As filed with the Securities and Exchange Commission on April 23, 2014

File No. 001-36325

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 2

FORM 10

GENERAL FORM FOR
REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF THE
SECURITIES EXCHANGE ACT OF 1934

NOW Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-4191184**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
7402 North Eldridge Parkway, Houston, Texas	**77041**
(Address of Principal Executive Offices)	**(Zip Code)**

(281) 823-4700
(Telephone Number, Including Area Code)

Copy to:

J. Eric Johnson
Locke Lord LLP
600 Travis Street, Suite 2800
Houston, Texas 77002
Telephone: (713) 226-1200
Fax: (713) 229-2642

Securities registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	Name of exchange on which each class is to be registered
Common Stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (do not check if a smaller reporting company)	Smaller reporting company	☐

INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

The information required by the following Form 10 Registration Statement items is contained in the sections identified below of the information statement attached hereto as Exhibit 99.1, each of which are incorporated into this Form 10 Registration Statement by reference.

Item 1. Business

The information required by this item is contained under the sections "Summary," "Risk Factors," "Cautionary Statement Regarding Forward-Looking Statements," "The Separation and the Distribution," "Business," "Properties," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk," "Certain Relationships and Related-Party Transactions" and "Where You Can Find More Information" of the information statement and is hereby incorporated by reference.

Item 1A. Risk Factors

The information required by this item is contained under the sections "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" of the information statement and is hereby incorporated by reference.

Item 2. Financial Information

The information required by this item is contained under the sections "Capitalization," "Unaudited Pro Forma Combined Financial Statements," "Selected Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk," and "Index to Financial Statements" and the financial statements referenced therein of the information statement and is hereby incorporated by reference.

Item 3. Properties

The information required by this item is contained under the sections "Business" and "Properties" of the information statement and is hereby incorporated by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is contained under the section "Security Ownership of Certain Beneficial Owners and Management" of the information statement and is hereby incorporated by reference.

Item 5. Directors and Executive Officers

The information required by this item is contained under the section "Corporate Governance and Management" of the information statement and is hereby incorporated by reference.

Item 6. Executive Compensation

The information required by this item is contained under the sections "Corporate Governance and Management—Director Compensation," "Corporate Governance and Management—Compensation Committee Interlocks and Insider Participation," "Executive Compensation" and "Compensation Discussion and Analysis" of the information statement and is hereby incorporated by reference.

Item 7. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is contained under the sections "Certain Relationships and Related-Party Transactions" and "Corporate Governance and Management" of the information statement and is hereby incorporated by reference.

Item 8. Legal Proceedings

The information required by this item is contained under the sections "Business," "Properties" and "Index to Financial Statements" and the financial statements referenced therein of the information statement and is hereby incorporated by reference.

Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

The information required by this item is contained under the sections "Summary," "The Separation and the Distribution," "Dividend Policy," "Capitalization" and "Description of Capital Stock" of the information statement and is hereby incorporated by reference.

Item 10. Recent Sales of Unregistered Securities

None.

Item 11. Description of Registrant's Securities to be Registered

The information required by this item is contained under the sections "Dividend Policy" and "Description of Capital Stock" of the information statement and is hereby incorporated by reference.

Item 12. Indemnification of Directors and Officers

The information required by this item is contained under the section "Description of Capital Stock—Limitation on Liability of Directors, Indemnification of Directors and Officers, and Insurance" of the information statement and is hereby incorporated by reference.

Item 13. Financial Statements and Supplementary Data

The information required by this item is contained under the sections "Unaudited Pro Forma Combined Financial Statements" and "Index to Financial Statements" and the financial statements referenced therein of the information statement and is hereby incorporated by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 15. Financial Statements and Exhibits

(a) Financial Statements

The following financial statements are included in the information statement and are hereby incorporated by reference:

- Unaudited Pro Forma Combined Financial Statements
- Annual Audited Combined Financial Statements:
    - Report of Independent Registered Public Accounting Firm
    - Combined Balance Sheets as of December 31, 2013 and 2012
    - Combined Statements of Income for the Years Ended December 31, 2013, 2012 and 2011
    - Combined Statements of Comprehensive Income for the Years Ended December 31, 2013, 2012 and 2011
    - Combined Statements of Changes in Net Parent Company Investment for the Years Ended December 31, 2013, 2012 and 2011
    - Combined Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011
    - Notes to Combined Financial Statements

(b) Exhibits

The following documents are filed as exhibits to this Registration Statement:

Exhibit No.	Exhibit Description
2.1*	Form of Separation and Distribution Agreement between National Oilwell Varco, Inc. and NOW Inc.
3.1*	Form of NOW Inc. Amended and Restated Certificate of Incorporation
3.2*	Form of NOW Inc. Amended and Restated Bylaws
10.1*	Form of Transition Services Agreement between National Oilwell Varco, Inc. and NOW Inc.
10.2*	Form of Tax Matters Agreement between National Oilwell Varco, Inc. and NOW Inc.
10.3*	Form of Employee Matters Agreement between National Oilwell Varco, Inc. and NOW Inc.
10.4*	Form of Master Distributor Agreement between National Oilwell Varco, L.P. and DNOW L.P.
10.5*	Form of Master Services Agreement between National Oilwell Varco, L.P. and DNOW L.P.
10.6*	Form of NOW Inc. Long-Term Incentive Plan
10.7**	Credit Agreement among NOW Inc., Wells Fargo Bank, National Association, as Administrative Agent, and the lenders and other financial institutions named therein, dated as of April 18, 2014
21.1*	Subsidiaries of NOW Inc.
99.1**	Information statement of NOW Inc., preliminary and subject to completion, dated April 23, 2014

* Previously filed.
** Filed herewith.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

NOW INC.

/s/ Robert R. Workman

By: Robert R. Workman
Title: President and Chief Executive Officer

Dated: April 23, 2014

Exhibit 10.7

Execution Version

Published CUSIP Number: 67011QAB4

$750,000,000

CREDIT AGREEMENT

Dated as of April 18, 2014

Among

NOW INC.
as Borrower,

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent, an Issuing Lender and U.S. Swingline Lender

THE LENDERS PARTY HERETO FROM TIME TO TIME

WELLS FARGO SECURITIES, LLC
as Sole Lead Arranger and Sole Book Runner

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CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of April 18, 2014, among NOW INC., a Delaware corporation (" Borrower"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (as defined below), an Issuing Lender (as defined below), U.S. Swingline Lender (as defined below), and each Lender (as defined below).

The parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (unless otherwise indicated, such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person became a Subsidiary pursuant to an Investment permitted pursuant to Section 6.3, to the extent that (i) such Indebtedness was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary and (ii) neither the Borrower nor any Subsidiary thereof (other than such Person and its Subsidiaries or any other Person (other than the Borrower) that merges with such Person) shall have any liability or other obligation with respect to such Indebtedness.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (a) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger, consolidation or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of related transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Additional Lender" has the meaning set forth in Section 2.15.

"Adjusted Base Rate" means, for any day, the fluctuating rate per annum of interest equal to the greatest of (a) the Prime Rate in effect on such day, (b) the sum of the Federal Funds Rate in effect on such day plus ½% per annum, and (c) the Daily One Month LIBOR Rate plus one percent (1.00%). Any change in the Adjusted Base Rate due to a change in the Prime Rate, Daily One Month LIBOR or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate, Daily One Month LIBOR or the Federal Funds Rate.

"Adjusted Base Rate Advance" means an Advance which bears interest as provided in Section 2.6(a). All Adjusted Base Rate Advances shall be denominated in Dollars.

"Administrative Agent" means Wells Fargo Bank, National Association in its capacity as administrative agent for the Lenders pursuant to Article VIII and any successor administrative agent in that capacity pursuant to Section 8.6.

"Administrative Questionnaire" means, with respect to each Lender, an administrative questionnaire submitted to and accepted by the Administrative Agent duly completed by such Lender.

"Advance" means any Swingline Advance or any Revolving Advance.

"Affiliate" means (a) as to the Borrower or any Subsidiary thereof, (i) any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person or any Subsidiary of such Person or (ii) any other Person owning beneficially or controlling thirty percent (30%) or more of the equity interests in such Person, and (b) as to any other Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" or "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or other equity interests, by contract or otherwise. For purposes of clause (b), a Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person.

"Agreed Currency" means (a) Dollars, (b) Euro, (c) Pounds Sterling, (d) Canadian Dollars, (e) Norwegian Kroner, and (f) any other Eligible Currency which the Borrower requests the Administrative Agent to include as an Agreed Currency hereunder and which is acceptable to all Lenders and, in connection with Letters of Credit, which is acceptable to the applicable Issuing Lender. If, after the designation of any currency as an Agreed Currency (including any Foreign Currency designated in clause (b) – (f) above) pursuant to the terms hereof, (x) currency control or other exchange regulations are imposed in the country in which such currency is issued with the result that different types of such currency are introduced, (y) such currency, in the reasonable determination of the Administrative Agent, no longer qualifies as an "Eligible Currency" or (z) in the reasonable determination of the Administrative Agent, a Dollar Amount of such currency is not readily calculable, the Administrative Agent shall promptly notify the Lenders and the Borrower, and such currency shall no longer be an Agreed Currency until such time as the Administrative Agent, the applicable Issuing Lender, or the Lenders, as required herein, agree to reinstate such currency as an Agreed Currency.

"Agreement" means this Credit Agreement dated as of April 18, 2014 among the Borrower, the Administrative Agent, and the Lenders, as it may be amended hereafter in accordance with its terms.

"Aggregate Exposure" means the sum of (a) the aggregate outstanding Advances plus (b) the aggregate Letter of Credit Exposure.

"Applicable Margin" means, subject to Section 2.6(e), the corresponding percentages per annum as set forth below based on the Total Capitalization Ratio:

Pricing Level	Total Capitalization Ratio	Commitment Fee	Eurocurrency Rate Advances	Adjusted Base Rate Advances
I	Less than or equal to 0.25 to 1.00	0.25%	1.50%	0.50%
II	Greater than 0.25 to 1.00, but less than or equal to 0.40 to 1.00	0.30%	1.75%	0.75%
III	Greater than 0.40 to 1.00	0.35%	1.875%	0.875%

The Applicable Margin shall be determined and adjusted quarterly on the date five (5) Business Days after the day on which the Borrower provides a Compliance Certificate pursuant to Section 5.6 for the most recently ended fiscal quarter of the Borrower (each such date, a " Calculation Date"); provided that (a) the Applicable Margin shall be based on Pricing Level I until the first Calculation Date occurring after the Closing Date and, thereafter the Pricing Level shall be determined by reference to the Total Capitalization Ratio as of the last day of the most recently ended fiscal quarter of the Borrower preceding the applicable Calculation Date, and (b) if the Borrower fails to provide the Compliance Certificate when due as required by Section 5.6 for the most recently ended fiscal quarter of the Borrower preceding the applicable Calculation Date, the Applicable Margin from the date on which such Compliance Certificate was required to have been delivered shall be based on Pricing Level III until such time as such Compliance Certificate is delivered, at which time the Pricing Level shall be determined by reference to the Total Capitalization Ratio as of the last day of the most recently ended fiscal quarter of the Borrower preceding such Calculation Date. The applicable Pricing Level shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Pricing Level shall be applicable to all Advances and Letters of Credit then existing or subsequently made or issued. For the avoidance of doubt, the Pricing Levels above are set forth from lowest (Level I) to the highest (Level III).

"Applicable Time" means, with respect to any borrowings and payments in any Designated Currency, the local time in the place of settlement for such Designated Currency as may be determined by the Administrative Agent, the applicable Swingline Lender or the applicable Issuing Lender, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

"Arranger" means Wells Fargo Securities, LLC, and its successors, in its capacity as sole lead arranger.

"Asset Disposition" means the sale, transfer, license, lease or other disposition of (i) any Property (including any disposition of Equity Interests other than Equity Interests described in the immediately following clause (ii)) by any Credit Party or any Subsidiary thereof, and (ii) any issuance of Equity Interests by any Subsidiary of the Borrower to any Person that is not a Credit Party or any Subsidiary thereof. The term "Asset Disposition" shall not include (a) the sale, license, lease or other disposition of inventory in the ordinary course of business, (b) the transfer of assets to the Borrower or any Guarantor pursuant to any other transaction permitted pursuant to Section 6.5, (c) the write-off, discount, sale or other disposition of defaulted or past-due receivables and similar obligations in the ordinary course of business and not undertaken as part of an accounts receivable financing transaction, (d) the transfer or other disposition of any Hedging Transaction, (e) dispositions of Investments in cash and Cash Equivalents, (f) the transfer by any Credit Party of its assets to any other Credit Party, (g) the transfer by any Non-Guarantor Subsidiary of its assets to any Credit Party (provided that in connection with any new transfer, such Credit Party shall not pay more than an amount equal to the fair market value of such assets as determined in good faith at the time of such transfer) and (h) the transfer by any Non-Guarantor Subsidiary of its assets to any other Non-Guarantor Subsidiary.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of the attached Exhibit A.

"Authorities" means, as applicable, the Financial Conduct Authority and/or the Prudential Regulation Authority.

"Authorized Agent" means each officer of any Wholly-Owned Subsidiary of the Borrower, who has been duly authorized and appointed by a Responsible Officer of Borrower to act on behalf of the Borrower in requesting Advances and Letters of Credit, including, the designation of the currency, amount, Conversions, continuations and prepayments of, and Interest Periods with respect to, Advances and the determination of the amounts, terms and beneficiaries of Letters of Credit.

"Availability" means, at any time a determination thereof is to be made, an amount equal to the aggregate Revolving Commitments in effect at such time minus the Outstandings at such time.

"Borrower" has the meaning set forth in the preamble to this Agreement.

"Borrowing" means a Revolving Borrowing or a Swingline Borrowing.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Legal Requirements of, or are in fact closed in, Texas or New York, and:

(a) if such day relates to any interest rate settings as to a Eurocurrency Rate Advance denominated in Canadian Dollars, means any such day on which dealings in deposits in Canadian Dollars are conducted by and between banks in London, England, Toronto, Ontario, Calgary, Alberta or other applicable offshore interbank market for Canadian Dollars;

(b) if such day relates to any interest rate settings as to a Eurocurrency Rate Advance denominated in Dollars, any fundings, disbursements, settlements and payments in Dollars in respect of any such Eurocurrency Rate Advance, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Advance, means any such day on which dealings in deposits in Dollars are conducted by and between banks in the London interbank eurodollar market;

(c) if such day relates to any interest rate settings as to a Eurocurrency Rate Advance denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Eurocurrency Rate Advance, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Advance, means a TARGET Day;

(d) if such day relates to any interest rate settings as to a Eurocurrency Rate Advance denominated in a currency other than Canadian Dollars, Dollars or Euro, means any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the London interbank market for such currency or, if such market is unavailable, then the principal offshore interbank market for such currency; and

(e) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Canadian Dollars, Dollars or Euro in respect of a Eurocurrency Rate Advance denominated in a currency other than Canadian Dollars, Dollars or Euro, or any other dealings in any currency other than Canadian Dollars, Dollars or Euro to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Advance (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

"Canadian Dollars" means the lawful money of Canada.

"Canadian Reference Bank" means Royal Bank of Canada or its successors and assigns or such other bank as agreed to from time to time by the Borrower and the Administrative Agent.

"Canadian Swingline Advance" has the meaning set forth in Section 2.1(b).

"Canadian Swingline Lender" means Royal Bank of Canada, as the swing line lender for the Canadian Swingline Advances, or any successor swing line lender for Canadian Swingline Advances hereunder.

"Capital Lease" means, for any Person, any lease of any Property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capital Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

"Cash Collateral Accounts" means the special cash collateral account containing cash deposited pursuant to Sections 2.13(g), 2.17, 2.19, 7.2(b), or 7.3(b) to be maintained at the Administrative Agent's offices in accordance with Sections 2.19(b) and 7.4.

"Cash Collateralize" means, to deposit into the Cash Collateral Account or to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the Issuing Lenders or Swingline Lenders, as collateral for Letters of Credit or obligations of Lenders to fund participations in respect of the Letter of Credit Exposure or Swingline Advances, cash or deposit account balances or, if the Administrative Agent and each applicable Issuing Lender shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and each applicable Issuing Lender. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalents" means, collectively, (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency thereof maturing within three hundred sixty (360) days from the date of acquisition thereof, (b) commercial paper maturing no more than one hundred eighty (180) days from the date of creation thereof and currently having one of the two highest rating obtainable from either S&P or Moody's, (c) certificates of deposit maturing no more than one hundred eighty (180) days from the date of creation thereof issued by any commercial bank that is a Lender or that otherwise is incorporated under the laws of the United States, or is the principal banking subsidiary of a bank holding company organized under the laws of the United States of America, in each case, having combined capital, surplus and undivided profits of not less than $500,000,000 and havinga rating of "A" or better by a nationally recognized rating agency, or (d) time deposits maturing no more than one hundred eighty (180) days from the date of creation thereof with Lenders or other commercial banks or savings banks or savings and loan associations each having membership either in the FDIC or the deposits of which are insured by the FDIC and in amounts not exceeding the maximum amounts of insurance thereunder, and (e) investments, classified in accordance with GAAP as current assets of the Borrower or any of its Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have one of the two highest ratings obtainable from either Moody's or S&P, and the portfolios of which are limited solely to investments of the character, quality and maturity described in clauses (a) through (d) of this definition.

"CDOR Rate" means, with respect to an Advance denominated in Canadian Dollars, for any Interest Period, the rate per annum determined by the Administrative Agent by reference to the average of the rates displayed on the "Reuters Screen CDOR Page" (as defined in the International Swap Dealer Association, Inc. definitions, as amended from time to time), or such other page as may replace such page on such screen for the purpose of displaying Canadian interbank bid rates for Canadian Dollar bankers' acceptances applicable to Canadian Dollar bankers' acceptances (on a three hundred sixty-five (365) day basis) with a term comparable to such Interest Period as of 10:00 A.M. (Eastern time) on the first day of

such Interest Period. If, for any reason, the rates on the Reuters Screen CDOR Page are unavailable, then CDOR Rate means the rate of interest determined by the Administrative Agent that is equal to the rate (rounded upwards to the nearest basis point) quoted by the Canadian Reference Bank as its discount rate for purchase of Canadian Dollar bankers' acceptances in an amount substantially equal to such Advance denominated in Canadian Dollars with a term comparable to such Interest Period as of 10:00 A.M. (Eastern time). No adjustment shall be made to account for the difference between the number of days in a year on which the rates referred to in this definition are based and the number of days in a year on the basis of which interest is calculated in this Agreement.

"Change in Control" means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Borrower (or other securities convertible into such securities) representing 50% or more of the combined voting power of all outstanding securities of the Borrower entitled to vote in the election of directors, other than securities having such power only by reason of the happening of a contingency.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" means the date on which all of the conditions precedent set forth in Section 3.1 have been satisfied.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute.

"Collateral" means the collateral security for the Obligations pledged or granted pursuant to the Security Documents, if any.

"Commitment Fees" has the meaning set forth in Section 2.3(a).

"Compliance Certificate" means a certificate of the Borrower in substantially the form of the attached Exhibit B.

"Computation Date" means (a) the last Business Day of each calendar quarter, (b) the date of any proposed Borrowing, (c) the date of any proposed issuance, increase or extension of a Letter of Credit, (d) the date of any reduction of Revolving Commitments pursuant to Section 2.4 or increase of Revolving Commitments pursuant to Section 2.15, and (e) after an Event of Default has occurred and is continuing, any other Business Day at the Administrative Agent's discretion or upon instruction by the Majority Lenders.

"Confidential Information" means information that the Borrower furnishes to the Administrative Agent or any Lender in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrative Agent or such Lender from a source other than the Borrower that is not, to the Administrative Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with the Borrower.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated" refers to the consolidation of the accounts of the Borrower and its Subsidiaries in accordance with GAAP, including, when used in reference to the Borrower, principles of consolidation consistent with those applied in the preparation of the Financial Statements.

"Consolidated EBITDA" means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for the Borrower and its Subsidiaries in accordance with GAAP: (a) Consolidated Net Income for such period plus (b) the sum of the following, without duplication, to the extent deducted in determining Consolidated Net Income for such period: (i) income and franchise tax expense, (ii) Consolidated Interest Expense and (iii) amortization, depreciation and other non cash charges (except to the extent that such non-cash charges are reserved for cash charges to be taken in the future), (iv) extraordinary losses (excluding extraordinary losses from discontinued operations) and (v) Transaction Costs and all costs and expenses related to the other Specified Transactions, less (c) the sum of the following, without duplication, to the extent added in determining Consolidated Net Income for such period: (i) interest income, (ii) income and franchise tax credits, (iii) any extraordinary gains and (iv) non-cash gains or non-cash items increasing Consolidated Net Income. For purposes of this Agreement, Consolidated EBITDA shall be adjusted on a Pro Forma Basis.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending on or immediately prior to such date to (b) Consolidated Interest Expense for the period of four (4) consecutive fiscal quarters ending on or immediately prior to such date.

"Consolidated Interest Expense" means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for the Borrower and its Subsidiaries in accordance with GAAP, interest expense (including, without limitation, interest expense attributable to Capitalized Lease Obligations and all net payment obligations pursuant to Hedging Transactions to the extent treated as interest expense under GAAP) for such period.

"Consolidated Net Income" means, for any period, the net income (or loss) of the Borrower and its Subsidiaries for such period, determined on a Consolidated basis, without duplication, in accordance with GAAP; provided, that in calculating Consolidated Net Income of the Borrower and its Subsidiaries for any period, there shall be excluded (a) the net income (or loss) of any Person (other than a Subsidiary which shall be subject to clause (c) below), in which the Borrower or any of its Subsidiaries has a joint interest with a third party, except to the extent such net income is actually paid in cash to the Borrower or any of its Subsidiaries by dividend or other distribution during such period, (b) the net income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or any of its Subsidiaries or is merged into or consolidated with the Borrower or any of its Subsidiaries or that Person's assets are acquired by the Borrower or any of its Subsidiaries except to the extent included pursuant to the foregoing clause (a), (c) the net income (if positive), of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary to the Borrower or any of its Subsidiaries of such net income (i) is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary or (ii) would be subject to any taxes payable on such dividends or distributions, but in each case only to the extent of such prohibition or taxes and (d) any gain or loss from Asset Dispositions during such period.

