Act applicable to them with respect to the disposition of all securities covered by each Registration Statement during the applicable period to the extent allowed by law and reasonably practicable to the Company with the intended method or methods of distribution by the selling Holders thereof;

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five business days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advising such Holders that the distribution of Registrable Securities will be made in accordance with the method selected by the Majority Holders participating in the Shelf Registration; (ii) furnish to each Holder of Registrable Securities and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, including financial statements and schedules and, if the Holder so requests, all exhibits in order to facilitate the public sale or other disposition of the Registrable Securities; and (iii) hereby consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(d) use its reasonable best efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and the managing underwriter of an underwritten offering of Registrable Securities shall reasonably request by the time the applicable Registration Statement is declared effective by the SEC, and do any and all other acts and things which may be reasonably necessary or advisable to enable each such Holder and underwriter to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder, provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(e) notify promptly each Holder of Registrable Securities under a Shelf Registration or any Participating Broker-Dealer who has notified the Company that it is utilizing the Exchange Offer Registration Statement as provided in paragraph (f) below and, if requested by such Holder or Participating Broker-Dealer, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to such sale cease to be true and correct in all material respects, (v) of the happening of any event or the discovery of any facts during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading and (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities or the Exchange Securities, as the case may be, for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(f) (A) in the case of the Exchange Offer Registration Statement (i) include in the Exchange Offer Registration Statement a section entitled "Plan of Distribution" which section shall be reasonably acceptable to the Initial Purchasers, and which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that holds Registrable Securities acquired for its own account as a result of market-making activities or other trading activities and that will be the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of Exchange Securities to be received by such broker-dealer in the Exchange Offer, whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies, in the reasonable judgment of the Initial Purchasers and its counsel, represent the prevailing views of the staff of the SEC, including a statement that any such broker-dealer who receives Exchange Securities for Registrable Securities pursuant to the Exchange Offer may be deemed a statutory underwriter and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities, (ii) furnish to each Participating Broker-Dealer who has delivered to the Company the notice referred to in Section 3(e), without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any preliminary prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request, (iii) hereby consents to the use of the Prospectus forming part of the

Exchange Offer Registration Statement or any amendment or supplement thereto, by any person subject to the prospectus delivery requirements of the SEC, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Securities covered by the prospectus or any amendment or supplement thereto, and (iv) include in the transmittal letter or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (x) the following provision:

"If the exchange offeree is a broker-dealer holding Registrable Securities acquired for its own account as a result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of Exchange Securities received in respect of such Registrable Securities pursuant to the Exchange Offer" and

(y) a statement to the effect that by a broker-dealer making the acknowledgment described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Securities, the broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the 1933 Act and

(B) to the extent any Participating Broker-Dealer participates in the Exchange Offer, the Company shall use its reasonable best efforts to cause to be delivered at the request of an entity representing the Participating Broker-Dealers (which entity shall be Merrill Lynch or another Initial Purchaser) (A) a "cold comfort" letter addressed to the Participating Broker-Dealers from the Company's independent certified public accountants with respect to the Prospectus in the Exchange Offer Registration Statement in the form existing on the last date for which exchanges are accepted pursuant to the Exchange Offer and (B) an opinion of counsel to the Company addressed to the Participating Broker-Dealers in substantially the form attached hereto as Exhibit A relating to the Exchange Securities; and

(g) (i) in the case of an Exchange Offer, furnish to one firm of legal counsel for the Initial Purchasers and (ii) in the case of a Shelf Registration, furnish to one firm of legal counsel for the Holders of Registrable Securities copies of any comment letters received from the SEC or any other request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable and provide prompt notice to one firm of legal counsel for the Holders of the withdrawal of any such order;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, and each underwriter, if any, without charge, at least one conformed copy of each

Registration Statement and any post-effective amendment thereto, including financial statements and schedules (without documents incorporated therein by reference or any exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least three business days prior to the closing of any sale of Registrable Securities;

