
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

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

**October 24, 2007 (October 24, 2007)
Date of Report (Date of earliest event reported)**

NATIONAL OILWELL VARCO, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-12317
(Commission
File Number)

76-0475815
(IRS Employer
Identification No.)

7909 Parkwood Circle Drive
Houston, Texas
(Address of principal executive offices)

77036
(Zip Code)

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

10000 Richmond Avenue
Houston, Texas 77042

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On October 24, 2007, National Oilwell Varco, Inc. issued a press release announcing earnings for the third quarter ended September 30, 2007 and conference call in connection therewith. A copy of the release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

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

Item 9.01 Financial Statements and Exhibits*(c) Exhibits*

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

99.1 National Oilwell Varco, Inc. press release dated October 24, 2007 announcing the earnings results for the third quarter ended September 30, 2007.

SIGNATURES

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

Date: October 24, 2007

NATIONAL OILWELL VARCO, INC.

/s/ Clay C. Williams

Clay C. Williams

Sr. Vice President and Chief Financial Officer

Index to Exhibits

99.1 National Oilwell Varco, Inc. press release dated October 24, 2007 announcing the earnings results for the third quarter ended September 30, 2007.



NEWS

Contact: Clay Williams
(713) 346-7606**FOR IMMEDIATE RELEASE****NATIONAL OILWELL VARCO ANNOUNCES
THIRD QUARTER 2007 EARNINGS AND BACKLOG**

HOUSTON, TX, October 24, 2007 ³/₄ National Oilwell Varco, Inc. (NYSE: NOV) today reported that for the third quarter ended September 30, 2007 it earned net income of \$366.0 million, or \$1.02 per fully diluted share, an increase of 15 percent compared to second quarter ended June 30, 2007 net income of \$318.5 million, or \$0.89 per fully diluted share. Earnings per share more than doubled from the third quarter of 2006, when the Company earned \$176.6 million or \$0.50 per fully diluted share.

Revenues for the third quarter of 2007 were \$2,579.5 million, an increase of 8 percent from the second quarter of 2007 and an increase of 45 percent from the third quarter of 2006. Operating profit for the quarter was \$545.4 million or 21.1 percent of sales. Operating profit flow-through, or the increase in operating profit divided by the increase in revenue, was 25 percent from the second quarter of 2007 to the third quarter of 2007, and was 32 percent from the third quarter of 2006 to the third quarter of 2007.

Backlog for capital equipment orders for the Company's Rig Technology segment at September 30, 2007 increased to \$8.0 billion, compared to \$7.2 billion at June 30, 2007. New orders during the quarter were a record \$1.9 billion. The Company's backlog for capital equipment continued to increase as a result of strong demand for its drilling equipment, particularly for international offshore rigs.

Pete Miller, Chairman, President and CEO of National Oilwell Varco, remarked, "We performed well in the third quarter, as orders for our capital drilling equipment remained strong. Efficient execution of our business, along with the continued strong demand for our oilfield products and services, are driving solid operating margins through each of our business segments. Our record backlog for drilling equipment is providing unprecedented visibility. International demand for our equipment and services continues to build, particularly from national oil companies, while North American operators appear to be adopting a more cautious stance as we enter the fourth quarter."

Rig Technology

Third quarter revenues for the Rig Technology segment were \$1,521.9 million, an increase of 8 percent over the second quarter of 2007 and an increase of 72 percent from the third quarter of 2006. Operating profit for this segment was \$373.5 million, or 24.5 percent of sales, an increase of 10 percent from the second quarter of 2007. Operating profit flow-through from the second quarter of 2007 to the third quarter of 2007 was 29 percent, and operating profit flow-through

from the third quarter of 2006 to the third quarter of 2007 was 34 percent. Revenue out of backlog for the segment rose 20 percent sequentially and 94 percent year-over-year, to \$1,152.4 million for the third quarter of 2007.

Petroleum Services & Supplies

Revenues for the third quarter of 2007 for the Petroleum Services & Supplies segment were \$805.5 million, up 8 percent compared to second quarter 2007 results and up 29 percent from the third quarter of 2006. Operating profit was \$193.6 million, or 24.0 percent of revenue, an increase of 9 percent from the second quarter. Operating profit flow-through from the second quarter of 2007 to the third quarter of 2007 was 27 percent, and operating profit flow-through from the third quarter of 2006 to the third quarter of 2007 was 30 percent. Modest seasonal improvement in Canada during the quarter following breakup and continued high levels of oilfield production and drilling activity internationally contributed to this segment's strong performance.