"Consolidated Net Worth" means at any time the consolidated total value of all of the Borrower's and its Subsidiaries' assets calculated on a consolidated basis as of such time, determined in accordance with GAAP, less the total value of all liabilities calculated on a consolidated basis as of such time determined in accordance with GAAP.

"Consolidated Tangible Net Worth" means at any time the Consolidated Net Worth at such time less the amount of intangible assets of the Borrower and its Subsidiaries as determined in accordance with GAAP.

"Controlled Group" means all members of a controlled group of corporations and all trades (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

"Convert", "Conversion", and "Converted" each refers to a conversion of Advances of one Type into Advances of another Type pursuant to Section 2.2(b).

"Corporate Spinoff" means the pro rata distribution of all of the outstanding shares of the Borrower's Equity Interests to the stockholders of National Oilwell Varco, Inc., as described in the Form 10 filed by the Borrower with the SEC on February 26, 2014.

"Credit Documents" means this Agreement, the Notes, the Letter of Credit Documents, the Fee Letter, the Guaranty Agreement, and each other agreement, instrument or document executed by any Credit Party at any time in connection with this Agreement, including each Notice of Borrowing.

"Credit Parties" means, collectively, the Borrower and the Guarantors.

"Daily One Month LIBOR" means, for any day, the rate per annum for Dollar deposits quoted by the Administrative Agent for the purpose of calculating effective rates of interest for loans making reference to the "Daily One Month LIBOR" or the "LIBOR Market Index Rate" or other words of similar import, as the inter-bank offered rate in effect from time to time for delivery of funds for one (1) month in amounts approximately equal to the principal amount of the applicable Advances; provided that, the Administrative Agent may base its quotation of the inter-bank offered rate upon such offers or other market indicators of the inter-bank market in such manner as the Administrative Agent in its reasonable discretion determines to be consistent with then market practice, including Eurocurrency Adjusted Base Rate (as defined below).

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Legal Requirements of the United States or other applicable jurisdictions from time to time in effect.

"Default" means (a) an Event of Default or (b) any event or condition which with notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" means a per annum rate equal to (a) in the case of principal of any Advance, 2.00% plus the interest rate otherwise applicable to such Advance as provided in Sections 2.6(a), (b), (c), or (e), (b) in the case of any other Obligation other than letter of credit fees, 2.00% plus the non-default interest rate applicable to Adjusted Base Rate Advances as provided in Section 2.6(a), and (c) when used with respect to letter of credit fees, a rate equal to the Applicable Margin for Eurocurrency Advances plus 2.00% per annum.

"Defaulting Lender" means, subject to Section 2.19(c), any Lender that (a) has failed to (i) (except, with regards to the funding of Swingline Advances, any Swingline Lender) fund all or any portion of its Advances within two Business Days of the date such Advances were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuing Lender, any Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Advances) within two Business Days of the date when due, (b) (except, with regards to the funding of Swingline Advances, any Swingline Lender) has notified the Borrower, the Administrative Agent, any Issuing Lender or any Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund an Advance hereunder and states that such position is based on such Lender's good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) (except, with regards to the funding of Swingline Advances, any Swingline Lender) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.19(c)) upon delivery of written notice of such determination to the Borrower, each Issuing Lender, each Swingline Lender and each Lender.

"Designated Currency" means, (a) for a Revolving Borrowing, the Agreed Currency which is designated for such Revolving Borrowing, (b) for Swingline Advances, the Agreed Currency which is designated for such Advances, and (c) for any Letter of Credit, the Agreed Currency in which such Letter of Credit is issued.

"Dollars" and "$" means lawful money of the United States of America.

"Dollar Amount" of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the equivalent in Dollars of any amount of such currency if such currency is any Foreign Currency, calculated using the Exchange Rate.

"Domestic Subsidiary" means, with respect to any Person (the "parent"), each of its Subsidiaries that (a) is incorporated or organized under the laws of the United States, any State thereof or the District of Columbia, or (b) is disregarded for U.S. federal Tax purposes and the parent is either the Borrower or any other Domestic Subsidiary of the Borrower, provided that any such disregarded entity that owns no assets other than Equity Interests of a controlled foreign corporation (within the meaning of Section 957 of the Code) shall not be treated as a Domestic Subsidiary.

"Eligible Assignee" means (a) a Lender, (b) an Affiliate of the respective assigning Lender with the approval of the Administrative Agent, the Issuing Lenders and the Swingline Lenders, which approvals will not be unreasonably withheld, and (c) any other Person (other than a natural person) with the approval of the Administrative Agent, the Issuing Lenders, the Swingline Lenders, and (provided that no Default has occurred and is continuing) the Borrower, which approvals will not be unreasonably withheld; provided that (i) the Borrower shall be deemed to have approved such assignee unless it shall object thereto by written notice to the Administrative Agent within 5 Business Days after having received notice thereof, (ii) no Defaulting Lender nor any of its Subsidiaries, nor any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (ii) shall be qualify as an Eligible Assignee, and (iii) "Eligible Assignee" shall not include the Borrower or any Affiliate or Subsidiary of the Borrower.

"Eligible Currency" means any Foreign Currency provided that: (a) quotes for loans in such currency are available in the London interbank deposit market; (b) such currency is freely transferable and convertible into Dollars in the London foreign exchange market, (c) no approval of a Governmental Authority in the country of issue of such currency is required to permit use of such currency by any Lender or Issuing Lender for making loans or issuing letters of credit, or honoring drafts presented under letters of credit in such currency, and (d) there is no restriction or prohibition under any applicable Legal Requirements against the use of such currency for such purposes.

"EMU" means the economic and monetary union in accordance with the Treaty of Rome 1957, as amended by the Single European Act 1986, the Maastricht Treaty of 1992 and the Amsterdam Treaty of 1998.

"Environmental Claim" means any third party (including governmental agencies and employees) action, lawsuit, claim, demand, regulatory action or proceeding, order, decree, consent agreement or notice of potential or actual responsibility or violation, including claims or proceedings under any Environmental Law ("Claims") or any permit issued under any Environmental Law, including (a) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Substances or arising from alleged injury or threat of injury to health or safety in relation to the environment.

"Environmental Laws" means any and all Legal Requirements arising from, relating to, or in connection with the environment, health or safety, relating to (a) the protection of the environment, (b) the effect of the environment on human health, (c) emissions, discharges or releases of Hazardous Substances into surface water, ground water or land, or (d) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances or wastes or the clean-up or other remediation thereof.

"Equity Interests" means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests, (e) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person and (f) any and all warrants, rights or options to purchase any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any Person who together with the Borrower or any of its Subsidiaries is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"Euro" and "EUR" mean the lawful currency of the participating member states of the EMU.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Federal Reserve Board (or any successor), as in effect from time to time.

"Eurocurrency Adjusted Base Rate" means the rate of interest per annum determined on the basis of the rate for deposits in the relevant currency for a period equal to the applicable Interest Period which appears on Reuters Screen LIBOR01 Page (or any applicable successor page or other applicable page for the relevant foreign currency) at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the first day of the applicable Interest Period. If, for any reason, such rate does not appear on Reuters Screen LIBOR01 Page (or any applicable successor page or applicable page for the relevant foreign currency), then "LIBOR" shall be determined by the Administrative Agent to be the arithmetic average of the rate per annum at which deposits in the relevant currency would be offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the first day of the applicable Interest Period for a period equal to such Interest Period. Each calculation by the Administrative Agent of the Eurocurrency Adjusted Base Rate shall be conclusive and binding for all purposes, absent manifest error.

"Eurocurrency Rate" means (a) with respect to a Eurocurrency Rate Advance (other than an Advance denominated in Canadian Dollars or Norwegian Kroner) for the relevant Interest Period, the interest rate per annum equal to (i) Eurocurrency Adjusted Base Rate divided by (ii) one minus the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "eurocurrency liabilities"), (b) with respect to a Eurocurrency Rate Advance denominated in Canadian Dollars, the interest rate per annum equal to (i) the CDOR Rate divided by (ii) one minus the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "eurocurrency liabilities") (c) with respect to a Eurocurrency Rate Advance denominated in Norwegian Kroner, the interest rate per annum equal to (i) the Offshore Rate divided by (ii) one minus the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "eurocurrency liabilities"). It is agreed that for purposes of this definition, Eurocurrency Rate Advances made hereunder shall be deemed to constitute Eurocurrency Liabilities as defined in Regulation D and to be subject to the reserve requirements of Regulation D. The Eurocurrency Rate for each outstanding Eurocurrency Rate Advance shall be adjusted automatically as of the effective date of any change in the reserve percentage described in clause (a)(ii), (b)(ii) or (c)(ii) above.

"Eurocurrency Rate Advance" means an Advance which bears interest as provided in Section 2.6(b).

"Events of Default" has the meaning set forth in Section 7.1.

"Exchange Act" means the Securities Exchange Act of 1934.

"Exchange Rate" for a currency means the rate determined by the Administrative Agent to be the rate quoted by the Administrative Agent as the spot rate for the purchase by the Administrative Agent of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Administrative Agent does not have as of the date of determination a spot buying rate for any such currency; and provided further that, as to Letters of Credit, the Administrative Agent may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in a Foreign Currency.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Advance or Revolving Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Advance or Revolving Commitment (other than pursuant to an assignment request by the Borrower under Section 2.16 or reallocation pursuant to Section 2.19(a)(iv)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.11, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.11(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Letters of Credit" means those letters of credit issued by Wells Fargo prior to the Closing Date (and if updated pursuant to Section 3.2(a), prior to the Initial Funding Date), for the account of the Borrower or any Subsidiary of the Borrower and set forth on Schedule 1.1(c), as it may have been updated pursuant to Section 3.2(a).

"Expiration Date" means, with respect to any Letter of Credit, the date on which such Letter of Credit will expire or terminate in accordance with its terms.

"Facility" means, collectively, (a) the revolving credit facility described in Section 2.1(a), (b) the Swingline Subfacilities, and (c) the letter of credit subfacility described in Section 2.13(a).

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for any such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any of its successors.

"Fee Letter" means the letter agreement dated as of March 21, 2014 among the Borrower, Wells Fargo and Wells Fargo Securities, LLC, as modified or amended from time to time.

"Financial Contract" of a Person means (a) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (b) any Hedging Transaction.

"Financial Statements" means the financial statements described in Section 4.6.

"First Tier Foreign Subsidiary" means any Foreign Subsidiary that is a "controlled foreign corporation" within the meaning of Section 957 of the Code and the Equity Interests of which are owned directly by the Borrower or any Domestic Subsidiary of the Borrower.

"Foreign Currency" means any currency other than Dollars.

"Foreign Currency Amount" means with respect to an amount denominated in Dollars, the equivalent in a Foreign Currency of such amount determined at the Exchange Rate for the purchase of such Foreign Currency with Dollars, as determined by the Administrative Agent on the Computation Date applicable to such amount.

"Foreign Lender" means a Lender that is not a U.S. Person.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to any Issuing Lender, such Defaulting Lender's Pro Rata Share of the Letter of Credit Exposure with respect to Letters of Credit issued by such Issuing Lender other than Letter of Credit Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to any Swingline Lender, such Defaulting Lender's Pro Rata Share of outstanding Swingline Advances made by such Swingline Lender other than Swingline Advances as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

"Funded Indebtedness" means Indebtedness which is (a) of the type described in clause (a), (d), (e), (g) or (j) of the definition of "Indebtedness" or (b) of the type described in clause (c) of the definition of "Indebtedness" to the extent that such lien secures or such guaranty covers Indebtedness of the type described in clause (a), (d), (e), (g) or (j) of the definition of "Indebtedness".

"GAAP" means United States generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the requirements of Section 1.3.

"Governmental Authority" means any foreign governmental authority (including any supra-national bodies such as the European Union or the European Central Bank), the United States of America, any state of the United States of America and any subdivision of any of the foregoing, and any agency, central bank, department, commission, board, authority or instrumentality, bureau or court having jurisdiction over any Lender, the Borrower, or the Borrower's Subsidiaries or any of their respective Properties.

"Guarantor" means any Person that now or hereafter becomes party to a Guaranty Agreement, including (a) the Domestic Subsidiaries of the Borrower identified on Schedule 4.19, as it may have been updated pursuant to Section 3.2(a); and (b) each Material Domestic Subsidiary of the Borrower that becomes a guarantor of all or a portion of the Obligations and which has entered into either a joinder agreement substantially in the form attached to the Guaranty Agreement or a new Guaranty Agreement in each case other than those released from their obligations under the Guaranty Agreement pursuant to Section 5.12 or otherwise.

"Guaranty Agreement" means the unconditional guaranty agreement substantially in the form attached hereto as Exhibit C to be executed by the Guarantors in favor of the Administrative Agent for the ratable benefit of the Lender Parties.

"Hazardous Substance" shall have the meaning assigned to that term in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Acts of 1986, and shall also include substances regulated under any other Environmental Law, including pollutants, contaminants, petroleum, petroleum products, radionuclides, radioactive materials, and medical and infectious waste.

"Hazardous Waste" means the substances regulated as such pursuant to any Environmental Law.

"Hedging Transactions" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into by a Person which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Hedging Obligations" of a Person means, without duplication, any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Hedging Transactions, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions.

"Indebtedness" of a Person means, without duplication, such Person's (a) obligations for borrowed money (regardless of whether such obligations would be, in accordance with GAAP, shown as a short term debt or long term debt on the consolidated balance sheet of such Person), (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade and any other amounts that are being contested and for which adequate reserves have been established), (c) obligations

of others which such Person has directly or indirectly, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person (but, if not otherwise assumed, limited to the extent of such Property's fair market value), guaranteed or otherwise provided credit support therefor, (d) to the extent not included in clause (a) above, any obligations which are evidenced by notes, acceptances, or other instruments, (e) reimbursement obligations of such Person in respect of drawn or funded letters of credit, surety bonds, acceptance facilities, or drafts or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (f) obligations of such Person to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (g) Capitalized Lease Obligations, (h) Net Mark-to-Market Exposure under Hedging Transactions and other Financial Contracts, (i) Hedging Obligations, and (j) any other financial accommodation which in accordance with GAAP would be shown as a short term debt or long term debt on the consolidated balance sheet of such Person.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Initial Funding Date" means the date on which the conditions precedent set forth in Section 3.2 have been waived or satisfied, regardless of whether actual Advances are made on such date; provided that the Initial Funding Date shall be at least four Business Days after the Closing Date.

"Interest Period" means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Advance or the date of the Conversion of any Adjusted Base Rate Advance into a Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and Section 2.2 and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below and Section 2.2. The duration of each such Interest Period shall be one, two, three or six months, in each case as the Borrower may select upon notice received by the Administrative Agent not later than 12:00 p.m. (Houston, Texas time) on the day required under Section 2.2 in connection with a Revolving Borrowing of such Type of Advance; provided, however, that:

(a) Interest Periods commencing on the same date for Advances comprising part of the same Borrowing shall be of the same duration;

(b) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

(c) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month in which it would have ended if there were a numerically corresponding day in such calendar month; and

(d) no Interest Period shall end after the Maturity Date.

"Issuing Lender" means (a) with respect to each Existing Letter of Credit, the Lender that issued such Letter of Credit, (b) with respect to all other Letters of Credit, Wells Fargo in its capacity as an issuer of Letters of Credit hereunder and up to three other Lenders designated in writing to the Administrative Agent by the Borrower (and consented to by such Lender) as an issuer of Letters of Credit, in their respective capacity as an issuer of Letters of Credit hereunder, and (c) any Lender acting as a successor issuing lender pursuant to Section 8.6.

"Legal Requirement" means any law, statute, ordinance, decree, requirement, order, judgment, injunction, rule, regulation or other restriction (or official interpretation of any of the foregoing) of, and the terms of any license, permit, concession, grant or franchise issued by, any Governmental Authority.

"Lender Parties" means Lenders, each Issuing Lender, each Swingline Lender and the Administrative Agent.

"Lenders" means each of the lenders party to this Agreement, including each Eligible Assignee that shall become a party to this Agreement pursuant to Section 9.6 and, unless the context requires otherwise, including a lender in its capacity as a Swingline Lender.

"Lending Office" means, with respect to each Lender, the "Lending Office" of such Lender (or a branch or an Affiliate of such Lender) designated for each Type of Advance in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or a branch or an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its Advances of such Type are to be made and maintained.

"Letter of Credit" means, individually, any letter of credit issued by any Issuing Lender under the Facility which is subject to this Agreement, including the letters of credit described on Schedule 1.1(c), as it may have been updated pursuant to Section 3.2(a).

"Letter of Credit Documents" means, with respect to any Letter of Credit, such Letter of Credit and any agreements, documents, and instruments entered into in connection with or relating to such Letter of Credit.

"Letter of Credit Exposure" means, at any time, the Dollar Amount of the sum of (a) the aggregate undrawn maximum face amount of each Letter of Credit at such time and (b) the aggregate unpaid amount of all Reimbursement Obligations related to Letters of Credit at such time.

"Letter of Credit Obligations" means the obligations, whether actual or contingent, of the Borrower under this Agreement in connection with the Letters of Credit.

"Lien" means any lien (statutory or otherwise), mortgage, pledge, hypothecation, assignment, deposit arrangement, charge, deed of trust, security interest, encumbrance or other type of preferential arrangement, priority or other security agreement of any kind or nature whatsoever to secure or provide for the payment of any obligation of any Person, whether arising by contract, operation of law or otherwise (including the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement).

"Liquidity" means, as of a date of determination, the sum of (a) Availability plus (b) readily and immediately available cash held in deposit accounts of any Credit Party (other than the Cash Collateral Account) and (c) Cash Equivalents of any Credit Party; provided that, such Cash Equivalents and related securities accounts and funds therein, and the deposit accounts and the funds therein shall be unencumbered and free and clear of all Liens and other third party rights other than (i) a Lien in favor of the Administrative Agent pursuant to Security Documents and (ii) a Lien in favor of the depositary institution holding such deposit accounts (or the securities intermediary holding such securities accounts) arising solely by virtue of such institution's standard account documentation or any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies and burdening only such deposit accounts or securities accounts, as applicable.

"London Banking Day" means any day on which dealings deposits of the relevant currency are conducted by and between banks in the London interbank Eurodollar market.

"Long-Term Secured Indebtedness" means long term Funded Indebtedness secured by a Lien other than (a) Indebtedness of a Foreign Subsidiary only to the extent such Indebtedness is secured solely with a Lien on assets of one or more Foreign Subsidiaries, and (b) Acquired Indebtedness only to the extent the Liens securing such Acquired Indebtedness encumber only the assets of the acquired Subsidiaries and not any other asset of the Borrower or any other Subsidiary.

"Majority Lenders" means, as of the date of determination, two or more Lenders holding more than 50% of the sum of the unutilized aggregate Revolving Commitments plus the Outstandings (with the aggregate amount of each Lender's risk participation and funded participation in Letter of Credit Obligations and in the Swingline Advances being deemed "held" by such Lender for purposes of this definition) The Revolving Commitments and Outstandings of any Defaulting Lender shall be disregarded in determining Majority Lenders at any time.

"Mandatory Cost Rate" means, with respect to any period, the percentage rate per annum determined in accordance with Schedule 1.1(b).

"Mandatory Revolving Borrowing" means a Revolving Borrowing comprised of Adjusted Base Rate Advances or Eurocurrency Rate Advances made to repay a Swingline Advance as provided in Section 2.1(b) or to reimburse an Issuing Lender for unpaid Reimbursement Obligations as provided in Section 2.13(d).

"Material Adverse Effect" means a material adverse effect on (a) the business, Property, condition (financial or otherwise), or results of operations of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform its obligations under the Credit Documents to which it is a party, or (c) the validity or enforceability of any of the Credit Documents or the rights or remedies of the Administrative Agent or the Lenders thereunder.

"Material Domestic Subsidiary" means any Domestic Subsidiary whose (a) attributable share of Consolidated EBITDA for the four quarter period ending on the last day of the most recently ended fiscal quarter for which quarterly financial statements, or if such fiscal quarter end is a fiscal year end, for which annual financial statements, are available is greater than 5% of the Consolidated EBITDA for such period or (b) attributable share of the book value of total assets of the Borrower and its Subsidiaries, determined on a consolidated basis as of the last day of the most recently ended fiscal quarter for which quarterly financial statements, or if such fiscal quarter end is a fiscal year end, for which annual financial statements, are available, is greater than 5% of the book value of total assets of the Borrower and its Subsidiaries as of such day.

"Material Subsidiary" means any Subsidiary whose (a) attributable share of Consolidated EBITDA for the four quarter period ending on the last day of the most recently ended fiscal quarter for which quarterly financial statements, or if such fiscal quarter end is a fiscal year end, for which annual financial statements, are available is greater than 2.5% of the Consolidated EBITDA for such period or (b) attributable share of the book value of total assets of the Borrower and its Subsidiaries, determined on a Consolidated basis as of the last day of the most recently ended fiscal quarter for which quarterly financial statements, or if such fiscal quarter end is a fiscal year end, for which annual financial statements, are available, is greater than 2.5% of the book value of total assets of the Borrower and its Subsidiaries as of such day.

"Maturity Date" means the earliest to occur of (a) April 18, 2019, (b) the date of termination of the aggregate revolving Commitments by the Borrower pursuant to Section 2.4, and (c) the ninetieth (90th) day following the Closing Date if the conditions set forth in Section 3.2 have not been satisfied or waived prior to such 90th day.

"Maximum Rate" means, as to any particular Lender, the maximum nonusurious interest rate permitted to such Lender under applicable Legal Requirements.

"Minimum Collateral Amount" means, at any time, (i) with respect to Cash Collateral for Letters of Credit, consisting of cash or deposit account balances in an amount equal to 102% of the Fronting Exposure of all Issuing Lenders with respect to Letters of Credit issued and outstanding at such time, and (ii) with respect to Cash Collateral for Swingline Advances, consisting of cash or deposit account balances in an amount equal to 102% of the Fronting Exposure of all Swingline Lenders with respect to Swingline Advances outstanding at such time.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto which is a nationally recognized statistical rating organization.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Net Mark-to-Market Exposure" of a Person means, as of any date of determination, the excess (if any) of all Unrealized Losses over all Unrealized Profits of such Person arising from Hedging Transactions. Notwithstanding the foregoing, " Net Mark-to-Market Exposure" shall be determined excluding recognized but unrealized gains and/or losses attributable to commodity, foreign currency or interest rate derivative instruments determined under the provisions of FASB 133, as the same may be further amended, modified or clarified by the FASB.