(k) in the case of a Shelf Registration, upon the Company becoming aware of the occurrence of any event or the discovery of any facts, each as contemplated by Section 3(e)(v) hereof, use their reasonable best efforts to prepare a supplement or post-effective amendment to the Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities or Participating Broker-Dealers, such Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) obtain a CUSIP number for all Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with a certificate or certificates for the Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depositary and consistent with the procedures to be used by the Depositary;

(m) unless the Indenture, as it relates to the Exchange Securities or the Registrable Securities, as the case may be, has already been so qualified, use its reasonable best efforts to (i) cause the Indenture to be qualified under the Trust Indenture Act of 1939 (the "TIA") in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, (ii) cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use its reasonable best efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(n) in the case of a Shelf Registration, take all customary and appropriate actions reasonably required (including those reasonably requested by the Majority Holders) in order to expedite or facilitate the disposition of the Registrable Securities registered thereby. If requested as set forth below, the Company agrees that it will in good faith negotiate the terms

of an underwriting agreement, which shall be in form and scope as is customary for similar offerings of debt securities with similar credit ratings (including, without limitation, representations and warranties to the underwriters) and shall otherwise be reasonably satisfactory to the Company and the managing underwriters; and:

(i) if requested by the managing underwriters, obtain opinions of counsel to the Company (which counsel shall be reasonably satisfactory to the managing underwriters) addressed to such underwriters, covering the matters customarily covered in opinions requested in underwritten sales of securities in the form agreed upon by such counsel and counsel to the managing underwriters;

(ii) if requested by the managing underwriters, obtain a "cold comfort" letter and an update thereto not later than two weeks after the date of the original letter (or if not available under applicable accounting pronouncements or standards, a single "procedures" letter and a single update thereto) from the Company's independent certified public accountants addressed to the underwriters named in the underwriting agreement and use its reasonable best efforts to have such letter addressed to the selling Holders of Registrable Securities (provided, however, that such letter need not be addressed to any Holders to whom, in the reasonable opinion of the Company's independent certified public accountants, addressing such letter is not permissible under applicable accounting standards), such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" (or "procedures") letters to underwriters in connection with similar underwritten offerings; and

(iii) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar underwritten offerings.

Notwithstanding anything herein to the contrary, the Company shall have no obligation to enter into any underwriting agreement or permit an underwritten offering of Registrable Securities unless a request therefor shall have been received from the Majority Holders within ten business days of the date of the notice from the Company as required by Section 3(c). In the case of such a request for an underwritten offering, the Company shall provide reasonable advance written notice to the Holders of all Registrable Securities of such proposed underwritten offering. Such notice shall (A) offer each such Holder the right to participate in such underwritten offering (but may indicate that whether or not all Registrable Securities are included will be at the discretion of the underwriters), (B) specify a date, which shall be no earlier than ten business days following the date of such notice, by which such Holder must inform the Company of its intent to participate in such underwritten offering and (C) include the instructions such Holder must follow in order to participate in such underwritten offering;

(o) in the case of a Shelf Registration, and to the extent customary in connection with a "due diligence" investigation for an offering of debt securities with a similar credit

rating to that of the Registrable Securities, make available for inspection by representatives appointed by the Majority Holders and any underwriters participating in any disposition pursuant to a Shelf Registration Statement and one firm of legal counsel retained for all Holders participating in such Shelf Registration, and one firm of legal counsel to the underwriters, if any, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by any such persons, and cause the respective officers, directors, employees, and any other agents of the Company to supply all information reasonably requested by any such representative, underwriter or counsel in connection with a Registration Statement, and make such representatives of the Company available for discussion of such documents as shall be reasonably requested by the Initial Purchasers; provided, however, that, if any such records, documents or other information relates to pending or proposed acquisitions or dispositions, or otherwise relates to matters reasonably considered by the Company to constitute sensitive or proprietary information, the Company need not provide such records, documents or information unless the foregoing parties enter into a confidentiality agreement in customary form and reasonably acceptable to such parties and the Company;

