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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

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

**May 24, 2005 (May 18, 2005)**  
Date of Report (Date of earliest event reported)

**NATIONAL OILWELL VARCO, INC.**

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(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

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

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

**10000 Richmond Avenue**  
**Houston, Texas**  
(Address of principal executive offices)

**77042**  
(Zip Code)

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

**N/A**

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(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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## **TABLE OF CONTENTS**

[Item 1.01. Entry into a Material Definitive Agreement](#)

[Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers](#)

[Item 8.01. Other Events](#)

[Item 9.01. Financial Statements and Exhibits](#)

[SIGNATURES](#)

[INDEX TO EXHIBITS](#)

[Summary of Director Compensation](#)

[Form of Nonqualified Stock Option Agreement](#)

[Press Release dated May 18, 2005](#)

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## [Table of Contents](#)

### **Item 1.01. Entry into a Material Definitive Agreement.**

#### *Director Compensation.*

On May 18, 2005, the Board of Directors (“Board”) of National Oilwell Varco, Inc. (the “Company”) modified the compensation arrangements for its non-employee directors. The terms of the compensation arrangements for our non-employee directors are set forth in Exhibit 10.1 to this Current Report and incorporated by reference herein.

On May 18, 2005, the Board also approved the grant of 7,500 options to each non-employee director under the National Oilwell Varco Long-Term Incentive Plan. The exercise price of the options is \$41.63 per share, which was the fair market value of one share of the Company’s common stock on the date of grant. The options vest in three equal annual installments beginning on the first anniversary of the date of the grant. Additional terms and provisions of each option grant are set forth in the form of Nonqualified Stock Option Agreement, which is filed as Exhibit 10.2 to this Current Report and incorporated by reference herein.

### **Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

(b) *Director Resignation.* On May 18, 2005 John F. Lauletta, our Chairman of the Board, informed the Board of his intention not to stand for re-election at the 2005 Annual Meeting of Stockholders. Mr. Lauletta will continue to serve as a director until the expiration of his term at the 2005 Annual Meeting of Stockholders. Upon the effective date of Mr. Lauletta’s resignation, Merrill A. Miller, Jr., our President and Chief Executive Officer, will succeed Mr. Lauletta as Chairman of the Board.

(c) *Appointment of Principal Officers.* As of May 18, 2005, Robert Blanchard was appointed Vice President, Corporate Controller and Chief Accounting Officer of the Company. The following is certain biographical information of Mr. Blanchard:

*Mr. Blanchard*, age 44, has served as Vice President, Corporate Controller and Chief Accounting Officer of the Company since May 18, 2005. On March 11, 2005 Varco International, Inc. (“Varco”) merged with and into the Company (the “Merger”). Mr. Blanchard joined Varco in 1989, serving as its Controller from 1999 and as Vice President from 2002 until the Merger.

### **Item 8.01. Other Events.**

The 2005 annual meeting of stockholders of the Company (the “Annual Meeting”) will be held on Friday, July 22, 2005. The location and time of the Annual Meeting will be determined at a later date. The record date for stockholders entitled to vote at the Annual Meeting has been set by the Board as Wednesday, June 8, 2005. The Company expects to mail its proxy materials on or about June 17, 2005. Stockholders wishing to submit proposals for consideration at the Annual Meeting are required to do so no later than the close of business on Wednesday, June 1, 2005.

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

(c) Exhibits.

10.1 Summary of Director Compensation\*

10.2 Form of Nonqualified Stock Option Agreement\*

99.1 Press Release dated May 18, 2005.

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\* Compensatory plan or arrangement for management or others

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**SIGNATURES**

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

Date: May 24, 2005

NATIONAL OILWELL VARCO, INC.