"Non-Approving Lender" means any Lender that does not approve any consent, waiver or amendment of or under any Credit Document that (i) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 9.1 and (ii) has been approved by the Majority Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-Guarantor Subsidiary" means any Subsidiary of the Borrower that is not a Guarantor.

"Norwegian Kroner" or "NOK" means lawful money of the Kingdom of Norway.

"Note" means a Revolving Note or a Swingline Note.

"Notice of Borrowing" means a notice of borrowing in the form of the attached Exhibit C and signed by a Responsible Officer of the Borrower or by an Authorized Agent on behalf of the Borrower.

"Notice of Conversion or Continuation" means a notice of conversion or continuation in the form of the attached Exhibit D and signed by a Responsible Officer of the Borrower or by an Authorized Agent on behalf of the Borrower.

"Obligations" means all Advances, Reimbursement Obligations, and any other fees, expenses, reimbursements, indemnities or other obligations payable by the Borrower to the Administrative Agent, the Lenders, the Issuing Lenders, the Swingline Lenders or any other indemnified party under the Credit Documents.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Offshore Rate" means, for any Interest Period with respect to an Eurocurrency Advance Rate denominated in Norwegian Kroner, the rate per annum (rounded upwards to the next 1/16 of 1%), as determined by the Administrative Agent, to be the rate at which deposits of Norwegian Kroner in immediately available funds for delivery on the first day of such Interest Period are being made or continued to leading banks in the offshore interbank market for Norwegian Kroner in the approximate amount of such Eurocurrency Advance Rate and for a maturity comparable to such Interest Period as determined by the Administrative Agent at approximately 11 AM London time (or such other time and day as the Administrative Agent may determine) 2 business days prior to the commencement of such Interest Period.

"Operating Lease" of a Person means any lease of Property (other than a Capital Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Advance or Credit Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.16).

"Outstandings" means, as of the date of determination, the sum of (a) Dollar Amount of the aggregate outstanding principal amount of the Revolving Advances and the Swingline Advances plus (b) the Dollar Amount of the Letter of Credit Exposure.

"Overnight Rate" means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent, applicable Issuing Lender, or applicable Swingline Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in a Foreign Currency, the rate of interest per annum at which overnight deposits in such Foreign Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of the Administrative Agent, applicable Issuing Lender or applicable Swingline Lender in the applicable offshore interbank market for such currency to major banks in such interbank market.

"Participant Register" has the meaning specified in Section 9.6(e).

"Participating Member State" means each state so described in any EMU Legislation.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permitted Liens" means the Liens permitted to exist pursuant to Section 6.1.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, limited liability company, joint venture or other entity, or a government or any political subdivision or agency thereof or any trustee, receiver, custodian or similar official.

"Plan" means an employee benefit plan (other than a Multiemployer Plan) maintained for employees of the Borrower or any member of the Controlled Group and covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code.

"Pounds Sterling" and/or "£" means lawful money of the United Kingdom of Great Britain and Northern Ireland.

"Prime Rate" means at any time the rate of interest most recently announced by Wells Fargo at its principal office in San Francisco, California as its prime rate, whether or not the Borrower has notice thereof, with the understanding that the Prime Rate is one of Wells Fargo's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Wells Fargo may designate. Each change in the Prime Rate shall be effective on the day the change is announced by Wells Fargo.

"Pro Forma Basis" means, for any period during which one or more Specified Transactions occurs, that such Specified Transaction (and all other Specified Transactions that have been consummated during the applicable period) shall be deemed to have occurred as of the first day of the applicable period of measurement and non-recurring costs, extraordinary expenses and other pro forma adjustments attributable to such Specified Transaction may be included to the extent that such costs, expenses or adjustments:

(a) are reasonably expected to be realized within six (6) months of such Specified Transaction (or in the case of the Transactions, within 30 days of the Initial Funding Date) as set forth in reasonable detail on the applicable Compliance Certificate delivered to the Administrative Agent; and

(b) are calculated on a basis consistent with GAAP and Regulation S-X of the Exchange Act;

provided that the foregoing costs, expenses and adjustments shall be without duplication of any costs, expenses or adjustments that are already included in the calculation of Consolidated EBITDA or clause (a) above.

"Pro Rata Share" means, as to each Lender (a) the ratio (expressed as a percentage) of such Lender's Revolving Commitment at such time to the aggregate Revolving Commitments at such time, (b) if the Revolving Commitments have been terminated, the ratio (expressed as a percentage) of the sum

of such Lender's aggregate outstanding Revolving Advances and participation interest in the Letter of Credit Exposure and the Swingline Advances at such time to the aggregate outstanding Revolving Advances, Swingline Advances, and Letter of Credit Exposure of all the Lenders at such time, or (c) if the Revolving Commitments have been terminated, all Letter of Credit Obligations have been paid in full, all Letters of Credit have been terminated or expired and all Advances have been paid in full, the ratio (expressed as a percentage) that was most recently in effect.

"Property" of any Person means any and all property (whether real, personal, or mixed, tangible or intangible) or other assets owned, leased or operated by such Person.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Lender, as applicable.

"Register" has the meaning set forth in paragraph (c) of Section 9.6.

"Reimbursement Obligations" means all of the obligations of the Borrower set forth in Section 2.13(d).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA and the regulations issued under such section, with respect to a Plan.

"Responsible Officer" means the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, any Treasurer, any Assistant Treasurer, any Secretary, any Assistant Secretary or Manager of any Person.

"Restricted Payment" means the making by any Person of any dividends or other distributions (in cash, property, or otherwise) on, or payment for the purchase, redemption or other acquisition or retirement of, any shares of any capital stock or other ownership interests of such Person, other than dividends payable in such Person's stock or ownership interests.

"Revolving Advance" means an advance made by a Lender to the Borrower pursuant to Section 2.1(a).

"Revolving Borrowing" means a borrowing consisting of simultaneous Revolving Advances made by each Lender pursuant to Section 2.1(a) or Converted by each Lender to Revolving Advances of a different Type pursuant to Section 2.2(b).

"Revolving Commitment" means, with respect to any Lender, the amount set opposite such Lender's name on Schedule 1.1(a) as its Revolving Commitment, or if such Lender has entered into any Assignment and Acceptance or such Lender is an Additional Lender, the amount set forth for such Lender as its Revolving Commitment in the Register maintained by the Administrative Agent pursuant to Section 9.6(c), as such amount may be reduced pursuant to Section 2.4 or increased pursuant to Section 2.15 or 2.16.

"Revolving Note" means a promissory note of a Borrower payable to the order of any Lender, in substantially the form of the attached Exhibit E evidencing Indebtedness of such Borrower to such Lender resulting from Revolving Advances owing to such Lender.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., or any successor thereof which is a nationally recognized statistical rating organization.

"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, or (d) a Person resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

"Sanctioned Person" means a person named on the list of Specially Designated Nationals maintained by OFAC.

"SEC" means the United States Securities and Exchange Commission.

"Security Documents" means the collective reference to each document, agreement or writing pursuant to which any Credit Party pledges or grants a security interest in any Property or assets securing the Obligations.

"Security Event" means the grant by the Borrower or any Domestic Subsidiary of a Lien on any of their respective Properties to secure any Long-Term Secured Indebtedness other than a Lien permitted pursuant to Section 6.1 (but including any Lien permitted pursuant to Section 6.1(c)).

"Senior Notes" means any senior debt securities of the Borrower or any Credit Party.

"Senior Note Documents" means any indenture, note or other agreement evidencing or governing the Senior Notes, as such indenture, note or other agreement may be amended, supplemented or otherwise modified as permitted hereby.

"Solvent" and "Solvency" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Transactions" means (a) the Transactions, (b) the Corporate Spinoff, (c) Acquisitions permitted hereunder and (d) the sale, transfer, license, lease or other disposition of all or substantially all of the assets or Equity Interests of any Subsidiary of the Borrower or any division, business unit, product line or line of business to a Person other than a Credit Party, in each case for which the consideration received from such disposition exceeds $25,000,000.

"Subordinated Indebtedness" means the collective reference to any Indebtedness incurred by the Borrower or any of its Subsidiaries that (a) has a scheduled maturity date at least 91 days after the date set forth in clause (a) of the definition of Maturity Date, (b) has no amortization payments or other scheduled payments of principal prior to the Maturity Date and (c) is subordinated in right and time of payment to the Obligations on terms and conditions reasonably satisfactory to the Administrative Agent.

"Subsidiary" of a Person means any corporation, association, partnership, limited liability company, or other business entity of which more than 50% of the outstanding shares of capital stock (or other equivalent interests) having by the terms thereof ordinary voting power under ordinary circumstances to elect a majority of the board of directors or Persons performing similar functions (or, if there are no such directors or Persons, having general voting power) of such entity (irrespective of whether at the time capital stock (or other equivalent interests) of any other class or classes of such entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person. Unless expressly provided otherwise, all references herein and in any other Credit Document to any "Subsidiary" or "Subsidiaries" means a Subsidiary or Subsidiaries of the Borrower.

"Swingline Advance" means a U.S. Swingline Advance or a Canadian Swingline Advance.

"Swingline Borrowing" means the making of a Swingline Advance by a Swingline Lender under Section 2.1(b).

"Swingline Due Date" means the 14th and the last day of each calendar month.

"Swingline Lender" means the U.S. Swingline Lender and the Canadian Swingline Lender.

"Swingline Rate" means, as to any Swingline Advance, the Adjusted Base Rate plus the Applicable Margin for Adjusted Base Rate Advances or such other rate per annum agreed to from time to time in writing between the Borrower and the applicable Swingline Lender.

"Swingline Note" means a promissory note of the Borrower payable to the order of the applicable Swingline Lender in substantially the form of the attached Exhibit F, evidencing the Indebtedness of the Borrower to such Swingline Lender from Swingline Advances owing to such Swingline Lender.

"Swingline Subfacilities" means the revolving credit facilities as provided by the applicable Swingline Lenders, in either case, as provided under Section 2.1(b) as a subfacility of the Facility.

"TARGET Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system or the TARGET2 payment system (or, if either of such payment systems cease to be operative, such other payment system (if any) determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Termination Event" means (a) the occurrence of a Reportable Event with respect to a Plan, as described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under such regulations), (b) the withdrawal of the Borrower or any of its Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, (c) the giving of a notice of intent to terminate a Plan under Section 4041(c) of ERISA, (d) the institution of proceedings to terminate a Plan by the PBGC, or (e) any other event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"Total Capitalization Ratio" means, as of any date of calculation, the ratio of the Borrower's Total Funded Consolidated Indebtedness outstanding on such date to the Borrower's Total Consolidated Capitalization outstanding on such date.

"Total Consolidated Capitalization" means the sum of the Total Funded Consolidated Indebtedness and Consolidated Net Worth.

"Total Funded Consolidated Indebtedness" means at any time the aggregate Dollar Amount of the Funded Indebtedness of the Borrower and its Subsidiaries on a Consolidated basis.

"Transaction Costs" means all transaction fees, charges and other amounts related to the Transactions (including any financing fees, legal fees and expenses, due diligence fees or any other fees and expenses in connection therewith).

"Transactions" means, collectively, (a) the initial Advances, if any, made on the Initial Funding Date, and (b) the payment of the Transaction Costs incurred in connection with the foregoing and in connection with the closing to occur on the Closing Date.

"Type" has the meaning set forth in Section 1.4.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.11(g)(ii)(B)(3).

"Unrealized Losses" means, with respect to any Hedging Transaction, the fair market value of the cost to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date).

"Unrealized Profits" means, with respect to any Hedging Transaction, the fair market value of the gain to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date).

"U.S. Swingline Advance" has the meaning set forth in Section 2.1(b).

"U.S. Swingline Lender" means Wells Fargo, as the swing line lender for the U.S. Swingline Advances, or any successor swing line lender hereunder.

"Wells Fargo" means Wells Fargo Bank, National Association.

"Wholly-Owned" means, with respect to a Subsidiary, that all of the Equity Interests of such Subsidiary are, directly or indirectly, owned or controlled by the Borrower and/or one or more of its Wholly-Owned Subsidiaries (except for directors' qualifying shares or other shares required by Applicable Law to be owned by a Person other than the Borrower and/or one or more of its Wholly-Owned Subsidiaries).

"Withholding Agent" means any Credit Party and the Administrative Agent.

Section 1.2 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

Section 1.3 Accounting Terms; Changes in GAAP; Foreign Currency Limits.

(a) All accounting terms not specifically defined in this Agreement shall be construed in accordance with GAAP applied on a consistent basis with those applied in the preparation of the Financial Statements.

(b) Unless otherwise indicated, all financial statements of the Borrower, all calculations for compliance with covenants in this Agreement, and all calculations of any amounts to be calculated under the definitions in Section 1.1 shall be based upon the Consolidated accounts of the Borrower and its Subsidiaries in accordance with GAAP.

(c) If any changes in accounting principles after the Closing Date are required by GAAP or the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or similar agencies results in a change in the method of calculation of, or affects the results of such calculation of, any of the financial covenants, standards or terms found in this Agreement, then the parties shall enter into and diligently pursue negotiations in order to amend such financial covenants, standards or terms so as to equitably reflect such change, with the desired result that the criteria for evaluating the Borrower's and its Consolidated Subsidiaries' financial condition shall be the same after such change as if such change had not been made.

(d) Wherever in this Agreement in connection with a Revolving Borrowing, a Swingline Borrowing, Conversion, continuation or prepayment of a Eurocurrency Rate Advance, or the issuance, amendment or extension of a Letter of Credit, an amount (such as a required minimum or multiple amount) is expressed in Dollars, but such Borrowing, Eurocurrency Rate Advance, or Letter of Credit is denominated in a Foreign Currency, such amount shall be the equivalent in a Foreign Currency of such amount determined at the Exchange Rate for the purchase of such Foreign Currency with Dollars, as determined by the Administrative Agent on the Computation Date applicable to such amount (rounded to the nearest unit of such Foreign Currency, with 0.5 of a unit being rounded upward).

Section 1.4 Types of Advances. Advances are distinguished by "Type". The "Type" of an Advance refers to the determination whether such Advance is a Eurocurrency Rate Advance, an Adjusted Base Rate Advance, a Canadian Swingline Advance or a U.S. Swingline Advance, each of which constitutes a Type.

Section 1.5 Change of Currency.

(a) Each obligation of the Borrower to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent, upon consultation with the Borrower, may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent, upon consultation with the Borrower, may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

Section 1.6 Miscellaneous. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Article, Section, Schedule and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Agreement, unless otherwise specified.

ARTICLE II
THE ADVANCES AND THE LETTERS OF CREDIT

Section 2.1 The Advances.

(a) Revolving Advances. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Revolving Advances to the Borrower from time to time on any Business Day on or following the Initial Funding Date but prior to the Maturity Date in an aggregate amount not to exceed at any time outstanding an amount equal to such Lender's Revolving Commitment less the sum of the Dollar Amount of (i) the aggregate principal amount of Revolving Advances owing to such Lender at such time, (ii) such Lender's Pro Rata Share of the aggregate of the Letter of Credit Exposure at such time, and (iii) such Lender's Pro Rata Share of the Swingline Advances; provided that, (A) before and after giving effect to such Borrowing, the aggregate Dollar Amount of all outstanding Revolving Advances, Swingline Advances and Letter of Credit Exposure at any time may not exceed the aggregate Revolving Commitments at such time, (B) such Revolving Advances may be denominated and funded in any Agreed Currency and (C) before and after giving effect to such Borrowing, the aggregate Dollar Amount of all outstanding Revolving Advances, Swingline Advances and Letter of Credit Exposure which are denominated in Norwegian Kroner may not exceed $50,000,000 at any time. Within the limits of each Lender's Revolving Commitment, the Borrower may from time to time prepay pursuant to Section 2.7 and reborrow under this Section 2.1(a).

(b) Swingline Advances.

(i) On the terms and conditions set forth in this Agreement, (A) the U.S. Swingline Lender agrees to, from time to time on any Business Day during the period from the Initial Funding Date until the Maturity Date, make advances (" U.S. Swingline Advances") to the Borrower in an aggregate principal amount not to exceed $50,000,000 outstanding at any time and denominated in U.S. Dollars; and (B) the Canadian Swingline Lender agrees to, from time to time on any Business Day during the period from the Initial Funding Date until the Maturity Date, make advances (" Canadian Swingline Advances") to the Borrower in an aggregate principal amount not to exceed $10,000,000 outstanding at any time and denominated in Canadian Dollars or U.S. Dollars; provided that, (w) with respect to all Swingline Subfacilities, before and after giving effect to any such Borrowing, the aggregate Dollar Amount of the sum of all outstanding Revolving Advances, Swingline Advances and the Letter of Credit Exposure may not exceed the aggregate Revolving Commitments at such time; (x) the aggregate Dollar Amount of the sum of Swingline Advances made under all Swingline Subfacilities may not exceed $50,000,000 at any time; (y) with respect to all Swingline Subfacilities, no Swingline Advance shall be made if the statements set forth in Section 3.3 are not true on the date of the making of

such Swingline Advance, it being agreed by the Borrower that the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Swingline Advance shall constitute a representation and warranty by the Borrower that on the date of such Swingline Advance such statements are true; and (z) with respect to any Canadian Swingline Advance, whether denominated in U.S. Dollars or Canadian Dollars, such Canadian Swingline Advance shall be in a minimum amount of $500,000. Subject to the other provisions hereof, the Borrower may from time to time borrow, prepay (in whole or in part) and reborrow Swingline Advances. Immediately upon the making of a Swingline Advance, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable Swingline Lender a risk participation in such Swingline Advance in an amount equal to its Pro Rata Share of such Swingline Advance.

(ii) Except as provided in the following clause (iv) below, each request for a U.S. Swingline Advance shall be made pursuant to telephone notice to the U.S. Swingline Lender given no later than 1:00 p.m. (Houston, Texas time) on the date of the proposed Swingline Advance, promptly confirmed by a completed and executed Notice of Borrowing faxed to the Administrative Agent. The U.S. Swingline Lender will promptly (but in any event prior to 3:00 p.m. (Houston, Texas time) on the date of such proposed U.S. Swingline Advance make such U.S. Swingline Advance available to the Borrower at the Borrower's account with the Administrative Agent or such other accounts as may be designated by the Borrower.

(iii) Except as provided in the following clause (iv) below, each request for a Canadian Swingline Advance shall be made pursuant to telephone notice to the Canadian Swingline Lender, together with a written notice to the Administrative Agent, given no later than 10:00 a.m. in the Applicable Time specified by the Canadian Swingline Lender, promptly confirmed by a completed and executed Notice of Borrowing faxed to the Canadian Swingline Lender and the Administrative Agent. If, on the date such request is made, the Dollar Amount of the sum of the outstanding Revolving Advances and the Letter of Credit Exposure is equal to or less than 50% of the aggregate Revolving Commitments, then subject to the terms and conditions hereof, the Canadian Swingline Lender will, not later than 2:00 p.m. (in the Applicable Time) on the borrowing date specified for such Canadian Swingline Advance, make the amount of such Canadian Swingline Advance available at the Borrower's account with the Administrative Agent or such other accounts as may be designated by the Borrower. However, if on the date such request is made, the Dollar Amount of the sum of the outstanding Revolving Advances and the Letter of Credit Exposure is greater than 50% of the aggregate Revolving Commitments, then (A) promptly after receipt by the Canadian Swingline Lender of any request for a Canadian Swingline Advance, the Canadian Swingline Lender will confirm with the Administrative Agent that the Administrative Agent has also received such request and, if not, the Canadian Swingline Lender will notify the Administrative Agent of the contents thereof, and (B) unless the Canadian Swingline Lender has received notice in writing from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. (in the Applicable Time) on the date of the proposed Canadian Swingline Advance directing the Canadian Swingline Lender not to make such Canadian Swingline Advance as a result of the limitations set forth in the first proviso of Section 2.1(b) above then, subject to the terms and conditions hereof, the Canadian Swingline Lender will, not later than 3:00 p.m. (in the Applicable Time) on the borrowing date specified for such Canadian Swingline Advance, make the amount of such Canadian Swingline Advance available at the Borrower's account with the Administrative Agent or such other accounts as may be designated by the Borrower.

(iv) With respect to Swingline Advances denominated in Dollars, each Swingline Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes each Swingline Lender to so request on its behalf), that each Lender make an Adjusted Base Rate Advance in an amount equal to such Lender's Pro Rata Share of such Swingline Advances in order to refinance such Swingline Advances. With respect to Canadian Swingline Advances, the Canadian Swingline Lender in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Canadian Swingline Lender to so request on its behalf), that each Lender make a Eurocurrency Rate Advance in Canadian Dollars, in an amount equal to such Lender's Pro Rata Share of such Swingline Advances and with Interest Period of one month. The applicable Swingline Lender shall give the Administrative Agent notice of such Mandatory Revolving Borrowing (A) by 12:00 p.m. (Houston, Texas time) on the date before the proposed Mandatory Revolving Borrowing is to be made in the case of an Adjusted Base Rate Advance, and (B) by 12:00 p.m. (Houston, Texas time) on the fourth Business Day before the date of such proposed Mandatory Revolving Borrowing in the case of a Eurocurrency Rate Advance denominated in Canadian Dollars, which notice the Administrative Agent will promptly forward to each Lender. Each Lender shall make its Revolving Advance available to the Administrative Agent for the account of the applicable Swingline Lender in immediately available funds by 2:00 p.m. (Houston, Texas time) on the date requested, and the Borrower hereby irrevocably instructs the applicable Swingline Lender to apply the proceeds of such Mandatory Revolving Borrowing to the payment of the outstanding Swingline Advances.

(v) If for any reason any Swingline Advance cannot be refinanced by a Revolving Borrowing in accordance with clause (iv) above, the request for the Revolving Advances submitted by the applicable Swingline Lender as set forth therein shall be deemed to be a request by such Swingline Lender that each of the Lenders fund its risk participation in the relevant Swingline Advances and each Lender's payment to the Administrative Agent for the account of the applicable Swingline Lender pursuant to clause (iv) above shall be deemed payment in respect of such participation.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the applicable Swingline Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.1(b) by the time specified in this Section 2.1(b), such Swingline Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such Swingline Lender at a rate per annum equal to the applicable Overnight Rate from time to time in effect. A certificate of such Swingline Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(vii) Each Lender's obligation to make the Revolving Advances or to purchase and fund risk participations in Swingline Advances pursuant to this Section 2.1(b) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against any Swingline Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, (C) whether or not the conditions precedent in Section 3.3 have been satisfied, (D) termination of the Revolving Commitments or acceleration of the Advances, and (E) any other occurrence, event or condition, whether or not similar to any of the foregoing. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swingline Advances, together with interest as provided herein.