(p) (i) in the case of an Exchange Offer Registration Statement, a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to Merrill Lynch and make such changes in any such document prior to the filing thereof as Merrill Lynch may reasonably request and, except as otherwise required by applicable law, not file any such document in a form to which Merrill Lynch on behalf of the Holders of Registrable Securities shall reasonably object, and make the representatives of the Company available for discussion of such documents as shall be reasonably requested by Merrill Lynch; and

(ii) in the case of a Shelf Registration, a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to Merrill Lynch, one firm of legal counsel appointed by the Majority Holders to represent the Holders participating in such Shelf Registration, the managing underwriters of an underwritten offering of Registrable Securities, if any, and make such changes in any such document prior to the filing thereof as Merrill Lynch, such one firm of legal counsel for the Holders, such managing underwriters or their counsel may reasonably request and not file any such document in a form to which Merrill Lynch, such one firm of legal counsel for the Holders, such managing underwriters or their counsel may reasonably object and make the representatives of the Company available for discussion of such document as shall be reasonably requested by Merrill Lynch, such one firm of legal counsel for the Holders, such managing underwriters or their counsel.

(q) in the case of a Shelf Registration, use its reasonable best efforts to cause the Registrable Securities to be rated by the appropriate rating agencies, if so requested by the

Majority Holders, or if requested by the Majority Holders, or by the managing underwriters of an underwritten offering of Registrable Securities, if any, unless the Exchange Securities or the Registrable Securities, as the case may be, are already so rated or unless the Company has obtained such ratings for its long-term debt securities generally;

(r) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder;

(s) cooperate and assist in any filings required to be made with the NASD and, in the case of a Shelf Registration, in the performance of any due diligence investigation by any managing underwriter and its counsel (including any "qualified independent underwriter" that is required to be retained in accordance with the rules and regulations of the NASD); and

(t) upon consummation of an Exchange Offer, obtain a customary opinion of counsel to the Company addressed to the Trustee for the benefit of all Holders of Registrable Securities participating in the Exchange Offer, and which includes an opinion that (i) the Company has duly authorized, executed and delivered the Exchange Securities and the related indenture, and (ii) each of the Exchange Securities and related indenture constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms (with customary exceptions).

In the case of a Shelf Registration Statement, the Company may (as a condition to such Holder's participation in the Shelf Registration) require each Holder of Registrable Securities to furnish to the Company such information regarding the Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement, each Holder agrees and in the case of the Exchange Offer Registration Statement, each Participating Broker-Dealer agrees that, (i) upon receipt of any notice from the Company of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(v) hereof or (ii) the Company determines, in its reasonable judgment, upon advice of counsel, as authorized by a resolution of its Board of Directors, that the continued effectiveness and usability of the Shelf Registration Statement would (x) require the disclosure of material information, which the Company has a bona fide business reason for preserving as confidential, or (y) interfere with any financing, acquisition, corporate reorganization or other material transaction involving the Company or any of its subsidiaries, such Holder or Participating Broker-Dealer, as the case may be, will forthwith discontinue disposition of Registrable Securities pursuant to such Registration Statement until the receipt by such Holder or Participating Broker-Dealer, as the case may be, of (A) in the case of clause (i) above, the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by

the Company, such Holder will deliver to the Company (at its expense) all copies in its possession of the Prospectus covering such Registrable Securities current at the time of receipt of such notice, or (B) in the case of clause (ii) above, notice in writing from the Company that such Holder may resume disposition of Registrable Securities pursuant to such Registration Statement. If the Company shall give any such notice described in clause (i) above to suspend the disposition of Registrable Securities pursuant to a Registration Statement as a result of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(v) hereof, the Company shall be deemed to have used its best efforts to keep such Registration Statement effective during such period of suspension provided that the Company shall use its reasonable best efforts to file and have declared effective (if an amendment) as soon as practicable an amendment or supplement to such Registration Statement and shall extend the period during which such Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall be entitled to resume such dispositions pursuant to this paragraph.