Distribution Services

The Distribution Services segment generated third quarter revenues of \$361.3 million, an increase of 5 percent from the second quarter of 2007 and an increase of 2 percent from the third quarter of 2006. Third quarter operating profit was \$25.1 million or 6.9 percent of sales. This segment benefited from sequential seasonal sales improvements in Canada and growth in international markets. Operating profit flow-through from the second quarter of 2007 to the third quarter of 2007 was 12 percent.

The Company has scheduled a conference call for October 24, 2007, at 9:00 a.m. Central Time to discuss third quarter results. The call will be broadcast through the Investor Relations link on National Oilwell Varco's web site at www.nov.com, and a replay will be available on the site for thirty days following the conference. Participants may also join the conference call by dialing 303-262-2050 prior to the scheduled start time.

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

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

- more -

NATIONAL OILWELL VARCO, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

| | September 30, 2007 (Unaudited) | December 31, 2006 |
|---|--------------------------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,486.0 | \$ 957.4 |
| Receivables, net | 2,154.2 | 1,614.6 |
| Inventories, net | 2,252.1 | 1,828.8 |
| Costs in excess of billings | 493.4 | 308.9 |
| Deferred income taxes | 130.8 | 101.6 |
| Prepaid and other current assets | 316.3 | 154.3 |
| Total current assets | 6,832.8 | 4,965.6 |
| Property, plant and equipment, net | 1,163.8 | 1,022.1 |
| Deferred income taxes | 50.8 | 56.1 |
| Goodwill | 2,448.5 | 2,244.7 |
| Intangibles, net | 775.2 | 705.2 |
| Other assets | 74.7 | 25.6 |
| | \$ 11,345.8 | \$ 9,019.3 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 605.9 | \$ 505.2 |
| Accrued liabilities | 1,699.8 | 1,420.2 |
| Billings in excess of costs | 1,102.9 | 564.4 |
| Current portion of long-term debt and short-term borrowings | 108.4 | 5.6 |
| Accrued income taxes | 127.9 | 169.8 |
| Total current liabilities | 3,644.9 | 2,665.2 |
| Long-term debt | 737.8 | 834.7 |
| Deferred income taxes | 495.0 | 389.0 |
| Other liabilities | 71.5 | 71.4 |
| Total liabilities | 4,949.2 | 3,960.3 |
| Commitments and contingencies | | |
| Minority interest | 49.7 | 35.5 |
| Stockholders' equity: | | |
| Common stock – par value \$.01; 356,600,598 and 351,143,326 shares issued and outstanding at September 30, 2007 and December 31, 2006 (Note 1) | 3.6 | 3.5 |
| Additional paid-in capital (Note 1) | 3,597.9 | 3,460.0 |
| Accumulated other comprehensive income | 276.5 | 46.1 |
| Retained earnings | 2,468.9 | 1,513.9 |
| | 6,346.9 | 5,023.5 |
| | \$ 11,345.8 | \$ 9,019.3 |

Note 1: 2006 restated to reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2007.

NATIONAL OILWELL VARCO, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(In millions, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------------|------------------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Revenue: | | | | |
| Rig technology | \$ 1,521.9 | \$ 887.3 | \$ 4,150.9 | \$ 2,448.4 |
| Petroleum services and supplies | 805.5 | 624.1 | 2,243.4 | 1,755.0 |
| Distribution services | 361.3 | 353.5 | 1,058.0 | 999.1 |
| Eliminations | <u>(109.2)</u> | <u>(87.0)</u> | <u>(322.2)</u> | <u>(255.4)</u> |
| Total revenue | 2,579.5 | 1,777.9 | 7,130.1 | 4,947.1 |
| Gross profit | 740.3 | 442.7 | 2,039.1 | 1,193.2 |
| Gross profit % | 28.7% | 24.9% | 28.6% | 24.1% |
| Selling, general, and administrative | <u>194.9</u> | <u>157.2</u> | <u>569.4</u> | <u>463.3</u> |
| Operating profit | 545.4 | 285.5 | 1,469.7 | 729.9 |
| Interest and financial costs | (11.5) | (10.0) | (36.9) | (36.6) |
| Interest income | 12.6 | 4.7 | 31.7 | 9.7 |
| Other income (expense), net | <u>1.8</u> | <u>(9.1)</u> | <u>(1.9)</u> | <u>(23.1)</u> |
| Income before income taxes and minority interest | 548.3 | 271.1 | 1,462.6 | 679.9 |
| Provision for income taxes | <u>177.8</u> | <u>90.8</u> | <u>490.5</u> | <u>228.4</u> |
| Income before minority interest | 370.5 | 180.3 | 972.1 | 451.5 |
| Minority interest in income of consolidated subsidiaries | <u>4.5</u> | <u>3.7</u> | <u>11.7</u> | <u>6.7</u> |
| Net income | <u>\$ 366.0</u> | <u>\$ 176.6</u> | <u>\$ 960.4</u> | <u>\$ 444.8</u> |
| Net income per share (Note 1): | | | | |
| Basic | <u>\$ 1.03</u> | <u>\$ 0.50</u> | <u>\$ 2.71</u> | <u>\$ 1.27</u> |
| Diluted | <u>\$ 1.02</u> | <u>\$ 0.50</u> | <u>\$ 2.71</u> | <u>\$ 1.26</u> |
| Weighted average shares outstanding (Note 1): | | | | |
| Basic | <u>355.5</u> | <u>350.8</u> | <u>353.9</u> | <u>350.1</u> |
| Diluted | <u>357.9</u> | <u>353.7</u> | <u>354.4</u> | <u>353.4</u> |