(viii) At any time after any Lender has purchased and funded a risk participation in a Swingline Advance, if the applicable Swingline Lender receives any payment on account of such Swingline Advance, such Swingline Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by such Swingline Lender.

(ix) Each Swingline Lender shall be responsible for invoicing the Borrower for interest on the Swingline Advances made by such Swingline Lender. Until a Lender funds its Adjusted Base Rate Advance, Eurocurrency Rate Advance or risk participation pursuant to this Section 2.1(b) to refinance such Lender's Pro Rata Share of any Swingline Advance, interest in respect of such Pro Rata Share shall be solely for the account of the applicable Swingline Lender.

(x) The Borrower shall make all payments of principal and interest in respect of any Swingline Advances directly to the applicable Swingline Lender.

(xi) For purposes of calculating outstandings under this Agreement (a) on each March 31, June 30, September 30 and December 31, commencing June 30, 2014, and (b) from time to time as the Administrative Agent may request, each Swingline Lender shall provide the Administrative Agent with a daily log, in form and detail reasonably acceptable to the Administrative Agent, setting forth the outstanding Dollar Amount of the Swingline Advances made by such Swingline Lender using the Exchange Rate as most recently determined by the Administrative Agent.

Section 2.2 Method of Borrowing.

(a) Notice. Each Revolving Borrowing shall be made pursuant to a Notice of Borrowing and given:

(i) by the Borrower to the Administrative Agent not later than 12:00 p.m. (Houston, Texas time) on the fourth Business Day before the date of the proposed Borrowing in the case of a Eurocurrency Rate Advance denominated in a Foreign Currency,

(ii) by the Borrower to the Administrative Agent not later than 12:00 p.m. (Houston, Texas time) on the third Business Day before the date of the proposed Borrowing in the case of a Eurocurrency Rate Advance denominated in Dollars, and

(iii) by the Borrower to the Administrative Agent not later than 10:00 a.m. (Houston, Texas time) on the date of the proposed Borrowing in the case of an Adjusted Base Rate Advance.

The Administrative Agent shall give each Lender prompt notice on the day of receipt of timely Notice of Borrowing of such proposed Borrowing by facsimile. Each Notice of Borrowing shall be by telephone or facsimile, and if by telephone, confirmed promptly in writing (which confirmation may be provided by facsimile or with a "PDF" file delivered in an e-mail with a return acknowledgment requested), specifying the (i) requested date of such Borrowing (which shall be a Business Day), (ii) requested Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, (iv) if such Borrowing is to be comprised of Eurocurrency Rate Advances, the Interest Period for each such Advance, and (v) the Designated Currency of such Borrowing. In the case of a proposed Borrowing comprised of Eurocurrency Rate Advances, the Administrative Agent shall promptly notify each Lender of the applicable interest rate under Section 2.6(b). Each Lender shall, before 3:00 p.m. (Houston, Texas time)

on the date of the proposed Borrowing, make available for the account of its Lending Office to the Administrative Agent at its address referred to in Section 9.2, or such other location as the Administrative Agent may specify by notice to the Lenders, in same day funds, such Lender's Pro Rata Share of such Borrowing. Promptly upon the Administrative Agent's receipt of such funds (but in any event not later than 4:00 p.m. (Houston, Texas time) on the date of the proposed Borrowing) and provided that the applicable conditions set forth in Article III have been satisfied, the Administrative Agent will make such funds available to the Borrower at its account with the Administrative Agent.

(b) Conversions and Continuations. In order to elect to Convert or continue Advances comprising part of the same Revolving Borrowing under this Section, the Borrower shall deliver an irrevocable Notice of Conversion or Continuation to the Administrative Agent at the Administrative Agent's office (i) no later than 10:00 a.m. (Houston, Texas time) on the proposed conversion date in the case of a Conversion of such Advances to Adjusted Base Rate Advances, (ii) no later than 12:00 p.m. (Houston, Texas time) at least three Business Days in advance of the proposed Conversion or continuation date in the case of a Conversion to, or a continuation of, Eurocurrency Rate Advances denominated in Dollars; and (iii) no later than 12:00 p.m. (Houston, Texas time) at least four Business Days in advance of the proposed Conversion or continuation date in the case of a Conversion to, or a continuation of, Eurocurrency Rate Advances denominated in Foreign Currencies. Each such Notice of Conversion or Continuation shall be by telephone or facsimile, and if by telephone, confirmed promptly in writing (which confirmation may be provided by facsimile or with a "PDF" file delivered in an e-mail with a return acknowledgment requested), specifying (A) the requested Conversion or continuation date (which shall be a Business Day), (B) the Borrowing amount and Type of the Advances to be Converted or continued, (C) whether a Conversion or continuation is requested, and if a Conversion, into what Type of Advances, and (D) in the case of a Conversion to, or a continuation of, Eurocurrency Rate Advances, the requested Interest Period. Promptly after receipt of a Notice of Conversion or Continuation under this paragraph, the Administrative Agent shall provide each Lender with a copy thereof and, in the case of a Conversion to or a continuation of Eurocurrency Rate Advances, notify each Lender of the applicable interest rate under Section 2.6(b). For purposes other than the conditions set forth in Section 3.3, the portion of Revolving Advances comprising part of the same Revolving Borrowing that are Converted to Revolving Advances of another Type shall constitute a new Revolving Borrowing.

(c) Certain Limitations. Notwithstanding anything herein to the contrary:

(i) each Borrowing (other than a Borrowing of Swingline Advances) shall (A) in the case of Eurocurrency Rate Advances, be in an aggregate amount not less than $3,000,000 and greater multiples of $1,000,000 in excess thereof, (B) in the case of Adjusted Base Rate Advances, be in an aggregate amount not less than $500,000 and greater multiples of $100,000 in excess thereof, and (C) consist of Advances of the same Type made on the same day by the Lenders according to their Pro Rata Share;

(ii) at no time shall there be more than eight Interest Periods applicable to outstanding Eurocurrency Rate Advances;

(iii) no single Borrowing consisting of Eurocurrency Rate Advances may include Advances in different currencies;

(iv) the Borrower may not select Eurocurrency Rate Advances for any Borrowing to be made, Converted or continued if (A) the aggregate Dollar Amount of such Borrowing is less than $3,000,000 or (B) a Default or Event of Default has occurred and is continuing;

(v) (A) if any Lender shall, at any time prior to the making of any requested Borrowing comprised of Eurocurrency Rate Advances, notify the Administrative Agent that the introduction of or any change in or in the interpretation of any Legal Requirement makes it unlawful, or that any central bank or other Governmental Authority asserts that it is unlawful, for such Lender or its Lending Office to perform its obligations under this Agreement to make Eurocurrency Rate Advances or to fund or maintain Eurocurrency Rate Advances, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or take deposits of, Dollars or any Foreign Currency in the applicable interbank market, then (1) if the requested Borrowing was of Revolving Advances denominated in Dollars, such Lender's Pro Rata Share of such Borrowing shall be made as an Adjusted Base Rate Advance of such Lender, (2) in any event, such Adjusted Base Rate Advance shall be considered part of the same Borrowing and interest on such Adjusted Base Rate Advance shall be due and payable at the same time that interest on the Eurocurrency Rate Advances comprising the remainder of such Borrowing shall be due and payable, and (3) any obligation of such Lender to make, continue, or Convert to, Eurocurrency Rate Advances in the affected currency or currencies, including in connection with such requested Borrowing, shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist; and (B) such Lender agrees to use commercially reasonable efforts (consistent with its internal policies and legal and regulatory restrictions) to designate a different Lending Office if the making of such designation would avoid the effect of this paragraph and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender;

(vi) if the Administrative Agent is unable to determine the Eurocurrency Rate for Eurocurrency Rate Advances comprising any requested Revolving Borrowing, the right of the Borrower to select Eurocurrency Rate Advances in the affected currency or currencies for such Borrowing or for any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, and upon receipt by the Borrower of the notice of such suspension, the Borrower may revoke the pending request or, failing that, each Revolving Advance comprising such Borrowing shall be made as an Adjusted Base Rate Advance in the Dollar Amount of the originally requested Advance;

(vii) if the Majority Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that (A) the Eurocurrency Rate for Eurocurrency Rate Advances comprising such Borrowing will not adequately reflect the cost to such Lenders of making or funding their respective Eurocurrency Rate Advances, or (B) deposits are not being offered to banks in the applicable offshore interbank market for such currency for the applicable amount and Interest Period of such Eurocurrency Rate Advance, the right of the Borrower to select Eurocurrency Rate Advances in the affected currency or currencies for such Borrowing or for any subsequent Revolving Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, and upon receipt by the Borrower of the notice of such suspension, the Borrower may revoke the pending request or, failing that, each Advance comprising such Borrowing shall be made as an Adjusted Base Rate Advance in the Dollar Amount of the originally requested Advance;

(viii) if any Lender shall, at any time prior to the making of any requested Borrowing comprised of Eurocurrency Rate Advances denominated in a Foreign Currency, notify the Administrative Agent that, as a result of internal banking policy limitations on fundings in such Foreign Currency, such Lender cannot fund all or any portion of its Pro Rata Share of such

Borrowing, then (A) such portion shall be made as an Adjusted Base Rate Advance of such Lender, and (B) in any event, such Adjusted Base Rate Advance shall be considered part of the same Borrowing and interest on such Adjusted Base Rate Advance shall be due and payable at the same time that interest on the Eurocurrency Rate Advances comprising the remainder of such Borrowing shall be due and payable;

(ix) if the Borrower shall fail to select the duration or continuation of any Interest Period for any Eurocurrency Rate Advance in accordance with the provisions contained in the definition of "Interest Period" in Section 1.1 and paragraph (a) or (b) above, the Administrative Agent will forthwith so notify the Borrower and the Lenders and (A) if denominated in Dollars, such affected Advances will be made available to the Borrower on the date of such Borrowing as Adjusted Base Rate Advances or, if such affected Advances are existing Advances, will be Converted into Adjusted Base Rate Advances or at the end of Interest Period then in effect, and (B) if denominated in a Foreign Currency, the Borrower shall be deemed to have specified an Interest Period of one month for such affected Advances or, if such affected Advances are existing Advances, such affected Advances will be continued as a Eurocurrency Rate Advance in the original Designated Currency with an Interest Period of one month;

(x) if the Borrower shall fail to specify a currency for any Eurocurrency Rate Advances, then the Eurocurrency Rate Advances as requested shall be made in Dollars;

(xi) Revolving Advances may only be Converted or continued as Revolving Advances;

(xii) Swingline Advances may not be Converted or continued; and

(xiii) no Revolving Advance may be Converted or continued as a Revolving Advance in a different currency, but instead must be prepaid in the original Designated Currency of such Revolving Advance and reborrowed in such new Designated Currency.

(d) Notices Irrevocable. Each Notice of Borrowing and Notice of Conversion or Continuation shall be irrevocable and binding on the Borrower.

(e) Administrative Agent Reliance. Unless the Administrative Agent shall have received notice from a Lender before the date of any Revolving Borrowing or Mandatory Revolving Borrowing that such Lender will not make available to the Administrative Agent such Lender's Pro Rata Share of such Borrowing, the Administrative Agent may assume that such Lender has made its Pro Rata Share of such Borrowing available to the Administrative Agent on the date of such Borrowing in accordance with paragraph (a) of this Section 2.2 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made its Pro Rata Share of such Borrowing available to the Administrative Agent, such Lender and the Borrower severally agree to immediately repay to the Administrative Agent on demand such corresponding amount, together with interest on such amount, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable on such day to Advances comprising such Borrowing and (ii) in the case of such Lender, the Overnight Rate for such day. If such Lender shall repay to the Administrative Agent such corresponding amount and interest as provided above, such corresponding amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement even though not made on the same day as the other Advances comprising such Borrowing.

(f) Lender Obligations Several. The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, to make its Advance on the date of such Borrowing. No Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

(g) Evidence of Obligations.

(i) The Advances made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by Administrative Agent and the Lenders shall be conclusive absent manifest error of the amount of the Advances made by such Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender to the Borrower made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) the applicable Note or Notes which shall evidence such Lender's Advances to the Borrower in addition to such accounts or records. Each Lender may attach schedules to such Notes and endorse thereon the date, Type (if applicable), amount, currency and maturity of its Advances and payments with respect thereto.

(ii) In addition to the accounts and records referred to in subsection (i) above, each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swingline Advances. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

Section 2.3 Fees.

(a) Commitment Fees. Subject to Section 2.19(a)(iii), the Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee (the "Commitment Fee") equal to the Applicable Margin for Commitment Fees times the actual daily amount by which such Lender's Revolving Commitment exceeds the sum of (i) the Dollar Amount of such Lender's Revolving Advances plus (ii) such Lender's Pro Rata Share of the Letter of Credit Exposure, for the period from the earlier of (A) the Initial Funding Date and (B) the 30 th day following the Closing Date and until the Maturity Date (including at any time during which one or more of the conditions in Article III is not met). The Commitment Fees shall be due and payable quarterly in arrears on each March 31st, June 30th, September 30th and December 31st, commencing June 30, 2014, and on the Maturity Date. For the avoidance of doubt, Swingline Advances shall not reduce the amount of unused Revolving Commitment solely for purposes of calculating the Commitment Fee under this Section 2.3(a).

(b) Letter of Credit Fees. The Borrower agrees to pay to the Administrative Agent for the pro rata benefit of the Lenders letter of credit fees in respect of all Letters of Credit outstanding at a rate per annum equal to the Applicable Margin for Eurocurrency Rate Advances calculated on the maximum amount available from time to time to be drawn under such outstanding Letters of Credit. All such letter of credit fees shall be due and payable quarterly in arrears on March 31st, June 30th, September 30th, and December 31st of each year, and on the Maturity Date. Notwithstanding the

foregoing, (i) upon the occurrence and during the continuance of an Event of Default under Section 7.1(a) or Section 7.1(e), all such letter of credit fees due under this clause (b) shall accrue, after as well as before judgment, at the Default Rate and (ii) upon the occurrence and during the continuance of any Event of Default (including under Section 7.1(a) or Section 7.1(e)), upon the request of the Majority Lenders, all such letter of credit fees shall accrue, after as well as before judgment, at the Default Rate.

(c) Other Fees to Issuing Lenders. The Borrower shall also pay to each Issuing Lender for its own account such documentary, processing and other charges in connection with the issuance, amendment, transfer, modification of and draws under Letters of Credit assessed or incurred by such Issuing Lender from time to time.

(d) Fee Letter. The Borrower agrees to pay when due the fees set forth in the Fee Letter pursuant to the terms thereof.

(e) Foreign Currency Letters of Credit. For purposes of calculating the letter of credit fees, fronting fees and other fees under this Section 2.3, the face amount of each Letter of Credit made in a Foreign Currency shall be at any time the Dollar Amount of such Letter of Credit as determined on the most recent Computation Date with respect to such Letter of Credit

Section 2.4 Reduction of Revolving Commitments. The Borrower shall have the right, upon at least three Business Days' irrevocable notice to the Administrative Agent and the Lenders, to terminate in whole or reduce ratably in part the unused portion of the Revolving Commitments; provided that, each partial reduction shall be in the aggregate amount of $3,000,000 or an integral multiple of $1,000,000 in excess thereof. Any reduction or termination of the Revolving Commitments pursuant to this Section 2.4 shall be permanent, with no obligation of the Lenders to reinstate such Revolving Commitments and the Commitment Fees provided for in Section 2.3(a) shall thereafter be computed on the basis of the Revolving Commitments, as so reduced.

Section 2.5 Repayment of Advances.

(a) Revolving Advances. The Borrower shall repay the outstanding principal amount of each Revolving Advance on the Maturity Date and, for each Mandatory Revolving Borrowing made on or after the Maturity Date, on demand, and in any event, in the Designated Currency in which each such Advance was funded.

(b) Swingline Advances. The Borrower shall repay the outstanding principal amount of each Swingline Advance on the earlier of (i) the Swingline Due Date immediately following the date such Swingline Advance is made by the applicable Swingline Lender and (ii) the Maturity Date, and in any event, in the Designated Currency in which each such Swingline Advance was funded.

Section 2.6 Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) Adjusted Base Rate Advances. If such Advance is an Adjusted Base Rate Advance, a rate per annum equal at all times to the lesser of (i) the Adjusted Base Rate in effect from time to time plus the Applicable Margin for Adjusted Base Rate Advances and (ii) the Maximum Rate, payable in arrears on the last Business Day of each calendar quarter, commencing with the calendar quarter ending June 30, 2014, and on the date such Adjusted Base Rate Advance shall be paid in full.

(b) Eurocurrency Rate Advances. If such Advance is a Eurocurrency Rate Advance, during the Interest Period for such Advance, a rate per annum equal at all times to the lesser of (i) the Eurocurrency Rate for such Interest Period plus the Applicable Margin for Eurocurrency Rate Advances plus (in the case of a Eurocurrency Rate Advance of any Lender which is lent from a Lending Office in the United Kingdom or a Participating Member State), the Mandatory Cost Rate and (ii) the Maximum Rate, payable in arrears on the last day of such Interest Period (provided that for Eurocurrency Rate Advance with six month Interest Periods, accrued but unpaid interest shall also be due on the day three months from the first day of such Interest Period), and on the date such Eurocurrency Rate Advance shall be paid in full.

(c) Swingline Advances. If such Advance is a Swingline Advance, a rate per annum equal at all times to the lesser of (i) the Swingline Rate for such Swingline Advance and (ii) the Maximum Rate, payable quarterly in arrears on the last Business Day of each calendar quarter, commencing with the calendar quarter ending June 30, 2014, and on the Maturity Date.

(d) Usury Recapture. As to each Lender, in the event the rate of interest chargeable under this Agreement or the Notes at any time is greater than the Maximum Rate, the unpaid principal amount of Obligations owing to such Lender shall bear interest at the Maximum Rate until the total amount of interest paid or accrued on such Obligations equals the amount of interest which would have been paid or accrued on such Obligations if the stated rates of interest set forth in this Agreement had at all times been in effect. In the event, upon payment in full of such Obligations, the total amount of interest paid or accrued under the terms of this Agreement and the Notes as to any Lender is less than the total amount of interest which would have been paid or accrued if the rates of interest set forth in this Agreement had, at all times, been in effect, then the Borrower shall, to the extent permitted by applicable Legal Requirements, pay the Administrative Agent for the account of such Lenders an amount equal to the difference between (i) the lesser of (A) the amount of interest which would have been charged on Obligations owing to such Lender if the Maximum Rate had, at all times, been in effect and (B) the amount of interest which would have accrued on such Obligations if the rates of interest set forth in this Agreement had at all times been in effect and (ii) the amount of interest actually paid or accrued under this Agreement on such Obligations. In the event any Lender ever receives, collects or applies as interest any sum in excess of the Maximum Rate, such excess amount shall, to the extent permitted by law, be applied to the reduction of the principal balance of the Obligations owing to it, and if no such principal is then outstanding, such excess or part thereof remaining shall be paid to the Borrower.

(e) Retroactive Adjustment to Applicable Margin. Notwithstanding anything herein to the contrary, in the event that any financial statement or Compliance Certificate delivered pursuant to Section 5.6 is shown to be inaccurate (regardless of whether (i) this Agreement is in effect, (ii) any Revolving Commitments are in effect, or (iii) any Advance or Letter of Credit is outstanding when such inaccuracy is discovered or such financial statement or Compliance Certificate was delivered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "Applicable Period") than the Applicable Margin applied for such Applicable Period, then (A) the Borrower shall immediately deliver to the Administrative Agent a corrected Compliance Certificate for such Applicable Period, (B) the Applicable Margin for such Applicable Period shall be determined as if the Total Capitalization Ratio in the corrected Compliance Certificate were applicable for such Applicable Period (and in any event at the highest level if the inaccuracy was the result of dishonesty, fraud or willful misconduct), and (C) the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent the accrued additional interest and fees owing as a result of such increased Applicable Margin for such Applicable Period. Nothing in this clause (e) shall limit the rights of the Administrative Agent and Lenders with respect to the default rate of interest under Section 2.6(f) below or the rights under Article 7 or any of their other rights under this Agreement or any other Credit Document. The Borrower's obligations under this clause (e) shall survive the termination of the Commitments and the repayment of all other Obligations.

(f) Default Rate. Notwithstanding the foregoing, (i) upon the occurrence and during the continuance of an Event of Default under Section 7.1(a) or Section 7.1(e), all Obligations shall bear interest, after as well as before judgment, at the Default Rate and (ii) upon the occurrence and during the continuance of any Event of Default (including under Section 7.1(a) or Section 7.1(e)), upon the request of the Majority Lenders, all Obligations shall bear interest, after as well as before judgment, at the Default Rate. Interest accrued pursuant to this Section 2.7(e) and all interest accrued but unpaid on or after the Maturity Date shall be due and payable on demand.

Section 2.7 Prepayments.

(a) Right to Prepay. The Borrower shall have no right to prepay any principal amount of any Advance except as provided in this Section 2.7.

(b) Optional Prepayments. The Borrower may elect to prepay any of the Advances, after giving notice thereof to the Administrative Agent and the Lenders by 10:00 a.m. (Houston, Texas) for Adjusted Base Rate Advances, by 12:00 p.m. (Houston, Texas) for all other Advances denominated in Dollars and by 12:00 p.m. in the Applicable Time for Revolving Advances denominated in Foreign Currencies and Canadian Swingline Advances (i) on the day of prepayment of any Swingline Advance, (ii) at least three Business Days' prior to the day of prepayment of any Eurocurrency Rate Advances and (iii) on the day of prepayment of any Adjusted Base Rate Advance. Such notice shall be by telephone or facsimile, and if by telephone, confirmed promptly in writing, and must state the proposed date and aggregate principal amount of such prepayment, whether such prepayment should be applied to reduce outstanding Revolving Advances or Swingline Advances, and if applicable, the relevant Interest Period for the Advances to be prepaid. If any such notice is given, the Borrower shall prepay Advances comprising part of the same Borrowing in whole or ratably in part in an aggregate principal amount equal to the amount specified in such notice, and shall also pay accrued interest to the date of such prepayment on the principal amount prepaid and amounts, if any, required to be paid pursuant to Section 2.8 as a result of such prepayment being made on such date; provided, however, that (i) each partial prepayment of Eurocurrency Rate Advances shall be in an aggregate principal amount of not less than $3,000,000 and in integral multiples of $1,000,000 in excess thereof, (ii) each partial prepayment of Adjusted Base Rate Advances shall be in an aggregate principal amount of not less than $500,000 and in integral multiples of $100,000 in excess thereof, (iii) each partial prepayment of Swingline Advances shall be in an aggregate principal amount of not less than $500,000, and (iv) any prepayment of an Advance shall be made in the Designated Currency in which such Advance was funded. Each prepayment pursuant to this Section 2.7(b) shall be accompanied by accrued interest on the amount prepaid to the date of such prepayment and amounts, if any, required to be paid pursuant to Section 2.8 as a result of such prepayment being made on such date.