If any of the Registrable Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the underwriter or underwriters and manager or managers that will manage such offering will be selected by the Company and shall be acceptable to the Majority Holders. No Holder of Registrable Securities may participate in any underwritten offering hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

(4) Indemnification; Contribution.

(a) The Company shall indemnify and hold harmless the Initial Purchasers, each Holder, (in its capacity as a participant in any Exchange Offer or Shelf Registration transaction), each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Holder or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order

to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 4(d) below) any such settlement is effected with the written consent of the Company; and

(iii) subject to Section 4(c) below, against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch, or in the event that Merrill Lynch is not an indemnified party, by a majority of the indemnified parties), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that the indemnity agreement in this subsection 4(a) shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Initial Purchasers, such Holder or underwriter expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(b) Each Holder severally, but not jointly, agrees to indemnify and hold harmless the Company, the Initial Purchasers, each Underwriter and the other selling Holders, and each of their respective directors and officers, and each Person, if any, who controls the Company, the Initial Purchasers, any Underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 4(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Shelf Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company expressly for use in the Shelf Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto); provided, however, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Shelf Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 4 for any legal or other expenses, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Representatives in the case of paragraph (a) of this Section 4, representing the indemnified parties under such paragraph (a) who are parties to such action or actions) or (ii) the indemnifying party does not promptly retain counsel reasonably satisfactory to the indemnified party or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the consent of the indemnifying party. No indemnifying party shall, without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 4 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation,

investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 4(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence, if at any time an indemnified party shall have requested in good faith an indemnifying party to reimburse the indemnified party for specified fees and expenses of counsel (the "Requested Expenses"), an indemnifying party shall not be liable for any settlement of the nature contemplated by Section 4(a)(ii) that is effected without its consent (after satisfaction of each of the conditions set forth in the immediately preceding sentence) if, prior to the date of such settlement, such indemnifying party determines in good faith that the Requested Expenses are not reasonable, reimburses such indemnified party in accordance with such request for the portion of the Requested Expenses it considers to be reasonable and provides written notice to the indemnified party substantiating the fact that the unpaid balance of the Requested Expenses is unreasonable.

(e) If the indemnification provided for in this Section 4 is applicable by its terms but is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company on the one hand, the Holders on another hand and the Initial Purchasers on another hand with respect to the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand, the Holders on another hand, and the Initial Purchasers on another hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Holders or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Holders and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this

Section 4. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 4 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 4, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it were offered exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 4, each person, if any, who controls an Initial Purchaser or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser or Holder, and each director of the Company, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Initial Purchasers' respective obligations to contribute pursuant to this Section 4 are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule A to the Purchase Agreement and not joint.

5. Miscellaneous.

5.1 Rule 144 and Rule 144A. For so long as the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company covenants that they will file the reports required to be filed by it under the 1933 Act and Section 13(a) or 15(d) of the 1934 Act and the rules and regulations adopted by the SEC thereunder. If the Company ceases to be so required to file such reports, the Company covenants that it will upon the request of any Holder of Registrable Securities (a) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (b) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and it will take such further action as any Holder of Registrable Securities may reasonably request and (c) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (i) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (ii) Rule 144A under the 1933 Act, as such Rule may be amended from time to time or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request

of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

5.2 No Inconsistent Agreements. The Company has not entered into and will not after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

5.3 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure. Notwithstanding anything in this Agreement to the contrary, this Agreement may be amended, modified or supplemented, and waivers and consents to departures from the provisions hereof may be given, by written agreement signed by the Company and Merrill Lynch to the extent that any such amendment, modification, supplement, waiver or consent is, in their reasonable judgment, necessary or appropriate to comply with applicable law (including any interpretation of the staff of the SEC) or any change therein.