*/s/ M. Gay Mather*

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M. Gay Mather

Vice President and Secretary

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INDEX TO EXHIBITS

<u>Exhibit No</u>	<u>Description</u>
10.1	Summary of Director Compensation*
10.2	Form of Nonqualified Stock Option Agreement*
99.1	Press Release dated May 18, 2005

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\* Compensatory plan or arrangement for management or others

**SUMMARY OF DIRECTOR COMPENSATION**

Members of the Company's board of directors who are not full-time employees of the Company receive the following cash compensation:

- For service on the board of directors – an annual retainer of \$45,000, paid quarterly;
- For service as chairman of the audit committee of the board of directors – an annual retainer of \$15,000, paid quarterly;
- For service as chairman of each of the compensation committee and the nominating/corporate governance committee of the board of directors – an annual retainer of \$10,000, paid quarterly;
- For service as a member of the audit committee of the board of directors – an annual retainer of \$7,500, paid quarterly;
- For service as a member of each of the compensation committee and the nominating/corporate governance committee of the board of directors – an annual retainer of \$5,000, paid quarterly;
- \$1,500 for each board meeting and each committee meeting attended.

Directors of the board who are also employees of the Company do not receive any compensation for their service as directors.

Members of the board are also eligible to receive awards, including restricted stock, performance awards, phantom shares, stock payments, or SARs under the National Oilwell Varco Long-Term Incentive Plan.

## NATIONAL OILWELL VARCO, INC.

## Nonqualified Stock Option Agreement

**AGREEMENT** made as of «DateOfGrant» between NATIONAL OILWELL VARCO, INC., a Delaware corporation (the “Company”) and «FirstName» «MiddleName» «LastName» (“Optionee”), a non-employee director of the Company.

To carry out the purposes of the National Oilwell Varco, Inc. Long-Term Incentive Plan, as amended and restated (the “Plan”), by affording Optionee the opportunity to purchase shares of the Common Stock of the Company (“Stock”), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Optionee hereby agree as follows:

1. **Grant of Option.** The Company hereby grants to Optionee the right and option (“Option”) to purchase all or any part of an aggregate of «Shares\_» shares of Stock, on the terms and conditions set forth herein and in the Plan, which Plan is incorporated herein by reference as a part of this Agreement. This Option shall not be treated as an incentive stock option within the meaning of section 422(b) of the Internal Revenue Code of 1986, as amended (the “Code”).

2. **Purchase Price.** The purchase price of Stock purchased pursuant to the exercise of this Option shall be \$«Price» per share, which has been determined to be not less than 100% of the fair market value of the Stock at the date of grant of this Option. For all purposes of this Agreement, fair market value of Stock shall be determined in accordance with the provisions of the Plan.

3. **Exercise of Option.** Subject to the earlier expiration of this Option as herein provided, this Option may be exercised, by written notice to the Company at its principal executive office addressed to the attention of its Secretary, at any time and from time to time after the date of grant hereof, but, except as otherwise provided below, this Option shall not be exercisable for more than a percentage of the aggregate number of shares offered by this Option determined by the number of full years from the date of grant hereof to the date of such exercise, in accordance with the following schedule:

NUMBER OF FULL YEARS	PERCENTAGE OF SHARES THAT MAY BE PURCHASED
Less than 1 year	0%
1 year	33 1/3%
2 years	66 2/3%
3 years or more	100%



The termination of Optionee's director relationship with the Company and a Change of Control (as such term is defined below) shall affect Optionee's rights under this Option as follows:

(a) This Option shall terminate and cease to be exercisable upon the termination of Optionee's director relationship with the Company for cause. For purposes of this Paragraph 2, the term "cause" shall mean (i) Optionee has engaged in gross negligence or willful misconduct in the performance of Optionee's duties with respect to the Company or (ii) Optionee's final conviction of a felony or of a misdemeanor involving moral turpitude.

(b) If Optionee's director relationship with the Company terminates for any reason other than for cause, this Option may be exercised by Optionee (or Optionee's estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Optionee) at any time prior to the expiration of ten years from the date of grant hereof, but, except as provided in (c) below, only as to the number of shares Optionee was entitled to purchase hereunder as of the date Optionee's director relationship with the Company so terminates.