(c) Ratable Payments. Each payment of any Advance pursuant to this Section 2.7 or any other provision of this Agreement shall be made in a manner such that all Advances comprising part of the same Borrowing are paid in whole or ratably in part.

(d) Effect of Notice. All notices given pursuant to this Section 2.7 shall be irrevocable and binding upon the Borrower.

Section 2.8 Breakage Costs. If (a) any payment of principal of any Eurocurrency Rate Advance is made other than on the last day of the Interest Period for such Advance as a result of any payment hereunder or the acceleration of the maturity of the Obligations pursuant to Article VIII or otherwise; (b) the Borrower fails to borrow, Convert, continue, repay or prepay any Eurocurrency Rate Advance on the date specified in any notice delivered pursuant hereto (other than default by a Lender), (c) the Borrower fails to make a principal or interest payment with respect to any Eurocurrency Rate Advance on the date such payment is due and payable, the Borrower shall, within 10 days of any written demand sent by any Lender to the Borrower (with a copy to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts (without duplication of any other amounts payable in respect of breakage costs) required to compensate such Lender for any additional losses, out-of-pocket costs or expenses which it may reasonably incur as a result of such payment or nonpayment, including any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

Section 2.9 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (other than any change by way of imposition or increase of reserve requirements included in the calculation of the Eurocurrency Rate but including any change or introduction which would result in the failure of the Mandatory Cost Rate, as calculated hereunder, to represent the cost to any Lender of complying with the requirements of the Bank of England and/or the Authorities or the European Central Bank in relation to its making, funding or maintaining Eurocurrency Rate Advances) or any Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuing Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Advances made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Advance or of maintaining its obligation to make any such Advance, or to increase the cost to such Lender, such Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, Issuing Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Issuing Lender or other Recipient, the Borrower will pay to such Lender, Issuing Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or Issuing Lender determines that any Change in Law affecting such Lender or Issuing Lender or any lending office of such Lender or such Lender's or Issuing Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or Issuing Lender's capital or on the capital of such Lender's or Issuing Lender's holding company, if any, as a consequence of this

Agreement, the Revolving Commitments of such Lender or the Advances made by, or participations in Letters of Credit or Swingline Advances held by, such Lender, or the Letters of Credit issued by any Issuing Lender, to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Lender, as the case may be, the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Lender or Issuing Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.10 Payments and Computations.

(a) Payment Procedures. Except if otherwise set forth herein, the Borrower shall make each payment under this Agreement not later than 1:00 p.m. (Houston, Texas time) for payments due in Dollars and not later than 1:00 p.m. in the Applicable Time for payments due in Foreign Currencies (and payments due to the Canadian Swingline Lender related to Canadian Swingline Advances), on the day when due in the Designated Currency as to outstanding Advances and Reimbursement Obligations, and in Dollars as to all other amounts, to the Administrative Agent at its Lending Office (or such other location as the Administrative Agent shall designate in writing to the Borrower) in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest or fees ratably (other than amounts payable solely to the Administrative Agent, the Issuing Lenders, or a specific Lender pursuant to Section 2.1(b), 2.3(b), 2.3(c), 2.6(d), 2.6(f), 2.8, 2.9, 2.11, 2.12, 2.13(d), 9.4 or 9.7 but after taking into account payments effected pursuant to Section 7.6) to the Lenders in accordance with each Lender's Pro Rata Share for the account of their respective Lending Offices, and like funds relating to the payment of any other amount payable to any Lender or any Issuing Lender to such Lender or such Issuing Lender for the account of its Lending Office, in each case to be applied in accordance with the terms of this Agreement.

(b) Computations. All computations of interest based on the Prime Rate, interest on Swingline Advances and interest on Eurocurrency Rate Advances denominated in Pounds Sterling shall be made by the Administrative Agent (or with respect to each Swingline Advance, by the applicable Swingline Lender) on the basis of a year of 365 or 366 days, as the case may be. All computations of interest on Eurocurrency Rate Advances denominated in Canadian Dollars shall be made by the Administrative Agent (or with respect to each Swingline Advance, by the applicable Swingline Lender)

on the basis of a year of 365 days. All computations of fees and interest based on the Eurocurrency Rate (other than as set forth in the immediately preceding sentence), Overnight Rate and the Federal Funds Rate shall be made by the Administrative Agent on the basis of a year of 360 days. In any case, such computations shall be made for the actual number of days (including the first day, but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent (or with respect to each Swingline Advance, by the applicable Swingline Lender) of an interest rate shall be conclusive and binding for all purposes, absent manifest error.

(c) Non-Business Day Payments. Whenever any payment shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be; provided, however, that if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Administrative Agent Reliance. Unless the Administrative Agent shall have received written notice from the Borrower prior to the date on which any payment is due to the Lenders that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender, together with interest, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Overnight Rate for such day.

(e) Application of Payments. Whenever any payment received by the Administrative Agent under this Agreement is insufficient to pay in full all amounts then due and payable under this Agreement and Notes, such payment shall be distributed and applied by the Administrative Agent and the Lenders in the following order: first, to the payment of fees and expenses due and payable to the Administrative Agent under and in connection with this Agreement or any other Credit Document; second, to the payment of all amounts due and payable under Section 2.11(c), ratably among the Lenders in accordance with the aggregate amount of such payments owed to each such Lender; third, to the payment of fees due and payable pursuant to Section 2.3(b), ratably among the Issuing Lenders in accordance with the aggregate amount of such payments owed to each such Issuing Lender; fourth, to the payment of all other fees due and payable under Section 2.3 ratably among the Lenders in accordance with their applicable Revolving Commitments; and fifth, to the payment of the interest accrued on and the principal amount of all of the Advances, and the interest accrued on and the principal amount of all Reimbursement Obligations, regardless of whether any such amount is then due and payable, ratably among the Lenders in accordance with the aggregate accrued interest plus the aggregate principal amount owed to such Lender.

Section 2.11 Taxes.

(a) Defined Terms. For purposes of this Section 2.11, the term “Lender” includes any Issuing Lender and the term “applicable law” includes FATCA

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Credit Party under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of

any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Credit Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 30 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 30 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.6(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Credit Party to a Governmental Authority pursuant to this Section 2.11, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if

reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.11(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable;

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.11 (including by the payment of additional amounts pursuant to this Section 2.11), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.11 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Revolving Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

Section 2.12 Illegality. If any Lender shall notify the Administrative Agent and the Borrower that the introduction of or any change in or in the interpretation of any Legal Requirement makes it unlawful, or that any central bank or other Governmental Authority asserts that it is unlawful for such Lender or its Lending Office to perform its obligations under this Agreement to maintain any Eurocurrency Rate Advances of such Lender then outstanding hereunder or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or take deposits of, Dollars or any Foreign Currency in the applicable interbank market, then, notwithstanding anything herein to the contrary, the Borrower shall, if demanded by such Lender in its notice, no later than 12:00 p.m. (Houston, Texas time), (a) if not prohibited by any Legal Requirement to maintain such Eurocurrency Rate Advances for the duration of the Interest Period, on the last day of the Interest Period for each outstanding Eurocurrency Rate Advance of such Lender or (b) if prohibited by any Legal Requirement to maintain such Eurocurrency Rate Advances for the duration of the Interest Period, on the second Business Day following its receipt of such notice from such Lender, then (i) with respect to Revolving Advances denominated in a Foreign Currency, prepay such Eurocurrency Rate Advances of such Lender then outstanding and which are denominated in such affected currency or currencies together with all accrued interest on the amount so prepaid, and amounts, if any, required to be paid pursuant to Section 2.8 as a result of such prepayment being made on such date, and (ii) with respect to Revolving Advances denominated in Dollars, Convert all such Eurocurrency Rate Advances of such Lender then outstanding to Adjusted Base Rate Advances and pay accrued interest on the principal amount Converted to the date of such Conversion and amounts, if any, required to be paid pursuant to Section 2.8 as a result of such Conversion being made on such date. Each Lender agrees to use commercially reasonable efforts (consistent with its internal policies and legal and regulatory restrictions) to designate a different Lending Office if the making of such designation would avoid the effect of this paragraph and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

Section 2.13 Letters of Credit.

(a) Issuance of Letters of Credit. Each Issuing Lender, the Lenders and the Borrower agree that effective as of the Initial Funding Date, the Existing Letters of Credit shall be deemed to have been issued and maintained under, and to be governed by the terms and conditions of, this Agreement as Letters of Credit. From time to time from the Initial Funding Date until ten days before the Maturity Date, at the written request of the Borrower given to the applicable Issuing Lender and to the Administrative Agent not later than (i) 12:00 p.m. (Houston, Texas time) on the third Business Day before the date of the proposed issuance, amendment, or extension of a Letter of Credit denominated in a Foreign Currency and (ii) 12:00 p.m. (Houston, Texas time) on the second Business Day (or such later time and date as may be agreed to among the Borrower, the applicable Issuing Lender and the Administrative Agent) before the date of the proposed issuance, amendment, or extension of a Letter of Credit denominated in Dollars, the requested Issuing Lender shall, on any Business Day and on the terms and conditions hereinafter set forth (and, if applicable, subject to the terms of the applicable Letter of Credit), issue, increase, decrease, amend, or extend the expiration date of, Letters of Credit for the account of the Borrower (for its own benefit or for the benefit of any of its Subsidiaries). Promptly after receipt by the applicable Issuing Lender of such request, the applicable Issuing Lender will confirm with the Administrative Agent that the Administrative Agent has also received such request and, if not, the

applicable Issuing Lender will notify the Administrative Agent of the contents thereof. With respect to any issuance of or increase to a Letter of Credit, unless the applicable Issuing Lender has received notice in writing from the Administrative Agent (including at the request of any Lender) at least one Business Day prior to the requested date of the proposed issuance or increase, directing the applicable Issuing Lender not to issue or increase such Letter of Credit as a result of the limitations set forth clause 2.13(b)(i) below then, subject to the terms and conditions hereof, the applicable Issuing Lender will issue or increase such Letter of Credit as requested by the Borrower. Letters of Credit shall be denominated in any Agreed Currency.

(b) Limitations. No Letter of Credit will be issued, increased, or extended (or deemed issued as to the Existing Letters of Credit) (i) if such issuance, increase, or extension would cause (A) the Dollar Amount of the Letter of Credit Exposure to exceed $150,000,000 or (B) the sum of the Letter of Credit Exposure plus the aggregate Dollar Amount of all outstanding Revolving Advances and Swingline Advances at such time to exceed the aggregate Revolving Commitments; (ii) subject to the last sentence of this clause (b), unless such Letter of Credit has an Expiration Date not later than the earlier of (x) thirty-six (36) months after the date of issuance or last renewal of such Letter of Credit and (y) twelve (12) months after the Maturity Date; (iii) unless such Letter of Credit (or, if applicable, the amendment to a Letter of Credit) is in form and substance acceptable to the applicable Issuing Lender in its sole discretion; (iv) unless the Borrower has delivered to the applicable Issuing Lender a completed and executed letter of credit application on such Issuing Lender's standard form, which shall contain terms no more restrictive than the terms of this Agreement; (v) unless such Letter of Credit is governed by the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 (" UCP"), the International Standby Practices (ISP 98), International Chamber of Commerce Publication No. 590 (" ISP") or any successor to the UCP or ISP and, to the extent not inconsistent therewith, the New York Uniform Commercial Code, as in effect from time to time; or (vi) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain an Issuing Lender from issuing or providing such Letter of Credit, or any Legal Requirements applicable to such Issuing Lender shall prohibit the issuance or provision of such type of Letter of Credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Lender is not otherwise compensated hereunder) not in effect on the date hereof or shall impose upon such Issuing Lender any unreimbursable loss, cost or expense which was not applicable on the date hereof and which such Issuing Lender in good faith deems material. If the terms of any letter of credit application referred to in the foregoing clause (iv) conflicts with the terms of this Agreement, the terms of this Agreement shall control. Notwithstanding the limitation in clause (ii) above, (x) any Letter of Credit may expressly provide for an automatic extension of additional periods up to one additional year so long as such Letter of Credit expressly allows the applicable Issuing Lender, at its sole discretion, to elect not to provide such extension; provided that, in any event, such automatic extension may not result in an expiration date that occurs more than twelve (12) months after the Maturity Date, and (y) if Revolving Commitments are terminated in whole pursuant to the terms of this Agreement, the Borrower shall either (A) deposit into the Cash Collateral Account cash in an amount equal to the Minimum Collateral Amount for the Letters of Credit which have an expiry date beyond the Maturity Date or (B) provide a replacement letter of credit (or other security) reasonably acceptable to the Administrative Agent and the applicable Issuing Lender in an amount equal to the Minimum Collateral Amount for such Letter of Credit Exposure.

(c) Participations. With respect to each Existing Letter of Credit described on Schedule 1.1(c), as it may have been updated pursuant to Section 3.2(a), each Lender is deemed to have purchased a participation in the related Letter of Credit Exposure equal to such Lender's Pro Rata Share of such Letter of Credit Exposure on the Closing Date. On the date of the issuance or increase of any Letter of Credit on or after the Initial Funding Date, each Issuing Lender shall be deemed to have sold to

each other Lender and each other Lender shall have been deemed to have purchased from such Issuing Lender a participation in the Letter of Credit Exposure related to the Letters of Credit issued by such Issuing Lender equal to such Lender's Pro Rata Share at such date and such sale and purchase shall otherwise be in accordance with the terms of this Agreement. Each Issuing Lender shall promptly deliver to the Administrative Agent by telex, telephone, or facsimile (or by e-mail with a return receipt requested) which the Administrative Agent will promptly deliver to each such participant Lender, a notice of each Letter of Credit of such Issuing Lender issued, increased or decreased, and the Administrative Agent shall also notify each Lender of the actual amount of such Lender's participation in such Letter of Credit. Each Lender's obligation to purchase participating interests pursuant to this Section, to make a Mandatory Revolving Borrowing as set forth in clause (d) below, to reimburse such Issuing Lender for such Lender's Pro Rata Share of any payment under a Letter of Credit by such Issuing Lender not reimbursed in full by the Borrower, and to fund its participation interests in Letters of Credit as set forth below, shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any of the circumstances described in paragraph (f) or (e) below, (ii) the occurrence and continuance of a Default, (iii) an adverse change in the financial condition of the Borrower, (iv) any deposit of cash or other securities as collateral or the provision of any other support for the Borrower's reimbursement obligations related thereto, (v) any termination of this Agreement other than a termination in writing agreed to by each Issuing Lender which expressly provides for a termination of the Lenders' reimbursement obligations owing to the Issuing Lenders hereunder, and (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided that, a Lender may have a claim against an Issuing Lender for any such circumstance, happening or event constituting or arising from gross negligence or willful misconduct on the part of such Issuing Lender.

(d) Reimbursement. Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable Issuing Lender shall notify the Borrower and the Administrative Agent thereof (which the Administrative Agent will promptly forward to the Lenders). No later than 11:00 a.m. on the date of any payment to be made by such Issuing Lender under a Letter of Credit, the Borrower agrees to pay to such Issuing Lender an amount equal to any amount paid or to be paid by such Issuing Lender on such date under or in respect of such Letter of Credit and in the currency paid or to be paid by such Issuing Lender. Notwithstanding the foregoing, if, after the issuance of any Letter of Credit denominated in a Foreign Currency, such currency ceases to be an Agreed Currency as provided in the definition of Agreed Currency, then all payments to be made by the Borrower hereunder in such currency shall instead be made when due (either directly by the Borrower or through a deemed borrowing under clause (i) below) in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrower take all risks of the imposition of any such currency control or exchange regulations. In the event an Issuing Lender makes a payment pursuant to a request for draw presented under a Letter of Credit and such payment is not promptly reimbursed by the Borrower as required herein, such Issuing Lender shall give notice of such payment to the Administrative Agent (which the Administrative Agent will promptly forward to the Lenders). In such event, the Borrower shall be deemed to have requested a Mandatory Revolving Borrowing consisting of (i) for unreimbursed drawings under Letters of Credit denominated in Dollars or in a Foreign Currency which ceased to be an Agreed Currency, Adjusted Base Rate Advances, and (ii) for unreimbursed drawings under Letters of Credit denominated in Foreign Currencies, Eurocurrency Rate Advances in such Agreed Currency and in the amount of such unreimbursed amount with an Interest Period of one month; provided that, if the Revolving Commitments have terminated or otherwise expired, such Eurocurrency Rate Advances shall bear interest at the overnight Eurocurrency Rate. The applicable Issuing Lender shall give the Administrative Agent notice of such deemed Borrowing (A) by 12:00 p.m. (Houston, Texas time) on the date before the proposed Borrowing is to be made in the case of an Adjusted Base Rate Advance or Eurocurrency Rate Advances bearing interest at the overnight Eurocurrency Rate and (B) by 12:00 p.m. (Houston, Texas time) on the fourth Business Day before the date of such proposed Borrowing in the case of a Eurocurrency Rate Advance denominated in

a Foreign Currency with an Interest Period of one month (which notice the Administrative Agent shall promptly give to each Lender). Each Lender shall, no later than 1:00 p.m. on the Business Day specified in such notice, promptly make such funds available to the applicable Issuing Lender, in the applicable currency and in an amount equal to such Lender's Pro Rata Share of the unreimbursed amount. The Borrower hereby unconditionally and irrevocably authorizes, empowers, and directs the Administrative Agent and the Lenders to record and otherwise treat each payment under a Letter of Credit not immediately reimbursed by the Borrower as a Borrowing comprised of Adjusted Base Rate Advances or Eurocurrency Rate Advances, as applicable, to the Borrower. If for any reason such Mandatory Revolving Borrowing cannot be made by any Lender, the request for such Mandatory Revolving Borrowing submitted by the applicable Issuing Lender as set forth herein shall be deemed to be a request by such Issuing Lender that each of the Lenders fund its risk participation in the relevant Letter of Credit and each Lender's payment to the Administrative Agent for the account of the applicable Issuing Lender pursuant to this clause (d) shall be deemed payment in respect of such participation. If the funds are not made available by a Lender to the applicable Issuing Lender on the required date (either as the making of a Revolving Advance or the funding of its participation interest in such Letters of Credit), such Lender shall pay interest thereon to the applicable Issuing Lender at a rate per annum equal to the applicable Overnight Rate. At any time after any Lender has funded its participation in a Letter of Credit, if the applicable Issuing Lender receives any payment on the applicable Reimbursement Obligation from the Borrower, such Issuing Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participation was funded) in the same funds as those received by such Issuing Lender. All overdue Reimbursement Obligations of the Borrower shall bear interest as set forth in Section 2.6(f).

(e) Obligations Unconditional. The obligations of the Borrower under this Agreement in respect of each Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, notwithstanding the following circumstances:

(i) any lack of validity or enforceability of any Letter of Credit Documents;

(ii) any amendment or waiver of or any consent to departure from any Letter of Credit Documents;

(iii) the existence of any claim, set-off, defense or other right which any Credit Party or any Lender or any other Person may have at any time against any beneficiary or transferee of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any Issuing Lender or any other Person or entity, whether in connection with this Agreement, the transactions contemplated in this Agreement or in any Letter of Credit Documents or any unrelated transaction;

(iv) any statement, draft or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect to the extent any Issuing Lender would not be liable therefor pursuant to the following paragraph (f);

(v) payment by any Issuing Lender under such Letter of Credit against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing;

provided, however, that nothing contained in this paragraph (e) shall be deemed to constitute a waiver of any remedies of the Borrower in connection with the Letters of Credit.

(f) Liability of Issuing Lenders. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. No Issuing Lender nor any of its officers or directors shall be liable or responsible for, and the Borrower's obligations hereunder shall not be affected by:

(i) the use which may be made of any Letter of Credit, any transfer of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith;

(ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged;

(iii) payment by any Issuing Lender against presentation of documents which do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the relevant Letter of Credit;

(iv) any adverse change in the relevant exchange rates or in the availability of the relevant Agreed Currency to the Borrower or in the relevant currency markets generally; or

(v) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit (**INCLUDING ANY ISSUING LENDER'S OWN NEGLIGENCE**),

except that the Borrower shall have a claim against such Issuing Lender, and such Issuing Lender shall be liable to, and shall promptly pay to, the Borrower, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower which the Borrower proves were caused by such Issuing Lender's willful misconduct or gross negligence. In furtherance and not in limitation of the foregoing clause (f), the Issuing Lenders may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and may refuse to accept documents that are not in strict conformity with the terms of the Letter of Credit, and any such acceptance or refusal shall not be deemed to constitute gross negligence or willful misconduct.

(g) Cash Collateral Account. The Borrower shall, (i) subject to the next sentence, within 10 days prior to the Maturity Date and (ii) at any time, if an Event of Default has occurred and is continuing, on the Business Day the Borrower receives written notice from an Issuing Lender or the Administrative Agent that collateralization is being required pursuant to Section 7.2(b) or Section 7.3(b), either (A) provide Cash Collateral in an amount equal to the Letter of Credit Exposure as of such date or (B) cause to be issued an irrevocable standby letter of credit in favor of the applicable Issuing Lender and issued by a bank or other financial institution acceptable to such Issuing Lender and the Administrative Agent to support the full amount of the Letter of Credit Exposure as of such date. With respect to Letters of Credit having an expiry date that occurs after the Maturity Date, the Borrower shall, within 60 days prior to the Maturity Date, either (x) provide Cash Collateral in an amount equal to the Letter of Credit Exposure related to such Letters of Credit as of such date or (y) cause to be issued an irrevocable standby letter of credit in favor of the applicable Issuing Lender and issued by a bank or other financial institution acceptable to such Issuing Lender and the Administrative Agent to support the full amount of the Letter of Credit Exposure related to such Letters of Credit as of such date. With respect to Letters of Credit issued in Foreign Currencies, if the Borrower elects to provide Cash Collateral pursuant to clause (A) above, then at the election of the Administrative Agent, the Borrower shall be required to either (1)

deposit cash with the Administrative Agent in the Designated Currencies for the Letters of Credit or (2) deposit cash with the Administrative Agent in Dollars equal to the Dollar Amount of the Letter of Credit Exposure and, thereafter, deposit additional cash in Dollars at any time and from time to time as may be reasonably requested by the Administrative Agent in order to protect against the results of exchange rate fluctuations.