5.4 Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (a) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 5.4, which address initially is the address set forth in the Purchase Agreement with respect to the Initial Purchasers and (b) if to the Company, initially at the Company's address set forth in the Purchase Agreement, and thereafter at such other address of which notice is given in accordance with the provisions of this Section 5.4.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; four business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee under the Indenture, at the address specified in such Indenture.

5.5 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without

limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement and provided, further, that Holders of Registrable Securities may not assign their rights under this Agreement except in connection with the permitted transfer of Registrable Securities and then only insofar as relates to such Registrable Securities. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such person shall be entitled to receive the benefits hereof.

5.6 Third Party Beneficiaries. The Initial Purchasers (even if the Initial Purchasers are not Holders of Registrable Securities) shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Holders, on the other hand, and shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder. Each Holder of Registrable Securities shall be a third party beneficiary to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

5.7 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

5.8 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

5.9 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

5.10 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement
as of the date first written above.

NATIONAL-OILWELL, INC.

By: /s/ Steven W. Krablin

Name: Steven W. Krablin
Title: Vice President

Confirmed and accepted as
of the date first above
written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

CHASE SECURITIES INC.
MORGAN STANLEY & CO. INCORPORATED

BY: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: /s/ Rosser C. Newton

Rosser C. Newton,
Vice President

FORM OF OPINION OF COUNSEL

Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Chase Securities Inc.
Morgan Stanley & Co. Incorporated
and any other Participating Broker-Dealers
c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, New York 10281-1209

Ladies and Gentlemen:

We have acted as counsel for National-Oilwell, Inc., a Delaware corporation (the "Company"), in connection with the sale by the Company to the Initial Purchasers (as defined below) of \$150,000,000 aggregate principal amount of 6 7/8 % Senior Notes due 2005 (the "Securities") of the Company pursuant to the Purchase Agreement dated June 23, 1998 (the "Purchase Agreement") among the Company, and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Chase Securities Inc. and Morgan Stanley & Co. Incorporated (collectively, the "Initial Purchasers") and the filing by the Company of an Exchange Offer Registration Statement (the "Registration Statement") in connection with an Exchange Offer to be effected pursuant to the Registration Rights Agreement (the "Registration Rights Agreement"), dated June 26, 1998, among the Company, and the Initial Purchasers. This opinion is furnished to you pursuant to Section 3(f)(B) of the Registration Rights Agreement. Unless otherwise defined herein, capitalized terms used in this opinion that are defined in the Registration Rights Agreement are used herein as so defined.

We have examined such documents, records and matters of law as we have deemed necessary for purposes of this opinion. In rendering this opinion, as to all matters of fact relevant to this opinion, we have relied upon the representations and warranties of the Company set forth in the Purchase Agreement and the statements set forth in certificates of public officials and officers of the Company, without making any independent investigation or inquiry with respect to the completeness or accuracy of such representations, warranties or statements.

Based on and subject to the foregoing, we are of the opinion that the Exchange Offer Registration Statement and the Prospectus (other than the financial statements, notes or schedules thereto and other financial data and supplemental schedules included or incorporated by reference

therein or omitted therefrom, any reserve data included therein and the Form T-1, as to which such counsel need express no opinion), comply as to form in all material respects with the requirements of the 1933 Act and the applicable rules and regulations promulgated under the 1933 Act.

