

National Oilwell Varco, Inc.

Analyst Day 2014

Developing Leadership

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Lydia Brantley joined the Investor Relations team in 2013, previously serving as a Market Analyst specializing in unconventional, environmental technologies and the Latin America market. She began her career at NOV by joining the Next Generation Program in 2010 and completed the NOV Purdue Sales Leadership Program in 2013. She graduated from the University of Southern California with a bachelor's degree in international relations and Spanish and minor in comparative politics.

So, the first time I gave this presentation, I tried to "digitize" -- that's my favorite investor word -- something that's inherently unquantifiable, which is culture. So, it's recommended that I go back to the drawing board and speak on a topic that I know intimately well: myself.

So, today I'm going to tell you a little bit about my story and how a recent college graduate with a liberal arts degree with four years of experience can be standing before you today and telling you about our organization. Because what it does is show you how we attract, develop and retain young talent by cultivating a balance of youth an experience and having a leadership team that trusts all of us to make an impact.

In college, I was smart, I was driven, I was passionate, I was committed to this idea of making a better world. You can see that personality and a list of jobs that I consider taking after school. I'm showing you this not to fuel your stereotypes about California college kids, but more because it shows you that at NOV, we do a better job of hiring young talent and attracting people to the oilfield who otherwise wouldn't join this industry.

Hidden amongst that list, you see a name that looks familiar: NOV. Let me tell you why I chose our Next Generation Rotational Leadership Development program. It's different than all the others, you can tell. It's more corporate, it's more grown-up, but really there is magic in that word rotational. What it means is that it's kind of the professional equivalent of entering college as Undecided. It means that you don't have to know what you want to be when you grow up, you just have to be ready to learn. And NOV is an organization that teaches you.

So, I'm going to tell you a little bit about what Next Gen is. Ten years ago, NOV decided to create this program to attract young talent to the organization, move them quickly throughout the organization. Young talent from around the world. So, it's not just the US; we're in places like Brazil, Norway, Mexico, everywhere. We're pulling these people into the organization and what we do is expose them to the organization by running them through four rotations over the course of a year.

Since this program has started, we've had graduates from over 120 schools worldwide and we have 600 plus Next Gens who are out there in our organization. I mentioned this program because it's what I did, but what we've seen at NOV is that this has inspired kind of similar programs to ensure that we have the best young talent across disciplines, across the organization, across business units.

Once we hire young employees, we train them, and we do that better than anybody else. When I entered NOV, it was obvious that I didn't know anything about the oilfield. I was confused by the difference between upstream and downstream. So, my first day on the job, my boss gave me a stack of books and told me to read them to familiarize myself. I think he thought it would take me about three weeks to read through them, but it really only took three days.

So, what you do once you've read the books? You go out and you talk to people. At NOV that was kind of where I first got this sense that this was very much an open-door culture, that VPs would close their laptops and teach you if you were interested in learning. In college, professors have office hours; at NOV, doors were always open. If you didn't understand power transmission systems, someone would take the time to take you out on a rig, show you around and really explain what it meant.



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The reason that I mention this is because of the output that came from it. I've always been told that the best way to learn something is to teach it to somebody else. So that's what I did here. I took every experience that I had captured both from the books, my conversations with different people in our organization, visits to facilities and I wrote a 56-page training document to help new hires like myself. No one questioned why a girl, who was four, five months into the organization, was writing a training document. That's what happens at NOV is that, you're encouraged to do side projects, you're encouraged to create value to the organization in new ways. That's attractive to a young person.

I experienced this idea of how young people are valued later in a next rotation, the rotation where I finally got the international experience I craved. That was in Covington, Louisiana. I couldn't pronounce my manager's last name. I was doing manufacturing, didn't fully understand what that meant, and I walked into this place. I remember driving by at the first day behind the pine trees, looking at it and say, "Uh, uh, this isn't going to work." But it surprised me, because in Covington, they really welcomed new perspective.