(h) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary of the Borrower, the Borrower shall be obligated to reimburse the applicable Issuing Lender hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(i) Information to Administrative Agent from Issuing Lenders. For purposes of calculating outstandings and Letters of Credit issued under this Agreement, so long as the Person serving as an Issuing Lender is not the same Person serving as the Administrative Agent, (i) on each March 31, June 30, September 30 and December 31, commencing June 30, 2014, and (ii) from time to time as the Administrative Agent may request, each Issuing Lender shall provide the Administrative Agent with a daily log, in form and detail reasonably acceptable to the Administrative Agent, setting forth the Dollar Amount of all outstanding Letters of Credit issued by such Issuing Lender using the Exchange Rate as most recently determined by the Administrative Agent.

Section 2.14 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off or otherwise) on account of its Advances or its share of Letter of Credit Obligations in excess of its Pro Rata Share of payments on account of the Advances or Letter of Credit Obligations obtained by all the Lenders, then such Lender shall notify the Administrative Agent and the other Lenders and forthwith purchase from the other Lenders, such participations in the Advances made by them or Letter of Credit Obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably in accordance with the requirements of this Agreement with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (a) the amount of the participation sold by such Lender to the purchasing Lender as a result of such excess payment to (b) the total amount of such excess payment) of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to the purchasing Lender to (ii) the total amount of all such required repayments to the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.14 may, to the fullest extent permitted by law, unless and until rescinded as provided above, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

Section 2.15 Increase of Revolving Commitment.

(a) At any time on or following the Initial Funding Date but prior to the Maturity Date, the Borrower may effectuate no more than two increases in the aggregate Revolving Commitments by an aggregate amount not greater than $250,000,000 (any such increase, a " Commitment Increase"), by designating either one or more of the existing Lenders (each of which, in its sole discretion, may determine whether and to what degree to participate in such Commitment Increase) or one or more other banks or other financial institutions (reasonably acceptable to the Administrative Agent, the Issuing

Lenders and the Swingline Lenders) that at the time agree, in the case of any such bank or financial institution that is an existing Lender to increase its Revolving Commitment as such Lender shall so select (an "Increasing Lender") and, in the case of any other such bank or financial institution (an "Additional Lender"), to become a party to this Agreement; provided, however, that (i) the aggregate Revolving Commitments shall not at any time exceed $1,000,000,000 and (ii) the minimum amount of each such Commitment Increase shall not be less than $5,000,000. The sum of the increases in the Revolving Commitments of the Increasing Lenders plus the Revolving Commitments of the Additional Lenders upon giving effect to the Commitment Increase shall not in the aggregate exceed the amount of the Commitment Increase. The Borrower shall provide prompt notice of any proposed Commitment Increase pursuant to this Section 2.15 to the Administrative Agent and the Lenders.

(b) Any Commitment Increase shall become effective upon (i) the receipt by the Administrative Agent of (A) an agreement in form and substance satisfactory to the Administrative Agent signed by the Borrower, each Increasing Lender and each Additional Lender, setting forth the new Revolving Commitment of each such Lender and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof binding upon each Lender, and (B) such evidence of appropriate authorization on the part of the Borrower with respect to the Commitment Increase and such opinions of counsel for the Borrower with respect to the Commitment Increase as the Administrative Agent may reasonably request, and (ii) receipt by the Administrative Agent of a certificate (the statements contained in which shall be true) of a Responsible Officer of the Borrower stating that both before and after giving effect to such Commitment Increase (A) no Event of Default has occurred and is continuing, (B) all representations and warranties made by the Borrower in this Agreement are true and correct in all material respects, except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true, correct and complete in all respects, on such date of the Commitment Increase with the same effect as if made on and as of such date (except for any such representation and warranty that by its terms is made only as of an earlier date, which representation and warranty shall remain true and correct as of such earlier date) and (C) the Borrower is in compliance with the covenants set forth in Section 6.8 based on the financial statements most recently delivered pursuant to Section 5.6(a) or 5.6(b), as applicable, both before and after giving effect (on a pro forma basis) to (x) any Commitment Increase, and (y) the making of any Advances contemporaneously with such Commitment Increase.

(c) Except for any upfront fees payable by the Borrower to the Lenders, all of the other terms and conditions applicable to such Commitment Increase shall be identical to the terms and conditions applicable to the Facility.

(d) Such Commitment Increase shall be effected pursuant to one or more Lender joinder agreements executed and delivered by the Borrower, the Administrative Agent and the applicable Increasing Lenders (which Lender Joinder Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Credit Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.15).

(e) The Borrower shall prepay any Advances outstanding on the effective date of such Commitment Increase to the extent necessary to keep the outstanding Revolving Advances ratable with any revised Pro Rata Share arising from any nonratable increases in the Revolving Commitments under this Section 2.15.

(f) Notwithstanding any provision contained herein to the contrary, from and after the date of any Commitment Increase, all calculations and payments of interest on the Advances shall take into account the actual Revolving Commitment of each Lender and the principal amount outstanding of each Advance made by such Lender during the relevant period of time.

Section 2.16 Mitigation Obligations; Lender Replacement; Termination of Defaulting Lender.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.9, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.11, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.9 or 2.11, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Right to Replace. The Borrower shall have the right to replace each Lender affected by a condition under Sections 2.2(c)(v), 2.2(c)(viii), 2.9, 2.11 or 2.12, each Lender that is a Defaulting Lender or a Non-Approving Lender and each Lender that is due interest based on the Mandatory Cost Rate (each such Lender, an "Affected Lender") in accordance with the procedures in this Section 2.16 and provided that (i) no reduction of the total Revolving Commitments occurs as a result thereof, (ii) such Affected Lender has declined or is unable to designate a different lending office in accordance with Section 2.16(a) to remedy any such condition, (iii) the condition entitling the Borrower to require such replacement has not ceased to apply and (iv) such assignment does not conflict with applicable law.

(c) Procedure. Any assumptions of Revolving Commitments pursuant to this Section 2.16 shall be made by the purchasing Lender or Eligible Assignee and the selling Lender by entering into an Assignment and Assumption and by following the procedures in Section 9.6 for adding a Lender; provided that the Borrower or the assignee (if such assignee is not the Administrative Agent or its Affiliate) shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 9.6(a), which may be waived by the Administrative Agent in its sole discretion. In connection with the increase of the Revolving Commitments of any Lender or the introduction of any Eligible Assignee pursuant to the foregoing paragraph (b), each Lender with an increased Revolving Commitment and each new Eligible Assignee shall purchase from the Affected Lenders at par such Lender's or such new Lender's ratable share of the outstanding Advances, funded participations, accrued interest thereon and accrued fees of the Affected Lenders (and provided that the Borrower shall be obligated to pay any other amounts payable to any such Affected Lender under the Credit Documents, including pursuant to Section 2.8 hereof) and shall be automatically deemed to have assumed such Lender's or such new Lender's ratable share of the Affected Lenders' participations in Letter of Credit Exposure.

(d) Termination of Defaulting Lender.

(i) Entire Revolving Commitment. At any time when a Lender is then a Defaulting Lender, the Borrower, at the Borrower's election, may elect to terminate such Defaulting Lender's Revolving Commitment hereunder; provided that (A) the Borrower must elect to terminate such Defaulting Lender's entire Commitment, (B) the Borrower shall pay to the Administrative Agent all amounts owed by the Borrower to such Defaulting Lender in its capacity as a Lender under this Agreement and under the other Credit Documents (excluding any amounts owing under Section 2.8 as result of such payment) and shall, to the extent such Defaulting Lender's ratable share of the Letter of Credit Exposure has not been, or has only

partially been, reallocated pursuant to Section 2.19(a)(iv), deposit with the Administrative Agent into the Cash Collateral Account cash collateral in the amount equal to such Defaulting Lender's Fronting Exposure (after giving effect to any partial reallocation pursuant to Section 2.19(a)(iv)), (C) a Defaulting Lender's Revolving Commitment may be terminated by the Borrower under this Section 2.16(d) only if at such time, the Borrower has elected, or is then electing, to terminate the Revolving Commitments of all then existing Defaulting Lenders and (D) such termination shall not be permitted if a Default has occurred and is continuing. Upon written notice to the Defaulting Lender and the Administrative Agent of the Borrower's election to terminate such Defaulting Lender's Commitment pursuant to this clause (i) and the payment and deposit of amounts required to be made by the Borrower under clause (B) above, (1) such Defaulting Lender shall cease to be a "Lender" hereunder for all purposes except that such Lender's rights and obligations as a Lender under Sections 2.9, 2.11, 8.5 and 9.7 shall continue with respect to events and occurrences occurring before or concurrently with its ceasing to be a "Lender" hereunder, (2) such Defaulting Lender's Revolving Commitment shall be deemed terminated in whole and (3) such Defaulting Lender shall be relieved of its obligations hereunder as a "Lender" except as to its obligations under Section 8.5 with respect to events and occurrences occurring before or concurrently with its ceasing to be a "Lender" hereunder, provided that any such termination will not be deemed to be a waiver or release of any claim by the Borrower, the Administrative Agent, any Swingline Lender, any Issuing Lender or any Lender against such Defaulting Lender.

(ii) Unused Commitment Termination. The Borrower may terminate the unused amount of the Revolving Commitment of any Lender that is a Defaulting Lender upon not less than 30 Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 2.19(a)(ii) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, any Issuing Lender, any Swingline Lender or any Lender may have against such Defaulting Lender, and (iii) to the extent such Defaulting Lender's ratable share of the Letter of Credit Exposure has not been, or has only partially been, reallocated pursuant to Section 2.19(a)(iv), the Borrower shall deposit with the Administrative Agent into the Cash Collateral Account cash collateral in the amount equal to such Defaulting Lender's Fronting Exposure (after giving effect to any partial reallocation pursuant to Section 2.19(a)(iv)).

Section 2.17 Currency Fluctuations, Mandatory Prepayments and Deposits in the Cash Collateral Accounts .

(a) Not later than 1:00 p.m., Houston, Texas time, on each Computation Date, the Administrative Agent shall determine the Exchange Rate as of such Computation Date and give notice thereof to the Borrower, each Lender, Swingline Lender and Issuing Lender. The Exchange Rate so determined shall become effective on the first Business Day after such Computation Date and shall remain effective through the next succeeding Computation Date.

(b) If, on any Computation Date, the Dollar Amount of the sum of the outstanding principal amount of Revolving Advances plus the outstanding principal amount of Swingline Advances plus the Letter of Credit Exposure exceeds an amount equal to 102% of the aggregate Revolving Commitments then in effect, then the Administrative Agent shall give notice thereof to the Borrower and the Lenders, and the Borrower shall within five (5) Business Days thereafter prepay Advances, or if the Advances have been repaid or prepaid in full, make deposits into the Cash Collateral Account, such that after giving effect to such prepayment of Advances or deposits into the Cash Collateral Account, the Dollar Amount of the sum of the outstanding principal amount of Revolving Advances plus the outstanding principal amount of Swingline Advances plus the Letter of Credit Exposure does not exceed the aggregate Revolving Commitments then in effect.

(c) If any currency shall cease to be an Agreed Currency as provided in the last sentence of the definition of "Agreed Currency", then promptly, but in any event within five (5) Business Days of receipt of the notice from the Administrative Agent provided for in such sentence, the Borrower shall repay all Advances funded and denominated in such affected currency or Convert such Advances into Advances in Dollars or another Agreed Currency, subject to the other terms set forth in Article II.

(d) Each prepayment pursuant to this Section 2.17 shall be accompanied by accrued interest on the amount prepaid to the date of such prepayment and amounts, if any, required to be paid pursuant to Section 2.8 as a result of such prepayment being made on such date.

(e) Each payment of any Advance pursuant to this Section 2.17 or any other provision of this Agreement shall be made in a manner such that all Advances comprising part of the same Borrowing are paid in whole or ratably in part and each payment of an Advance shall be made in the Designated Currency in which such Advance was funded.

Section 2.18 Market Disruption. Notwithstanding the satisfaction of all conditions referred to herein with respect to any proposed Borrowing consisting of Eurocurrency Advances denominated in any Foreign Currencies, if there shall occur on or prior to the date of such Borrowing any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would in the reasonable opinion of the Administrative Agent or the Majority Lenders, make it impracticable for such Borrowing to be denominated in the Agreed Currency designated by the Borrower, then the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, and such Advances shall not thereafter be denominated and funded in such Agreed Currency but shall, except as otherwise set forth in Article II, be made on such date in Dollars, in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Notice of Borrowing, as the case may be, as Adjusted Base Rate Advances to the Borrower, unless the Borrower notifies the Administrative Agent at least one Business Day before such date that it elects not to borrow on such date.

Section 2.19 Defaulting Lender.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Majority Lenders.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 7.6 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Lender or any Swingline Lender hereunder; *third*, to Cash Collateralize, on

a pro rata basis, the Issuing Lenders' and the Swingline Lenders' Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.19(b); *fourth*, as the Borrower may request (so long as no Default exists), to the funding of any Advance in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Advances under this Agreement and (y) Cash Collateralize the Issuing Lenders' and the Swingline Lenders' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement and Swingline Advances made under this Agreement, in accordance with Section 2.19(b); *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lenders or Swingline Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Lenders or Swingline Lenders against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Advances or Letters of Credit in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Advances were made or the related Letters of Credit were issued at a time when the conditions set forth in Sections 3.2 and 3.3 were satisfied or waived, such payment shall be applied solely to pay the Advances of, and Letter of Credit Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Advances of, or Letter of Credit Obligations owed to, such Defaulting Lender until such time as all Advances and funded and unfunded participations in Letters of Credit and Swingline Advances are held by the Lenders pro rata in accordance with the Revolving Commitments without giving effect to Section 2.19(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.19(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive fees set forth in Section 2.3(b) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.19(b).

(C) With respect to any fee not required to be paid to any Defaulting Lender pursuant to clause (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Lender the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in Letters of Credit and Swingline Advances shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares of the aggregate amount of the Revolving Commitment (calculated without regard to such Defaulting Lender's Revolving Commitment) but only to the extent that (x) the conditions set forth in Sections 3.2 and 3.3 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause any Non-Defaulting Lender's Pro Rata Share of the Aggregate Exposure to exceed such Non-Defaulting Lender's Revolving Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(b) Cash Collateral; Prepayment of Swingline. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or any Issuing Lender (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize the Issuing Lenders' Fronting Exposure, as requested, with respect to such Defaulting Lender (determined after giving effect to Section 2.19(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the applicable Minimum Collateral Amount. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or any Swingline Lender (with a copy to the Administrative Agent), the Borrower shall either (i) Cash Collateralize the Swingline Lenders' Fronting Exposure, as requested, with respect to such Defaulting Lender (determined after giving effect to Section 2.19(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the applicable Minimum Collateral Amount or (ii) prepay Swingline Advances in an amount equal to the Swingline Lenders' Fronting Exposure as to Swingline Advances.

(i) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender to the extent not prohibited under applicable law, hereby grants to the Administrative Agent, for the benefit of the Issuing Lenders and the Swingline Lenders, and if a Security Event has occurred, all other Lender Parties, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for (A) the Defaulting Lenders' obligation to fund participations in respect of Letter of Credit Obligations and Swingline Advances, and (B) if a Security Event has occurred, all Obligations, in any case, to be applied pursuant to clause (ii) below and the introductory paragraph of this Section 2.19(b). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent, the Issuing Lenders, and the Swingline Lenders, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(ii) Application. Notwithstanding anything to the contrary contained in this Agreement but subject to the introductory paragraph of this Section 2.19(b), (A) Cash Collateral provided under this Section 2.19(b) in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Letter of

Credit Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein and (B) Cash Collateral provided under this Section 2.19(b) in respect of Swingline Advances shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Swingline Advances (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(iii) Cash Collateral, Repayment of Swingline Advances . If the reallocation described in Section 2.19(a)(iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first prepay or Cash Collateralize the Swingline Advances as set forth above in this Section 2.19(b), and (y) second, Cash Collateralize the Issuing Lenders' Fronting Exposure as set forth above in this Section 2.19(b).

(iv) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce any Issuing Lender's or any Swingline Lender's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.19(b) following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender) with respect to Letters of Credit and Swingline Advances, or (ii) the determination by the Administrative Agent, each Swingline Lender and each Issuing Lender that there exists excess Cash Collateral; provided that, the Person providing Cash Collateral, the Issuing Lenders and the Swingline Lenders may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations; and provided further that, to the extent such Cash Collateral was provided by the Borrower, such Cash Collateral shall remain subject to the security interest granted pursuant to the Credit Documents if a Security Event has occurred to the extent required pursuant to the terms of the then applicable Security Documents.

(c) Defaulting Lender Cure. If the Borrower, the Administrative Agent and each Swingline Lender and each Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Advances and funded and unfunded participations in Letters of Credit and Swingline Advances to be held pro rata by the Lenders in accordance with the Revolving Commitments (without giving effect to Section 2.19(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(d) New Swingline Advances/Letters of Credit . So long as any Lender is a Defaulting Lender, (i) no Swingline Lender shall be required to fund any Swingline Advances unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Advance and (ii) no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

ARTICLE III
CONDITIONS OF LENDING

Section 3.1 Conditions Precedent to Closing. The obligations of each Lender to close this Agreement shall be subject to the conditions precedent that:

(a) Documentation. The Administrative Agent shall have received the following duly executed by all the parties thereto, in form and substance satisfactory to the Administrative Agent, and in sufficient copies for each Lender:

(i) this Agreement;

(ii) the Fee Letter;

(iii) the Notes (to the extent requested by any Lender under Section 2.2(g));

(iv) a certificate from a Responsible Officer of the Borrower dated as of the Closing Date stating that as of the Closing Date (A) all representations and warranties of the Borrower set forth in this Agreement and the Credit Documents to which it is a party are true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects); (B) the Borrower is not in violation of any of the covenants contained in this Agreement; (C) after giving effect to the Transactions, no Default or Event of Default has occurred and is continuing; (D) no Material Adverse Effect has occurred since December 31, 2013 and (E) the conditions in this Section 3.1 have been met;

(v) a certificate of the Secretary or an Assistant Secretary of the Borrower dated as of the date of this Agreement certifying as of the date of this Agreement (A) copies of the articles or certificate of incorporation and bylaws or other organizational documents of the Borrower, together with all amendments thereto, (B) resolutions of the Board of Directors of such Person with respect to the transactions herein contemplated, and (C) the names and true signatures of officers of the Borrower authorized to sign the Credit Documents to which the Borrower is a party (including Notices of Borrowing and requests for Letters of Credit);

(vi) certificate of good standing and existence for the Borrower certified by the appropriate governmental officer in its jurisdiction of formation;

(vii) opinions of counsel to the Borrower addressed to the Administrative Agent and the Lenders with respect to the Borrower, the Credit Documents and such other matters as the Administrative Agent shall request (which opinions shall expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders); and

(viii) such other documents, governmental certificates, and agreements as the Administrative Agent may reasonably request.

(b) Representations and Warranties. The representations and warranties contained in this Agreement and each other Credit Document shall be true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects).

(c) Consents; Defaults.

(i) Governmental and Third Party Approvals. The Borrower shall have received all material governmental, shareholder and third party consents and approvals necessary (or any other material consents as determined in the reasonable discretion of the Administrative Agent) in connection with the transactions contemplated by this Agreement and the other Credit Documents and all applicable waiting periods shall have expired without any action being taken by any Person that could reasonably be expected to restrain, prevent or impose any material adverse conditions on the Borrower or such other transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the reasonable judgment of the Administrative Agent could reasonably be expected to have such effect.

(ii) No Injunction, Etc. No action, proceeding or investigation shall have been instituted, threatened or proposed before any Governmental Authority to enjoin, restrain, or prohibit, or to obtain substantial damages in respect of, or which is related to or arises out of this Agreement or the other Credit Documents or the consummation of the transactions contemplated hereby or thereby, or which, in the Administrative Agent's sole discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement or the other Credit Documents or the consummation of the transactions contemplated hereby or thereby.

(d) Financial Matters.

(i) Financial Statements. The Administrative Agent shall have received the financial statements for the Borrower and its Subsidiaries set forth in the Form 10 filed by the Borrower with the SEC on February 26, 2014, calculated on a Pro Forma Basis after giving effect to the Corporate Spin-Off.

(ii) Financial Projections. The Administrative Agent shall have received projections prepared by management of the Borrower, of balance sheets, income statements and cash flow statements on an annual basis for each year following the Closing Date during the term of the Facility, which, if materially inconsistent with any financial information or projections previously delivered to the Administrative Agent shall be in form and substance satisfactory to the Administrative Agent.

(e) Payment at Closing. The Borrower shall have paid or made arrangements to pay contemporaneously with closing (A) to the Administrative Agent and the Arranger the fees set forth or referenced in Section 2.3 to the extent due and payable on the Closing Date, and any other accrued and unpaid fees or commissions due hereunder, (B) all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent accrued and unpaid prior to or on the Closing Date and invoiced no less than three (3) Business Days prior to the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent) and (C) to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Credit Documents.

(f) Miscellaneous.

(i) Liens. The Administrative Agent shall have received evidence reasonably satisfactory to it that there are no Liens encumbering any of the Borrower's Property other than Permitted Liens.

(ii) PATRIOT Act, etc. At least five Business Days (or such later date acceptable to the Administrative Agent) prior to the Closing Date, the Borrower shall have provided to the Administrative Agent and the Lenders the documentation and other information requested by the Administrative Agent in order to comply with requirements of the PATRIOT Act, applicable "know your customer" and anti-money laundering rules and regulations.