In addition to the foregoing opinion, we have participated in the preparation of the Exchange Offer Registration Statement and Prospectus included therein and, although we are not passing upon, and do not assume responsibility for the accuracy, completeness or fairness of, any portion of the Exchange Offer Registration Statement and such Prospectus (relied to a large extent as to factual matters upon certificates of officers and directors of the Company), nothing has come to our attention that causes us to believe that, at the date it became effective, the Exchange Offer Registration Statement (other than the financial statements and schedules and the notes thereto and other financial data included therein, the reserve data included therein and the Form T-1, as to which we make no statement) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that such Prospectus (other than the financial statements and schedules and the notes thereto and other financial data included therein, as to which we make no statement) as of the date hereof includes an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The foregoing opinion and comment are is limited in all respects to federal laws of the United States, the Delaware General Corporation Law and New York law. The foregoing opinion and comment are rendered only with respect to laws, rules, and regulations which are presently in effect and applicable court rulings and orders which have been published and are generally available and which are normally applicable to transactions such as the exchange of the Registrable Securities for the Exchange Securities as described in the Exchange Offer Registration Statement. The foregoing opinion and comment are given as of the date hereof, and we undertake no duty to advise you as to any changes of law or fact which come to our attention after the date hereof. This letter is strictly limited to the opinions expressly set forth herein and is not to be read as applying by implication or otherwise to any other matter in connection with the Purchase Agreement or the Registration Rights Agreement other than the sale by Participating Broker- Dealers of the Securities as described in the Registration Rights Agreement.

This opinion is being furnished to you solely for your benefit in connection with the transactions contemplated by the Registration Rights Agreement, and may not be used for any other purpose or relied upon by any person other than you. Except with our prior written consent, the opinions herein expressed are not to be used, circulated, quoted or otherwise referred to in connection with any transactions other than those contemplated by the Registration Rights Agreement by or to any other person.

Very truly yours,

Morgan, Lewis & Bockius LLP
2000 One Logan Square
Philadelphia, PA 19103
Tel: (215) 963-5000
Fax: (215) 963-5299

August 21, 1998

National-Oilwell, Inc.
5555 San Felipe
Houston, Texas 77056

Re: National-Oilwell, Inc. Amendment No. 1 on Form S-4 to Registration
Statement on Form S-3 (Registration No. 333-53717)

Ladies and Gentlemen:

We have acted as counsel to National-Oilwell, Inc., a Delaware corporation (the "Company"), in connection with the filing by the Company of Amendment No. 1 on Form S-4 to Registration Statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), with the Securities and Exchange Commission. The Registration Statement registers under the Act the proposed issuance of up to \$150,000,000 aggregate principal amount of the Company's 6 7/8% Senior Notes due 2005, Series B (the "Exchange Notes") in exchange for the Company's outstanding 6 7/8% Senior Notes due 2005 (the "Old Notes"). The Exchange Notes are issuable, and the Old Notes were issued, under an Indenture dated as of June 26, 1998 (the "Indenture") between the Company and The Bank of New York, as Trustee (the "Trustee").

In rendering the opinion set forth below, we have reviewed (a) the Registration Statement, (b) the Indenture, (c) the Certificate of Incorporation and Bylaws of the Company as amended to date, (d) certain records of the corporate proceedings of the Company, and (e) such records, documents, statutes and decisions as we have deemed relevant. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original of all documents submitted to us as copies thereof.

Our opinion set forth below is limited to the Delaware General Corporation Law and the laws of the State of New York. We have assumed for purposes of this opinion that the Indenture was duly authorized, executed and delivered by the Trustee, that the Indenture is a legal, valid and binding obligation of the Trustee, and that the Trustee has the requisite organizational and legal power and authority to perform its obligations under the Indenture.