Here I'm six months on the job, parachuting into their organization and they're trying to determine where I can add the most value. I tell them I've done political risk analysis, I'm interested in market analysis and those are kind of the same things, right? So they welcome that. They say no one's done a market analysis on our aftermarket service and repair specific to lifting and handling, so try it out, define your own experience, we'll help you get there. That's something that only happens at NOV.

The other thing that surprised me was this whole idea of being embraced by a family. In a place like this, where most of the guys were, in their words, not mine, fat, bald and old, they were welcoming to me. They kind of embraced me just as a daughter and said, "You can contribute here." It was very obvious that youth and experience was balanced.

So, after that, what happened? Once you spend 12 months learning the organization and getting to know the people, once you spend 12 months realizing that as a young person you can make an impact, you're drafted out into the organization. So, all Next Gens go through this NFL-style draft, where the business units with the lowest return on capital the prior year get their first pick of who they want to enter into their organization.

So, I had my choice of jobs that I could go into and one thing that made it really hard for me was that finally, I had to figure out, on my own, where I wanted to find that place. No one at NOV tells you where you need to go, if you should sell a drill pipe, if you should work in corporate sales, if you should become the market analyst. What they expect you to do is find what you're passionate about and do more of it. It's the reason that you have people like myself standing up here before you, architecture students who go and work in a repair shops, future biomedical engineers who leave that to work in corporate M&A. That's the type of organization that we have here. That sense of being able to have that opportunity really goes to how we get the best people and how we develop them to be even better.

So, where do I go after my draft? I decide that what I'm passionate about is helping people. Helping people understand our business better, helping people use information to ask better questions, kind of as a jumping-off point, and so I go into our NOV Wellbore Technologies Group and I work as a market analyst. I'll tell you about something that I always remembered when I was there: it was this idea that you don't have to be an engineer to know our business, you just have to be willing to get your hands dirty.

When I was doing a report on downhole drilling motors, I realized that I needed to establish some greater credibility as I talked to people about motor life, rotors falling apart, when they need to be realigned. So, I decided to go on working in a repair shop. Again, no one questioned that I was doing it; they just supported it. If I was doing my work and performing well in my job, then I could do these things on the side that added value.

So I walked into a repair shop. They easily could have laughed at me. I mean my coveralls were clean, my steel-toe boots were stiff, but by the end of the week, I was marked up with grease, I could take a motor apart as fast as the rest of them and finally, on the last day, this big guy from Casper, Wyoming, reached into his pocket, pulls out a can of dip and hands it to me. I'm not advocating the use of tobacco products. It was more of this sense of, he said, "You've thrown it down pretty hard out there, you deserve it." So that's how you feel at this organization. If you just show that you're curious, you're willing to go out and try something new, people welcome that, they embrace that. That's how we attract, develop, retain the best talent within the industry.

Pretty soon after this experience, I'm asked to do another development program. At NOV would care a lot about developing people and I obviously needed a lot of help. So, I'm asked to join NOV Purdue Sales Leadership. This is a program that's different than Next Gen. Next Gen to me is more about talent development. NOV University, of which NOV Purdue is an example, is professional development. We've gone out and partnered with great universities and created programs that pull people in our organization from around the world, from different



job functions, from different levels of experience and put them through a training course that makes them better individuals, makes them better teammates, makes them better business people.

We don't just do this in sales, we do it in manufacturing, we do it in finance, you'll hear more about engineering specifically. We have similar programs in our technical college, where we train guys who are out working the shop like I had done.

If I had to sum up NOV Purdue in one picture, it would be this. This sense of frustration, you're asked to commit to two jobs over the course of an eight-month period, you're asked to kind of see new perspectives, try new things, push boundaries a little bit and you realize that the best part of the learning process comes through failure. At NOV, you have that environment that we've created. People tell you it's okay if you stretch a little bit, you become a calculated risk taker, you fail, come back in. NOV Purdue is a safe place where you can try new things and that to me is another way that we create kind of an entrepreneurial spirit.