(iii) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Administrative Agent. The Administrative Agent shall have received copies of all other documents, certificates and instruments reasonably requested by it, with respect to the transactions contemplated by this Agreement.

Without limiting the generality of the provisions of the last paragraph of Section 8.2, for purposes of determining compliance with the conditions specified in this Section 3.1, the Administrative Agent and each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 3.2 Conditions to Initial Extensions of Credit. The obligation of the Lenders to make the initial Advances or issue or participate in the initial Letters of Credit, including the deemed issuance of the Existing Letters of Credit, if any, is subject to the satisfaction of each of the following conditions:

(a) Executed Credit Documents; Updated Schedules. The Guaranty Agreement executed by all Material Domestic Subsidiaries existing on the Initial Funding Date shall have been duly authorized, executed and delivered to the Administrative Agent by the parties thereto, shall be in full force and effect and no Default or Event of Default shall exist hereunder or thereunder. An updated Schedule 4.19 and Schedule 6.3 shall have been delivered to the Administrative Agent, if necessary, to reflect any changes in Subsidiaries and Investments therein since the Closing Date and an updated Schedule 1.1(c) shall have been delivered to the Administrative Agent, if necessary, to reflect any deletions or additions of Letters of Credit described therein (or any amendments thereto).

(b) Closing Certificates; Etc. The Administrative Agent shall have received each of the following in form and substance reasonably satisfactory to the Administrative Agent:

(i) Officer's Certificate. A certificate from a Responsible Officer of the Borrower to the effect that (A) all representations and warranties of the Credit Parties contained in this Agreement and the other Credit Documents are true, correct and complete in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true, correct and complete in all respects); (B) none of the Credit Parties is in violation of any of the covenants contained in this Agreement and the other Credit Documents; (C) after giving effect to the Transactions, no Default or Event of Default has occurred and is continuing; (D) since December 31, 2013, no event has occurred or condition arisen, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect; and (E) each of the Credit Parties, as applicable, has satisfied each of the conditions set forth in Section 3.2 and Section 3.3.

(ii) Certificate of Secretary of each Credit Party. A certificate of a Responsible Officer of each Guarantor certifying as to the incumbency and genuineness of the signature of each officer of such Guarantor executing Credit Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (A) the articles or certificate of incorporation or formation (or equivalent), as applicable, of such Guarantor and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation, organization or formation (or equivalent), as applicable, (B) the bylaws or other governing document of such Guarantor as in effect on the Initial Funding Date, (C) resolutions duly adopted by the board of directors (or other governing body) of such Guarantor authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Credit Documents to which it is a party, and (D) each certificate required to be delivered pursuant to Section 3.2(b)(iii).

(iii) Certificates of Good Standing. Certificates as of a recent date of the good standing of each Credit Party under the laws of its jurisdiction of incorporation, organization or formation (or equivalent), as applicable, and, to the extent reasonably requested by the Administrative Agent, each other jurisdiction where such Credit Party is qualified to do business.

(c) Opinions of Counsel. Opinions of counsel to the Guarantors addressed to the Administrative Agent and the Lenders with respect to the Borrower, the Guarantors, the Credit Documents and such other matters as the Administrative Agent shall request (which such opinions shall expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders).

(d) Consents; Defaults.

(i) Governmental and Third Party Approvals. The Credit Parties shall have received all material governmental, shareholder and third party consents and approvals necessary (or any other material consents as determined in the reasonable discretion of the Administrative Agent) in connection with the transactions contemplated by this Agreement and the other Credit Documents and all applicable waiting periods shall have expired without any action being taken by any Person that could reasonably be expected to restrain, prevent or impose any material adverse conditions on any of the Credit Parties or such other transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the reasonable judgment of the Administrative Agent could reasonably be expected to have such effect.

(ii) No Injunction, Etc. No action, proceeding or investigation shall have been instituted, threatened or proposed before any Governmental Authority to enjoin, restrain, or prohibit, or to obtain substantial damages in respect of, or which is related to or arises out of this Agreement or the other Credit Documents or the consummation of the transactions contemplated hereby or thereby, or which, in the Administrative Agent's sole discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement or the other Credit Documents or the consummation of the transactions contemplated hereby or thereby.

(e) Pro Forma Financial Statements. The Administrative Agent shall have received pro forma consolidated financial statements for the Borrower and its Subsidiaries for the four-quarter period most recently ended prior to the Initial Funding Date for which financial statements are available calculated on a pro forma basis after giving effect to the Transactions (prepared in accordance with Regulation S-X under the Securities Act of 1933, and all other rules and regulations of the SEC under

such Securities Act, and including other adjustments previously agreed between the Borrower and the Arranger) and a pro forma balance sheet of the Borrower and its Subsidiaries prepared from the financial statements for the calendar month ended immediately prior to the Initial Funding Date giving pro forma effect to the Transactions.

(f) Payment at Closing. The Borrower shall have paid or made arrangements to pay contemporaneously with closing (A) to the Administrative Agent, the Arranger and the Lenders the fees set forth or referenced in Section 2.3 to the extent due and payable on the Initial Funding Date and any other accrued and unpaid fees or commissions due hereunder, (B) all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent accrued and unpaid prior to or on the Initial Funding Date and invoiced on or prior to the Initial Funding Date, and (C) to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Credit Documents.

(g) Corporate Spinoff. The Administrative Agent shall have received evidence reasonably satisfactory to it that the Corporate Spinoff shall have occurred.

(h) Miscellaneous.

(i) Liens and Restricted Payments. Since the Closing Date, neither the Borrower nor any Subsidiary shall have (A) made any Restricted Payment which would not have been permitted under Section 6.6 had the covenant set forth therein been applicable commencing on the Closing Date rather than the Initial Funding Date, (B) created, incurred, assumed or suffered to exist, any Lien on or with respect to any of its Property which Lien would not have been permitted under Section 6.1 had the covenant set forth therein been applicable commencing on the Closing Date rather than the Initial Funding Date, or (C) incurred or permitted to exist any Indebtedness other than Indebtedness permitted under Section 6.2(a) – (d).

(ii) Due Diligence. The Administrative Agent shall have completed, to its satisfaction, all legal, tax, environmental, business and other due diligence with respect to the business, assets, liabilities, operations and condition (financial or otherwise) of any Subsidiaries formed or acquired following March 21, 2014, in scope and determination satisfactory to the Administrative Agent in its sole discretion.

(iii) Liens. The Administrative Agent shall have received evidence reasonably satisfactory to it that there are no Liens encumbering any of the Credit Parties' respective Property other than Permitted Liens.

(iv) PATRIOT Act, etc. At least five Business Days (or such later date acceptable to the Administrative Agent) prior to the Initial Funding Date, the Borrower and each of the Guarantors shall have provided to the Administrative Agent and the Lenders the documentation and other information requested by the Administrative Agent in order to comply with requirements of the PATRIOT Act, applicable "know your customer" and anti-money laundering rules and regulations.

(v) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Administrative Agent. The Administrative Agent shall have received copies of all other documents, certificates and instruments reasonably requested by it, with respect to the transactions contemplated by this Agreement.

Without limiting the generality of the provisions of the last paragraph of Section 8.2, for purposes of determining compliance with the conditions specified in this Section 3.2, upon written notice of the proposed Initial Funding Date by the Administrative Agent to the Lenders and the Borrower, the Administrative Agent and each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Initial Funding Date specifying its objection thereto.

Section 3.3 Conditions Precedent for each Borrowing or Letter of Credit . The obligation of each Lender to fund an Advance on the occasion of each Borrowing (other than the Conversion or continuation of any existing Borrowing and other than a Mandatory Revolving Borrowing) and of each Issuing Lender to issue or increase or extend any Letter of Credit shall be subject to the further conditions precedent that on the date of such Borrowing or the issuance or increase or extension of such Letter of Credit the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing or the issuance or increase or extension of such Letter of Credit shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or the issuance or increase or extension of such Letter of Credit such statements are true):

(a) the representations and warranties contained in this Agreement and the other Credit Documents shall be true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, on and as of such borrowing, continuation, conversion, issuance or extension date with the same effect as if made on and as of such date (except for any such representation and warranty that by its terms is made only as of an earlier date, which representation and warranty shall remain true and correct in all material respects as of such earlier date, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects as of such earlier date);

(b) no Default or Event of Default shall have occurred and be continuing (i) on the borrowing, continuation or conversion date with respect to such Advance or after giving effect to the Advances to be made, continued or converted on such date or (ii) on the issuance or extension date with respect to such Letter of Credit or after giving effect to the issuance or extension of such Letter of Credit on such date;

(c) the Administrative Agent shall have received a Notice of Borrowing from the Borrower in accordance with Section 2.2; and

(d) so long as any Lender is a Defaulting Lender, (i) no Swingline Lender shall be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

Section 3.4 Additional Condition Precedent for Initial Borrowing through Authorized Agents . The obligation of the Lenders (or the Issuing Lenders, as the case may be) to provide the first Borrowing, Conversion or continuation of an existing Borrowing, or issuance, increase or extension of a Letter of Credit that is requested by the Borrower through an Authorized Agent ("First Authorized Agent Request"), shall be subject to the further condition precedent that on or prior to the date of the First Authorized Agent Request, the Administrative Agent shall have received from the Borrower (and the

applicable Issuing Lender and applicable Swingline Lender shall have received from the Administrative Agent) a secretary's certificate (a) confirming that the resolutions of the Board of Directors of the Borrower delivered in satisfaction of Section 3.1 are still in full force and effect, and have not been amended or revised, (b) attaching a true and correct copy of the instrument or agreement whereby such officer, or if appropriate, the director of the applicable Subsidiary of the Borrower was appointed by a Responsible Officer of the Borrower as an "Authorized Agent" and verifying the incumbency of such Responsible Officer, and (c) attaching a true and correct copy of an officer's, or if appropriate, a director's certificate of the relevant Subsidiary attesting to the incumbency of the Person so designated as the Authorized Agent (which shall include a specimen signature of such Person and show that such Person holds one of the offices specified in the Board Resolutions of the Borrower confirmed in clause (a).)

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Each Credit Party represents and warrants as follows:

Section 4.1 Corporate Existence; Subsidiaries. Each of the Borrower and its Subsidiaries is a corporation, partnership or limited liability company duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation and in good standing and qualified to do business in each jurisdiction where its ownership or lease of property or conduct of its business requires such qualification and where a failure to be qualified or to be in good standing could reasonably be expected to have a Material Adverse Effect.

Section 4.2 Authorization and Validity. The execution, delivery, and performance by each Credit Party of the Credit Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby (a) are within such Credit Party's power and authority, and (b) have been duly authorized by all necessary corporate, limited liability company or partnership action.

Section 4.3 Corporate Power. The execution, delivery, and performance by each Credit Party of the Credit Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby (a) do not contravene (i) such Credit Party's articles or certificate of incorporation, bylaws or other organizational documents or (ii) any Legal Requirement or any contractual restriction binding on or affecting such Credit Party or its Property, the contravention of which could reasonably be expected to have a Material Adverse Effect, and (b) will not result in or require the creation or imposition of any Lien prohibited by this Agreement. At the time of each Borrowing and each issuance, extension or amendment of a Letter of Credit, such Borrowing (including any requested by an Authorized Agent on behalf of the Borrower) and such issuance, extension or amendment of a Letter of Credit and the use of the proceeds thereof will be within the Borrower's corporate powers, will have been duly authorized by all necessary corporate action, (A) will not contravene (1) the Borrower's certificate or articles of incorporation or bylaws or (2) any Legal Requirement or contractual restriction binding on or affecting the Borrower, the contravention of which could reasonably be expected to have a Material Adverse Effect, and (B) will not result in or require the creation or imposition of any Lien prohibited by this Agreement.

Section 4.4 Authorization and Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Borrower of the Credit Documents to which it is a party or the consummation of the transactions contemplated thereby. At the time of each Borrowing and each issuance, extension or amendment of a Letter of Credit, no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority will be required for such Borrowing, such issuance, extension or amendment of a Letter of Credit or the use of the proceeds thereof.

Section 4.5 Enforceable Obligations. This Agreement, the Notes, and the other Credit Documents to which each Credit Party is a party have been duly executed and delivered by such Credit Party. Each Credit Document is the legal, valid, and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar law affecting creditors' rights generally and by general principles of equity (whether considered in proceeding at law or in equity).

Section 4.6 Financial Statements. The audited and unaudited financial statements delivered pursuant to Section 5.6(a) and Section 5.6(b) are complete and correct and fairly present on a Consolidated basis the assets, liabilities and financial position of the Borrower and its Subsidiaries as at such dates, and the results of the operations and changes of financial position for the periods then ended (other than customary year-end adjustments for unaudited financial statements and the absence of footnotes from unaudited financial statements), and such balance sheet and statements were prepared in accordance with GAAP. Such financial statements show all material indebtedness and other material liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including material liabilities for taxes, material commitments, and Indebtedness, in each case, to the extent required to be disclosed under GAAP.

Section 4.7 True and Complete Disclosure. No information, exhibit, report, representation, warranty, or other statement furnished or made by the Borrower or any Subsidiary (or on behalf of the Borrower or any Subsidiary) to the Administrative Agent or any Lender in connection with the negotiation of, or compliance with, this Agreement or any other Credit Document contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements contained therein not misleading in any material respect in light of the circumstances in which they were made as of the date of this Agreement. All projections, estimates, and pro forma financial information furnished by the Borrower or on behalf of the Borrower were prepared on the basis of assumptions, data, information, tests, or conditions believed to be reasonable at the time such projections, estimates, and pro forma financial information were furnished.

Section 4.8 Litigation. There is no pending or, to the knowledge of any of their executive officers, threatened, litigation, arbitration, governmental investigation, inquiry, action or proceeding affecting the Borrower or any of its Subsidiaries before any court, Governmental Authority or arbitrator, which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity, binding effect or enforceability of this Agreement, any Note, or any other Credit Document.

Section 4.9 Use of Proceeds.

(a) Advances and Letters of Credit. The proceeds of the Advances and the Letters of Credit will be used by the Borrower (i) pay fees and expenses incurred in connection with the Specified Transactions, and (ii) for working capital and general corporate purposes of the Borrower and its Subsidiaries.

(b) Regulations. Neither the Borrower nor any of its Subsidiaries has taken any action that could result in a violation by the Administrative Agent, any Issuing Lender, any Swingline Lender or any Lender in connection with or relating to this Agreement or any other Credit Document and the advances and other transactions contemplated hereby and thereby, of Regulations T, U, or X of the

Federal Reserve Board, as the same is in effect from time to time, and all official rulings and interpretations thereunder or thereof . The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Federal Reserve Board), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) subject to the provisions of Section 6.1 or Section 6.5 or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 7.1(d) will be margin stock.

Section 4.10 Government Regulation. Neither the Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and neither the Borrower nor any of its Subsidiaries is, or after giving effect to any Advance will be, subject to any Legal Requirement which limits its ability to incur or consummate the transactions contemplated hereby.

Section 4.11 Taxes. All federal, state, local and foreign tax returns, reports and statements required to be filed (after giving effect to any extension granted in the time for filing) by the Borrower, its Subsidiaries or any member of the Controlled Group (hereafter collectively called the " Tax Group") have been filed with the appropriate Governmental Authorities in all jurisdictions in which such returns, reports and statements are required to be filed, except (a) where contested in good faith and by appropriate proceedings or (b) where the non-filing thereof could not reasonably be expected to result in a Material Adverse Effect. All taxes and other impositions due and payable by the Tax Group have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof except (i) where contested in good faith and by appropriate proceedings and as to which adequate reserves have been established or (ii) where the non-payment thereof could not reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any member of the Tax Group has given, or been requested to give, a waiver of the statute of limitations relating to the payment of any federal, state, local or foreign taxes or other impositions. As of the Closing Date and as of the Initial Funding Date, there is no ongoing audit or examination or, to its knowledge, other investigation by any Governmental Authority of the tax liability of any Credit Party or any Subsidiary thereof that could reasonably be expected to result in a Material Adverse Effect. No Governmental Authority has asserted any Lien or other claim against the Borrower or any Subsidiary thereof with respect to material unpaid taxes which has not been discharged or resolved (other than (a) any amount the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided for on the books of the Borrower or applicable Subsidiary and (b) Permitted Liens). The charges, accruals and reserves on the books of the Borrower and each Subsidiary thereof in respect of federal, state, local and other taxes for all fiscal years and portions thereof since the organization of the Borrower or any Subsidiary thereof are in the judgment of the Borrower adequate, and the Borrower does not anticipate any material additional taxes or assessments for any of such years.

Section 4.12 Employee Benefit Matters.

(a) No Termination Event or Reportable Event has occurred with respect to any Plan that would result in an Event of Default under Section 7.1(g) or that could reasonably be expected to result in a Material Adverse Effect, and, except for matters that could not reasonably be expected to result in a Material Adverse Effect, each Plan has complied with and been administered in accordance with applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder with respect to all Plans except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired and except where a failure to so comply could not reasonably be expected to have a Material Adverse Effect;

(b) Each Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code except for such plans that have not yet received determination letters but for which the remedial amendment period for submitting a determination letter has not yet expired;

(c) No "accumulated funding deficiency" (as defined in Section 302 of ERISA) has occurred and there has been no excise tax imposed under Section 4971 of the Code except for the occurrence of such funding deficiency or the imposition of such taxes that could not reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any member of the Controlled Group has had a complete or partial withdrawal from any Multiemployer Plan for which there is any withdrawal liability that could reasonably be expected to result in a Material Adverse Effect or an Event of Default under Section 7.1(g). Except for matters that could not reasonably result in a Material Adverse Effect, as of the most recent valuation date applicable thereto, neither the Borrower nor any member of the Controlled Group would become subject to any liability under ERISA if the Borrower or any Subsidiary of the Borrower has received notice that any Multiemployer Plan is insolvent or in reorganization;

(d) As of the Closing Date and as of the Initial Funding Date, no Plan has been terminated, nor has any Plan become subject to funding based benefit restrictions under Section 436 of the Code, nor has any funding waiver from the IRS been received or requested with respect to any Plan, nor has the Borrower or any ERISA Affiliate failed to make any contributions or to pay any amounts due and owing as required by Sections 412 or 430 of the Code, Section 302 of ERISA or the terms of any Plan on or prior to the due dates of such contributions under Sections 412 or 430 of the Code or Section 302 of ERISA, nor has there been any event requiring any disclosure under Section 4041(c)(3)(C) or 4063(a) of ERISA with respect to any Plan;

(e) Except where the failure of any of the following representations to be correct could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, neither the Borrower nor any ERISA Affiliate has: (i) engaged in a nonexempt prohibited transaction described in Section 406 of the ERISA or Section 4975 of the Code, (ii) incurred any liability to the PBGC which remains outstanding other than the payment of premiums and there are no premium payments which are due and unpaid, (iii) failed to make a required contribution or payment to a Multiemployer Plan, or (iv) failed to make a required installment or other required payment under Sections 412 or 430 of the Code. Except where the failure of any of the following representations to be correct could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, no proceeding, claim (other than a benefits claim in the ordinary course of business), lawsuit and/or investigation is existing or, to its knowledge, threatened concerning or involving (i) any employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or contributed to by the Borrower or any ERISA Affiliate, (ii) any Plan or (iii) any Multiemployer Plan.

Section 4.13 Reserved.

Section 4.14 Insurance. The Borrower and each of its Subsidiaries carry insurance with reputable insurers in respect of such of their respective Properties, in such amounts and against such risks as is customarily maintained by other Persons of similar size engaged in similar businesses or, self-insure to the extent that is customary for Persons of similar size engaged in similar businesses.

Section 4.15 No Defaults. No event has occurred or is continuing (a) which constitutes a Default or an Event of Default, or (b) which constitutes, or which with the passage of time or giving of notice or both would constitute, a default or event of default by the Borrower or any Subsidiary thereof under any judgment, decree or order to which the Borrower or any Subsidiary thereof is a party or by which the Borrower or any Subsidiary thereof or any of their respective properties may be bound or which would require the Borrower or any Subsidiary thereof to make any payment thereunder prior to the scheduled maturity date therefor that, in any case under this clause (b), could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 4.16 Permits, Licenses, etc. The Borrower and its Subsidiaries possess all certificates of public convenience, authorizations, permits, licenses, patents, patent rights or licenses, trademarks, trademark rights, trade names rights and copyrights which are material to the conduct of its business except where the failure to so possess could not reasonably be expected to result in a Material Adverse Effect.

Section 4.17 Compliance with Laws. The Borrower and its Subsidiaries have complied with all applicable Legal Requirements (including Environmental Laws) having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply which could not reasonably be expected to have a Material Adverse Effect.

Section 4.18 OFAC; Anti-Terrorism. Neither the Borrower nor any Subsidiary of the Borrower or, to their knowledge, any of their Related Parties, is in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC (" Sanctions"). Neither the Borrower nor any Subsidiary of the Borrower or, to their knowledge, any of their Related Parties, (a) is a Sanctioned Person or a Sanctioned Entity, (b) has its assets located in Sanctioned Entities, or (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. Each of the Borrower and its Subsidiaries is in compliance, in all material respects, with each other law and regulation relating to money laundering or terrorist financing, including, without limitation, the Bank Secrecy Act, 31 U.S.C. sections 5301 et seq.; the PATRIOT Act; Laundering of Monetary Instruments, 18 U.S.C. section 1956; Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, 18 U.S.C. section 1957; the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations, 31 C.F.R. Part 103; and any similar laws or regulations currently in force or hereafter enacted. No proceeds of any Advance or Letter of Credit will be used directly or indirectly (i) to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity in any manner that would result in any violation by any Person (including any Lender, Arranger, the Administrative Agent, Issuing Lender or any Swingline Lender) of any Sanction or (ii) for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Borrower and its Subsidiaries.