Based upon the foregoing, and subject to the effectiveness of the Registration Statement under the Act and the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, we are of the opinion that when the Exchange Notes are duly executed, attested, issued and delivered by duly authorized officers of the Company and the Exchange Notes are duly authenticated by the Trustee, all in accordance with the terms of the Indenture, against surrender and cancellation of an identical principal amount of Old Notes, the Exchange Notes will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent conveyances and transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

NATIONAL-OILWELL, INC.
RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS, EXCEPT FOR RATIO)

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		YEAR ENDED AUGUST 31,		
	1998	1997	1997	1996	1995	1994	1993
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT RATIOS)							
EARNINGS:							
Income (loss) before income taxes	71,643	32,260	82,482	16,718	12,196	(6,709)	6,061
Interest expense	2,933	2,422	5,078	9,741	64	215	506
Amortization of debt costs	50	114	191	1,281	--	--	--
Estimated interest portion of rental expense	325	360	720	840	64	48	48
EARNINGS	74,951	35,156	88,471	28,580	12,324	(6,446)	6,615
FIXED CHARGES:							
Interest expense	2,933	2,422	5,078	9,741	64	215	506
Amortization of debt costs	50	114	191	1,281	--	--	--
Estimated interest portion of rental expense	325	360	720	840	64	48	48
TOTAL FIXED CHARGES	3,308	2,896	5,989	11,862	128	263	554
RATIO OF EARNINGS TO FIXED CHARGES	22.7	12.1	14.8	2.4	96.3	--(1)	11.9

(1) Additional income before income taxes necessary to attain a ratio of 1.0 would have been \$6.7 million.

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4) and related Prospectus of National-Oilwell, Inc. for the registration of \$150,000,000 principal amount of 6 7/8% Senior Notes due 2005, Series B and to the incorporation by reference therein of our report dated February 5, 1998 with respect to the consolidated financial statements of National-Oilwell, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1997 filed with the Securities and Exchange Commission. We also consent to the incorporation by reference of our report dated January 31, 1996 with respect to the consolidated financial statements of National-Oilwell, a general partnership, and subsidiaries (the predecessor) for the year ended December 31, 1995 also incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 1997.

/s/ Ernst & Young LLP
ERNST & YOUNG LLP

Houston, Texas
August 21, 1998

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4) and related Prospectus of National-Oilwell, Inc. for the registration of \$150,000,000 principal amount of 6 7/8% Senior Notes due 2005, Series B and to the incorporation by reference therein of our report dated November 1, 1996, except as to Note 1 which is as of September 25, 1997, with respect to the consolidated financial statements of National-Oilwell, Inc. for the year ended August 31, 1995 and the three months ended November 30, 1995 included in its Annual Report (Form 10-K) for the year ended December 31, 1997 filed with the Securities and Exchange Commission.

We also consent to the incorporation by reference of our report dated October 21, 1997 with respect to the consolidated financial statements of Dreco Energy Services Ltd. for the twelve months ended November 30, 1996 included in the Annual Report (Form 10-K) of National-Oilwell, Inc. for the year ended December 31, 1997 filed with the Securities and Exchange Commission.

/s/ COOPERS & LYBRAND
Coopers & Lybrand
Chartered Accountants

Edmonton, Alberta
August 21, 1998

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2)

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a U.S. national bank)	13-5160382 (I.R.S. employer identification no.)
One Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

NATIONAL-OILWELL, INC.
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	76-0475815 (I.R.S. employer identification no.)
---	---

5555 San Felipe Houston, Texas (Address of principal executive offices)	77056 (Zip code)
---	---------------------

6-7/8% Senior Notes due 2005, Series B
(Title of the indenture securities)

1. GENERAL INFORMATION. FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York 10005

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

2. AFFILIATIONS WITH OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None.

16. LIST OF EXHIBITS.

EXHIBITS IDENTIFIED IN PARENTHESES BELOW, ON FILE WITH THE COMMISSION, ARE INCORPORATED HEREIN BY REFERENCE AS AN EXHIBIT HERETO, PURSUANT TO RULE 7A-29 UNDER THE TRUST INDENTURE ACT OF 1939 (THE "ACT") AND 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)
4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)

6. The consent of the Trustee required by Section 321(b) of the Act.
(Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 21st day of July, 1998.

THE BANK OF NEW YORK

By: /s/MICHAEL CULHANE

Name: MICHAEL CULHANE
Title: VICE PRESIDENT