(c) Notwithstanding the exercise schedule set forth above, if (i) a Change of Control shall occur prior to the date upon which this Option is exercisable in full as provided in such schedule, (ii) Optionee's director relationship with the Company is terminated at any time on or after such Change of Control for any reason other than for cause, and (iii) Optionee has served as a director of the Company continuously from the date of grant of this Option to the date Optionee's director relationship with the Company so terminates, then this Option may be exercised in full by Optionee (or Optionee's estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Optionee) at any time prior to the expiration of ten years from the date of grant hereof. For purposes of this Paragraph 2, the term "Change of Control" shall mean: (y) the Company completes the sale of assets having a gross sales price which exceeds 50% of the consolidated total capitalization of the Company (consolidated total stockholders' equity plus consolidated total long-term debt as determined in accordance with generally accepted accounting principles) as at the end of the last full fiscal quarter prior to the date such determination is made; or (z) any corporation, person or group within the meaning of Section 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Act"), becomes the beneficial owner (within the meaning of Rule 13d-3 under the Act) of voting securities of the Company representing more than 30% of the total votes eligible to be cast at any election of directors of the Company.

This Option shall not be exercisable in any event after the expiration of ten years from the date of grant hereof. The purchase price of shares as to which this Option is exercised shall be paid in full at the time of exercise (a) in cash (including check, bank draft or money order payable to the order of the Company), (b) by delivering to the Company shares of Stock having a fair market value equal to the purchase price (provided such shares have been owned by Optionee for more than six months, unless this requirement is waived by the Committee), (c) through a "cashless-broker" exercise (through procedures approved by the Committee), (d) by authorizing the Company to withhold shares of Stock issuable upon exercise of this Option having a fair market value equal to the purchase price (through procedures approved by the Committee) or (e) any combination of the foregoing. No fraction of a share of Stock shall be issued by the Company

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upon exercise of an Option or accepted by the Company in payment of the purchase price thereof; rather, Optionee shall provide a cash payment for such amount as is necessary to effect the issuance and acceptance of only whole shares of Stock. Unless and until a certificate or certificates representing such shares shall have been issued by the Company to Optionee, Optionee (or the person permitted to exercise this Option in the event of Optionee's death) shall not be or have any of the rights or privileges of a shareholder of the Company with respect to shares acquirable upon an exercise of this Option.

4. **Withholding of Tax.** If necessary, as a condition of delivery of shares of stock to be delivered upon exercise of this Option, the Company shall be entitled to require that Optionee remit or, in appropriate cases agrees to remit when due, the amount necessary to satisfy all federal, state and local withholding tax requirements relating thereto.

5. **Status of Stock.** Optionee agrees that the shares of Stock which Optionee may acquire by exercising this Option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state. Optionee also agrees (i) that the certificates representing the shares of Stock purchased under this Option may bear such legend or legends as the Committee deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the shares of Stock purchased under this Option on the stock transfer records of the Company, if such proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the shares of Stock purchased under this Option.

6. **Director Relationship.** Any question as to whether and when there has been a termination of Optionee's director relationship with the Company, and the cause of such termination, shall be determined by the Committee and its determination shall be final.

7. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Optionee.

8. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Option granted hereby. Without limiting the scope of the preceding sentence, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. Any modification of this Agreement shall be effective only if it is in writing and signed by both Optionee and an authorized officer of the Company.

9. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas and applicable federal law.



NEWS

Contact: Clay Williams  
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**FOR IMMEDIATE RELEASE**

**NATIONAL OILWELL VARCO ANNOUNCES  
JOHN LAULETTA TO RETIRE AS CHAIRMAN  
MERRILL A. (PETE) MILLER, JR. TO SUCCEED**

**HOUSTON, TX, May 18, 2005** ¾ National Oilwell Varco, Inc. (NYSE: NOV) announced today that John F. Lauletta, Chairman of the Board of Directors, plans to retire as Chairman at the Company’s 2005 Annual Meeting of Stockholders to be held this summer. The board has also announced its intention to elect Merrill A. (Pete) Miller, Jr. as Chairman at that time. Mr. Miller will continue in his current role as President and Chief Executive Officer.

In electing Mr. Miller as Chairman, the board of directors noted that the entire board, except Mr. Miller, will consist of independent directors. Mr. Robert Beauchamp will continue serving the board as its lead independent director under the Company’s corporate governance guidelines.

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

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

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