Note 1: All periods reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2007.

NATIONAL OILWELL VARCO, INC.
OPERATING PROFIT – SUPPLEMENTAL SCHEDULE (Unaudited)
(In millions)

| | Three Months Ended | | | Nine Months Ended | |
|---------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| | September 30, | | June 30, | September 30, | |
| | 2007 | 2006 | 2007 | 2007 | 2006 |
| Revenue: | | | | | |
| Rig technology | \$ 1,521.9 | \$ 887.3 | \$ 1,409.2 | \$ 4,150.9 | \$ 2,448.4 |
| Petroleum services and supplies | 805.5 | 624.1 | 746.1 | 2,243.4 | 1,755.0 |
| Distribution services | 361.3 | 353.5 | 344.8 | 1,058.0 | 999.1 |
| Eliminations | <u>(109.2)</u> | <u>(87.0)</u> | <u>(115.2)</u> | <u>(322.2)</u> | <u>(255.4)</u> |
| Total revenue | <u>\$ 2,579.5</u> | <u>\$ 1,777.9</u> | <u>\$ 2,384.9</u> | <u>\$ 7,130.1</u> | <u>\$ 4,947.1</u> |
| Operating profit: | | | | | |
| Rig technology | \$ 373.5 | \$ 155.2 | \$ 340.8 | \$ 983.1 | \$ 383.0 |
| Petroleum services and supplies | 193.6 | 139.9 | 177.8 | 542.4 | 382.0 |
| Distribution services | 25.1 | 25.0 | 23.1 | 73.1 | 65.6 |
| Unallocated expenses and eliminations | <u>(46.8)</u> | <u>(34.6)</u> | <u>(44.5)</u> | <u>(128.9)</u> | <u>(100.7)</u> |
| Total operating profit | <u>\$ 545.4</u> | <u>\$ 285.5</u> | <u>\$ 497.2</u> | <u>\$ 1,469.7</u> | <u>\$ 729.9</u> |
| Operating profit %: | | | | | |
| Rig technology | 24.5% | 17.5% | 24.2% | 23.7% | 15.6% |
| Petroleum services and supplies | 24.0% | 22.4% | 23.8% | 24.2% | 21.8% |
| Distribution services | 6.9% | 7.1% | 6.7% | 6.9% | 6.6% |
| Other unallocated | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total operating profit % | <u>21.1%</u> | <u>16.1%</u> | <u>20.8%</u> | <u>20.6%</u> | <u>14.8%</u> |

Note: Stock-based compensation expense and integration costs have been allocated to the respective business segments and unallocated expenses for all periods presented.

NATIONAL OILWELL VARCO, INC.
AS ADJUSTED EBITDA RECONCILIATION EXCLUDING INTEGRATION COSTS
(Unaudited)
(In millions)

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|-----------------|-----------------|-------------------|-----------------|
| | September 30, | | June 30, | September 30, | |
| | 2007 | 2006 | 2007 | 2007 | 2006 |
| Reconciliation of EBITDA (Note 1): | | | | | |
| GAAP net income | \$ 366.0 | \$ 176.6 | \$ 318.5 | \$ 960.4 | \$ 444.8 |
| Provision for income taxes | 177.8 | 90.8 | 172.0 | 490.5 | 228.4 |
| Interest expense | 11.5 | 10.0 | 13.1 | 36.9 | 36.6 |
| Depreciation and amortization | 56.4 | 41.6 | 51.9 | 155.6 | 118.7 |
| Integration costs | — | — | — | — | 7.9 |
| EBITDA (Note 1) | \$ 611.7 | \$ 319.0 | \$ 555.5 | \$ 1,643.4 | \$ 836.4 |

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

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