The other thing that I learned from Purdue with this importance of youth an experience, or as you all know it from interacting with the IR team, Loren and Lydia. So, my Purdue class, if I go back to it, you have a mix of people who walk into this program, people like myself who are three, four, five years on the job, they're performing well, they're supposed to get exposure to new opportunities. You have other people who work in the oilfield and grown up on rigs, who have 35 years of experience, who don't even remember what school is like. Having that balance, having that tension creates new ideas, creates value and really resonates throughout our culture. And that's how we can continue to develop people in the organization.

Coming into IR, I realized that there was kind of a new challenge. Once you've done something, sorry, let me say it this way: I've told you about how we attract young talent, I told you about how we develop talent, but really the reason that we stay here, the reason why I'm here today is because at NOV, you're constantly presented with new challenges. The organization trusts you to do new things. Clay said it clearly: this is a trusted team that we're a part of.

So, when I was asked to do IR, three years into the job, I was a little nervous. It's something that would only happen at NOV, that you would take someone with three years of experience and say, we've invested in her development enough, we've exposed her to enough, she's learned enough about this organization that she can stand before the group of all of you who studied us for years and speak credibly about who we are, where we're going and what the future holds. It says a lot about our leadership that they have that trust, that the systems they put in place to attract and develop people are strong enough to put someone like me in this position, and that's really reassuring.

I remember the first investor conference that I went to. I was only a few weeks on the job and 15 minutes before we were going to our big dinner, Clay realized that we had five rounds of ten and there were only four of them. They looked at me and said Lydia, it looks like you have your own table. They put me in a place to be able to talk about our organization and they trusted that I would do well there. It helps that Cooper Manning was also present to fill any void in the conversation, but it really, at kind of that moment was when I realized that this is a cool place. This is why we're here every day, because we're constantly challenged and we're constantly trusted to succeed.

You don't stop learning at NOV. You continue advancing your story. There was a recent moment for me where I kind of saw all these different things come together about how we attract young talent, how we bring them through the organization and it was in Korea. Earlier this year, someone asked me what my goal was and I said, I wanted to learn more about the organization -- I just want to show you embarrassing pictures of myself I said I wanted to learn more about the shipyard dynamic, I want to learn more about inflation and commissioning. I'm curious, I need to understand this, because it will help me develop a more credible story. As soon as I said that I had a goal, people helped me get there.

Korea was a big moment, not just because I got to learn about this new world of drillships and climb to the top of a derrick. Korea was a big moment for me, because the first thing I said when I got to the top after "I'm so afraid of heights" was to ask the guy who brought me up there what he liked the most about NOV, if it was this experience, canvassing over the shipyard and looking out at all the things they had created. What he told me was that his favorite thing was opportunity. Every single person I met on that trip who works for NOV, when I asked them what they enjoyed most about this organization, they told me it was the opportunities that they were given, the trust that they received from the leadership and the sense that they were making an impact.

It was that moment where I realized I'm not special. I don't feel so strongly about NOV because I'm a Next Gen or I did our Purdue Sales Leadership program or I work in corporate, there are these values that we push or, I should say, support throughout the organization on helping cultivate this balance of youth and experience and creating an environment of trust. And that's why we have the best team, that's why we lead, that's why Clay can confidently say on every earnings call, thank you to the 61,000 people that make this possible, because we're all committed on these principles.



That's what I think about NOV. I realize that everyone in this organization is mentored and developed. As the leadership team, they've invested in our growth. They're always welcoming new perspectives, cultivating a balance of youth and experience, which is really a strong competitive advantage, you don't see that in other places and where you're always presented new challenges and expected to rise to the occasion. But if you don't believe me, let's hear it from some other people around the world, who have the same story.

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