Section 4.19 Ownership. Each Subsidiary of the Borrower as of the Closing Date (and as of the Initial Funding Date if a revised Schedule 4.19 delivered to the Administrative Agent pursuant to Section 3.2(a)) is listed on Schedule 4.19, as it may have been updated pursuant to Section 3.2(a). As of the Closing Date (and as of the Initial Funding Date if a revised Schedule 4.19 delivered to the Administrative Agent pursuant to Section 3.2(a)), each Subsidiary that is not Wholly-Owned are identified on Schedule 4.19, as it may have been updated pursuant to Section 3.2(a). All outstanding

shares or other Equity Interests have been duly authorized and validly issued and are fully paid and nonassessable and not subject to any preemptive or similar rights, except as described in Schedule 4.19, as it may have been updated pursuant to Section 3.2(a). As of the Closing Date (and as of the Initial Funding Date if a revised Schedule 4.19 delivered to the Administrative Agent pursuant to Section 3.2(a)), there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type or nature whatsoever, which are convertible into, exchangeable for or otherwise provide for or require the issuance of Equity Interests of any Subsidiary of the Borrower, except as described on Schedule 4.19, as it may have been updated pursuant to Section 3.2(a).

Section 4.20 Environmental Matters.

(a) The properties owned, leased or operated by the Borrower and each Subsidiary thereof now or in the past do not contain, and to their knowledge have not previously contained, any Hazardous Substances in amounts or concentrations which constitute or constituted a violation of applicable Environmental Laws, except where the failure of any of the foregoing matters to be true and correct could not reasonably be expected to have a Material Adverse Effect;

(b) The Borrower and each Subsidiary thereof and such properties and all operations conducted in connection therewith are in compliance, and have been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about such properties or such operations which could interfere with the continued operation of such properties or impair the fair saleable value thereof, except where the failure of any of the foregoing matters to be true and correct could not reasonably be expected to have a Material Adverse Effect;

(c) Neither the Borrower nor any Subsidiary thereof has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters, Hazardous Substances, or compliance with Environmental Laws that, if adversely determined, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, nor does the Borrower or any Subsidiary thereof have knowledge or reason to believe that any such notice will be received or is being threatened;

(d) Hazardous Substances have not been transported or disposed of to or from the properties owned, leased or operated by the Borrower or any Subsidiary thereof in violation of, or in a manner or to a location which could give rise to liability under, Environmental Laws, nor have any Hazardous Substances been generated, treated, stored or disposed of at, on or under any of such properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Laws, except where the failure of any of the foregoing matters to be true and correct could not reasonably be expected to have a Material Adverse Effect;

(e) No judicial proceedings or governmental or administrative action is pending, or, to the knowledge of the Borrower, threatened, under any Environmental Law to which the Borrower or any Subsidiary thereof is or will be named as a potentially responsible party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any applicable Environmental Law with respect to the Borrower, any Subsidiary thereof, with respect to any real property owned, leased or operated by the Borrower or any Subsidiary thereof or operations conducted in connection therewith, in each case that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(f) There has been no release, or to its knowledge, threat of release, of Hazardous Substances at or from properties owned, leased or operated by the Borrower or any Subsidiary, now or in the past, in violation of or in amounts or in a manner that could give rise to liability under applicable Environmental Laws that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and

(g) To each of the Borrower's and each Subsidiary's knowledge, none of the present or previously owned or operated Property of the Borrower or of any Subsidiary thereof, wherever located, has been placed on or proposed to be placed on the National Priorities List, the Comprehensive Environmental Response Compensation Liability Information System list, or their state or local analogs, or have been otherwise investigated, designated, listed, or identified by a Governmental Authority as a potential site for removal, remediation, cleanup, closure, restoration, reclamation, or other response activity under any Environmental Laws in a manner which could reasonably be expected to result in material liability to the Credit Parties, taken as a whole or otherwise could reasonably be expected to result in a Material Adverse Effect.

Section 4.21 Senior Indebtedness Status. The Obligations of the Borrower and each Subsidiary thereof under this Agreement and each of the other Credit Documents ranks and shall continue to rank at least senior in priority of payment to all Subordinated Indebtedness and at least pari passu in right of payment with all senior unsecured Indebtedness of each such Person and is designated as "Senior Indebtedness" under all instruments and documents, now or in the future, relating to all Subordinated Indebtedness and all senior unsecured Indebtedness of such Person.

Section 4.22 Employee Relations. The Borrower knows of no pending, threatened or contemplated strikes, work stoppage or other collective labor disputes involving its employees or those of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 4.23 Burdensome Provisions. No Subsidiary is party to any agreement or instrument or otherwise subject to any restriction or encumbrance that restricts or limits its ability to make dividend payments or other distributions in respect of its Equity Interests to the Borrower or any Subsidiary or to transfer any of its assets or properties to the Borrower or any other Subsidiary in each case other than existing under or by reason of the Credit Documents or Legal Requirements or as may otherwise be permitted under Section 6.4.

Section 4.24 No Material Adverse Change. Since December 31, 2013, no event has occurred or condition arisen, either individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect.

Section 4.25 Solvency. Each Credit Party is Solvent.

Section 4.26 Title to Properties. Each Credit Party and each of its Subsidiaries has good title to, or valid leasehold interests in, all real and personal property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

ARTICLE V
AFFIRMATIVE COVENANTS

So long as any Obligation shall remain unpaid, any Letter of Credit shall remain outstanding, or any Lender shall have any Revolving Commitment hereunder, the Borrower agrees, unless the Majority Lenders shall otherwise consent in writing, to comply with the following covenants.

Section 5.1 Compliance with Laws, Etc. The Borrower will, and will cause each of its Subsidiaries to, comply in all respects with all Legal Requirements (including Environmental Laws and ERISA) to which it or its Properties may be subject except for any failure to comply which could not reasonably be expected to have a Material Adverse Effect.

Section 5.2 Insurance. The Borrower will, and will cause each of its material Subsidiaries to, maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates, provided that the Borrower or such Subsidiary may self-insure to the extent and in the manner normal for similarly situated companies of like size, type and financial condition that are part of a group of companies under common control. Upon the written request of Administrative Agent, the Borrower shall deliver certificates evidencing such insurance and copies of the underlying policies to the Administrative Agent and any Lender as they are available, and as applicable, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby. From and after the occurrence of a Security Event, all such insurance shall, (a) provide that no cancellation or material modification thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof, (b) name the Administrative Agent as an additional insured party thereunder and (c) in the case of each casualty insurance policy, name the Administrative Agent as lender's loss payee.

Section 5.3 Preservation of Existence, Etc. The Borrower will, and will cause each of its Subsidiaries to, preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified, and cause each such Subsidiary to qualify and remain qualified, as a foreign entity in each jurisdiction in which qualification is necessary or desirable in view of its business and operations or the ownership of its properties, and, in each case, where failure to qualify or preserve and maintain its existence, rights, franchises or privileges could reasonably be expected to have a Material Adverse Effect; provided, however, that nothing contained in this Section 5.3 shall prevent any transaction permitted by Section 6.5.

Section 5.4 Payment of Taxes, Etc. The Borrower will, and will cause each of its Subsidiaries to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by applicable Legal Requirements and pay when due (a) all taxes, assessments and governmental charges or levies imposed upon it or upon its income, profits or Property prior to the date on which penalties attach thereto, and (b) all lawful claims which, if unpaid, might by law become a Lien upon its Property; provided, however, that neither the Borrower nor any such Subsidiary shall be required to file any such tax returns or pay or discharge any such tax, assessment, charge, levy, or claim (i) which is being contested in good faith and by appropriate proceedings, and with respect to which reserves in conformity with GAAP have been established, or (ii) the non-payment of which could not reasonably be expected to result in a Material Adverse Effect.

Section 5.5 Visitation Rights. The Borrower will, and will cause its material Subsidiaries to, permit the Administrative Agent or any of its agents or representatives thereof, and at any time that an Event of Default exists, any Lender or any of its agents or representatives thereof, to inspect any of the Property, books and financial records of the Borrower and each material Subsidiary, to examine and make copies of and abstracts from the records and books of account of the Borrower and each material Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each material Subsidiary with, and to be advised as to the same by, any of their respective officers or directors upon reasonable prior written notice and at such reasonable times and intervals as may be mutually agreed upon by the Administrative Agent or such Lender, as applicable, and the Borrower.

Section 5.6 Reporting Requirements. The Borrower will furnish to the Administrative Agent:

(a) Quarterly Financials. As soon as available and in any event not later than 5 Business Days after the Form 10-Q of the Borrower is required to be filed with the SEC (or if no such requirement exists, then no later than 45 days after each fiscal quarter end), (i) to the extent not otherwise provided in the Form 10-Q for such fiscal quarter end, the unaudited Consolidated balance sheets of Borrower as of the end of such quarter and the related unaudited statements of income, shareholders' equity and cash flows of the Borrower for the period commencing at the end of the previous year and ending with the end of such quarter, and the corresponding figures as at the end of, and for, the corresponding period in the preceding fiscal year, all in reasonable detail and duly certified with respect to such statements (subject to year-end audit adjustments) by a senior financial officer of the Borrower as having been prepared in accordance with GAAP, (ii) the Form 10-Q filed with the SEC for such fiscal quarter end, and (iii) a Compliance Certificate duly executed by a Responsible Officer;

(b) Annual Financials. As soon as available and in any event not later than 5 Business Days after the Form 10-K of the Borrower is required to be filed with the SEC (or if no such requirement exists, then no later than 90 days after each fiscal year end), (i) to the extent not otherwise provided in the Form 10-K for such fiscal year end, an unqualified (except for qualifications relating to changes in accounting principles or practices reflecting changes in generally accepted accounting principles and required or approved by the Borrower's independent certified public accountants) audit report and opinion for such year for the Borrower, including therein audited Consolidated balance sheets of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and the related Consolidated statements of income, shareholders' equity and cash flows of the Borrower for such fiscal year, and the corresponding figures as at the end of, and for, the preceding fiscal year, and, in the case of such Consolidated financial statements certified by independent certified public accountants of recognized standing acceptable to the Administrative Agent and including any management letters delivered by such accountants to the Borrower in connection with such audit, (ii) the Form 10-K filed with the SEC for such fiscal year end, and (iii) a Compliance Certificate duly executed by a Responsible Officer;

(c) Annual Business Plan and Budget. As soon as practicable and in any event within forty-five (45) days after the end of each fiscal year, a business plan and operating and capital budget of the Borrower and its Subsidiaries for the ensuing four (4) fiscal quarters;

(d) Securities Law Filings; Correspondence. Promptly after the sending or filing thereof, copies of all material proxy material, reports and other information which the Borrower or any of its Subsidiaries sends to or files with the SEC or sends to any shareholder of the Borrower or of any of its Subsidiaries; and promptly upon receipt thereof, copies of each material notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) (other than transmittal letters and other than registrations on Form S-8 under the Securities Act of 1933, as amended, registrations of equity securities pursuant to Rule 415 under the Securities Act of 1933, as amended which do not involve an underwritten public offering, reports on Form 11-K or pursuant to Section 16(a) under the Exchange Act, and comment letters from the staff of the SEC's Division of Corporation Finance in connection with periodic reviews of filings under the Exchange Act) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any Credit Party or any Subsidiary thereof;

(e) Defaults. Promptly after the occurrence of each Default known to a Responsible Officer of the Borrower or any of its material Subsidiaries, a statement of a Responsible Officer of the Borrower setting forth the details of such Default and the actions which the Borrower has taken and proposes to take with respect thereto;

(f) ERISA Notices. Promptly upon receipt of the Borrower or any of its Subsidiaries of (i) any notice from the IRS of a determination that a Plan that is intended to be qualified under Section 401(a) of the Code is not so qualified (along with a copy thereof), (ii) all notices received by any Credit Party or any ERISA Affiliate of the PBGC's intent to terminate any Plan or to have a trustee appointed to administer any Plan, (iii) all notices received by any Credit Party or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition of material withdrawal liability pursuant to Section 4202 of ERISA and (iv) the Borrower obtaining knowledge or reason to know that any Credit Party or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Plan under a distress termination within the meaning of Section 4041(c) of ERISA;

(g) Environmental Notices. Promptly upon the knowledge of any Responsible Officer of the Borrower of receipt thereof by the Borrower or any of its Subsidiaries, a copy of any form of notice, summons or citation received from the United States Environmental Protection Agency, or any other Governmental Authority directly engaged in protection of the environment or in overseeing compliance with Environmental Laws, concerning (i) material violations or alleged violations of Environmental Laws, which seeks to impose liability therefor and which, based upon information reasonably available to the Borrower at the time or after such violation, could reasonably be expected to have a Material Adverse Effect, (ii) any action or omission on the part of the Borrower or any of its present or former Subsidiaries in connection with Hazardous Waste or Hazardous Substances which, based upon information reasonably available to the Borrower at the time of such receipt, could reasonably be expected to have a Material Adverse Effect, (iii) any notice of potential responsibility under any Environmental Law which could reasonably be expected to have a Material Adverse Effect, or (iv) the filing of a Lien other than a Permitted Lien upon, against or in connection with the Borrower, its present or former Subsidiaries, or any of their leased or owned Property, wherever located;

(h) Other Governmental Notices or Actions. Promptly after receipt thereof by the Borrower or any of its Subsidiaries, and the knowledge of such receipt by a Responsible Officer of the Borrower or any inside counsel of the Borrower, a copy of any written notice, summons, citation, or proceeding from any Governmental Authority which could reasonably be expected to have a Material Adverse Effect;

(i) Material Litigation. Promptly after any Responsible Officer of the Borrower or any of its Subsidiaries having knowledge thereof, notice of (A) any pending or threatened litigation, claim or any other action asserting any claim or claims against the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect, (B) the occurrence of any mandatory prepayment event, default or event of default under the Senior Note Documents, and (C) any litigation or governmental proceeding of the type described in Section 4.8;

(j) Material Changes. Prompt written notice of any condition or event of which the Borrower or any Subsidiary has knowledge, which condition or event has resulted or may reasonably be expected to have resulted in a Material Adverse Effect. The Borrower shall promptly provide written notice to the Administrative Agent of any change in the name of the Borrower or any Guarantor; and

(k) Know Your Customer. Promptly upon the request thereof, such other information and documentation required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations (including, without limitation, the PATRIOT Act), as from time to time reasonably requested by the Administrative Agent or any Lender;

(l) Accounting. Promptly upon receipt thereof, copies of all material reports, if any, submitted to any Credit Party, any Subsidiary thereof or any of their respective boards of directors by their respective independent public accountants in connection with their auditing function, including, without limitation, any material management report and any management responses thereto;

(m) Other Indebtedness. Promptly after the furnishing thereof, copies of any statement or report furnished to any holder of Indebtedness of any Credit Party or any Subsidiary thereof in excess of $35,000,000 pursuant to the terms of any indenture, loan or credit or similar agreement and promptly upon receipt of notice of any attachment, judgment, lien, levy or order exceeding $35,000,000 that may be assessed against or threatened against any Credit Party or any Subsidiary thereof;

(n) Labor Controversies. Promptly upon notice of any labor controversy that has resulted in, or threatens to result in, a strike or other work action against any Credit Party or any Subsidiary thereof that could reasonably be expected to result in a Material Adverse Effect;

(o) Other Information. Such other information respecting the business or Properties, or the condition or operations, financial or otherwise, of the Borrower, or any of its Subsidiaries, as any Lender through the Administrative Agent may from time to time reasonably request.

(p) On-Line Information; Electronic Transmission. Any document readily available on-line through the "Electronic Data Gathering, Analysis and Retrieval" system (or any successor system thereof) maintained by the Securities and Exchange Commission (or any succeeding Governmental Authority), shall be deemed to have been furnished to the Administrative Agent for purposes of this Section 5.6. Documents required to be delivered pursuant to this Section 5.6 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at www.dnow.com or (ii) on which such documents are (or are deemed to be) delivered to the Administrative Agent; provided that the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 5.6 to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with the terms hereof, and each Lender shall be solely responsible for obtaining or maintaining its copies of such documents.

(q) Borrower Materials. The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger will make available to the Lenders and the Issuing Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, " Borrower Materials") by posting the Borrower Materials on Debt Domain, IntraLinks, SyndTrak Online or another similar electronic system (the " Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender"). The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, means that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Arranger, the Issuing Lenders and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws

(provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 9.12); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

Section 5.7 Maintenance of Property and Licenses. The Borrower will, and will cause each of its Subsidiaries to, do all things necessary to maintain, preserve, protect and keep its Property, including copyrights, patents, trade names, service marks and trademarks, in good repair, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times except to the extent that the non-maintenance, non-preservation or non-protection of such Property in such condition could not reasonably be expected to result in a Material Adverse Effect. The Borrower will, and will cause each of its Subsidiaries to maintain, in full force and effect in all material respects, each and every license, permit, certification, qualification, approval or franchise issued by any Governmental Authority (each a " License") required for each of them to conduct their respective businesses as presently conducted, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.8 [Reserved].

Section 5.9 Accounting Methods and Financial Records. The Borrower will, and will cause each Subsidiary to, maintain a system of accounting, and keep proper books, records and accounts (which shall be true and complete in all material respects) as may be required or as may be necessary to permit the preparation of financial statements in accordance with GAAP and in compliance with the regulations of any Governmental Authority having jurisdiction over it or any of its Properties.

Section 5.10 Environmental Laws. In addition to and without limiting the generality of Section 5.1, the Borrower shall, and shall cause each Subsidiary to, (a) comply with, and use commercially reasonable efforts to ensure such compliance by all tenants and subtenants with all applicable Environmental Laws and obtain and comply with and maintain, and use commercially reasonable efforts to ensure that all tenants and subtenants, if any, obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws, except where failure to so comply with applicable Environmental Laws, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (b) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws, and promptly comply with all lawful orders and directives of any Governmental Authority regarding Environmental Laws, except where failure to so comply with applicable Environmental Laws, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and (c) defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective parents, Subsidiaries, Affiliates, employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the presence of Hazardous Substances, or the violation of, noncompliance with or liability under any Environmental Laws applicable to the operations of the Borrower or any such Subsidiary, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing directly result from the gross negligence or willful misconduct of the party seeking indemnification therefor, as determined by a court of competent jurisdiction by final nonappealable judgment.

Section 5.11 Compliance with ERISA. In addition to and without limiting the generality of Section 5.1, (a) except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) comply with applicable provisions of ERISA, the Code and the regulations and published interpretations thereunder with respect to all Plans, (ii) not take any action or fail to take action the result of which could reasonably be expected to result in a liability to the PBGC or to a Multiemployer Plan, (iii) not participate in any prohibited transaction that could result in any civil penalty under ERISA or tax under the Code and (iv) operate each Plan in such a manner that will not incur any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code and (b) furnish to the Administrative Agent upon the Administrative Agent's request such additional information about any Plan as may be reasonably requested by the Administrative Agent.

Section 5.12 Additional Domestic Subsidiaries. In the event that no later than the date that any Compliance Certificate is required to be delivered pursuant to Section 5.6, the Borrower determines that any of its then existing Subsidiaries is a Material Domestic Subsidiary and has not guaranteed the Obligations, the Borrower shall promptly, but in any event within thirty (30) days thereafter (as such time period may be extended by the Administrative Agent in its sole discretion), notify the Administrative Agent in writing thereof. Subject to the immediately following sentence of this Section 5.12, the Borrower shall (x) promptly after request by the Administrative Agent (but in any event within thirty (30) days after such request) made from time to time as to any existing Material Domestic Subsidiary, and (y) in any event within thirty (30) days of creating a new Material Domestic Subsidiary or acquiring a new Material Domestic Subsidiary (as such time period may be extended by the Administrative Agent in its sole discretion), deliver to the Administrative Agent each of the following:

(a) a joinder and supplement to the Guaranty Agreement executed by such Subsidiary;

(b) if a Security Event has occurred on or prior thereto, a joinder and supplement to any applicable security document or a new security document and such other document as the Administrative Agent shall deem appropriate for such purpose and comply with the terms of each applicable security document and the terms hereof,

(c) if a Security Event has occurred on or prior thereto, if applicable, such original certificated Equity Interests or other certificates and stock or other transfer powers evidencing the Equity Interests of such Subsidiary that is owned by a Credit Party,

(d) to the extent not already provided to the Administrative Agent, a secretary's certificate from such Subsidiary certifying as to (i) the incumbency of the officers of such Subsidiary, (ii) authorizing resolutions with respect to the transactions contemplated by the Credit Documents to which such Subsidiary is a party, (iii) the organizational documents of such Subsidiary, (iv) governmental approvals, if any, required to be obtained by such Subsidiary with respect to the Credit Documents to which such Subsidiary is a party and (v) a certificate of good standing in such Subsidiary's state of organization dated as of a recent date;

(e) to the extent not already provided to the Administrative Agent, all documentation and other information that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act; and

(f) to the extent not already provided to the Administrative Agent and only if requested by the Administrative Agent, an opinion of counsel in form and substance reasonably acceptable to the Administrative Agent related to such Material Domestic Subsidiary and substantially similar in scope to the legal opinions delivered on the Initial Funding Date with respect to the Guarantors in existence on the Initial Funding Date.

The requirements set forth in the foregoing sentence shall not apply to any Material Domestic Subsidiary that is not a Wholly-Owned Subsidiary unless (x) the attributable share of Consolidated EBITDA of Non-Guarantor Subsidiaries for the four quarter period ending on the last day of the most recently ended fiscal quarter for which quarterly financial statements, or if such fiscal quarter end is a fiscal year end, for which annual financial statements, are available is greater than 15% of the Consolidated EBITDA for such period, or (y) the attributable share for Non-Guarantor Subsidiaries of the book value of total assets of the Borrower and its Subsidiaries, determined on a consolidated basis as of the last day of the most recently ended fiscal quarter for which quarterly financial statements, or if such fiscal quarter end is a fiscal year end, for which annual financial statements, are available, is greater than 15% of the book value of total assets of the Borrower and its Subsidiaries as of such day. In the event (1) a Guarantor is no longer a Material Domestic Subsidiary or (2) a dissolution, sale or other disposition (including by way of merger or consolidation) of all or substantially all of the assets or all of the Equity Interests of any Guarantor occurs and such sale or disposition is permitted by this Agreement (or permitted pursuant to a waiver, amendment, modification of or consent to a transaction otherwise prohibited by this Agreement), then, so long as no Event of Default has occurred and is continuing, the Administrative Agent shall, upon written request by the Borrower, and at no cost to the Administrative Agent that is not reimbursed pursuant hereto, release such Guarantor from its liabilities and obligations under the Subsidiary Guaranty pursuant to such documentation as the Borrower may reasonably require. Except as provided in the foregoing provisions of this Section 5.12, a release of a Material Domestic Subsidiary from its liabilities under the Subsidiary Guaranty shall require approval by all of the Lenders (notwithstanding anything to the contrary set forth in Section 9.1 hereof).

Section 5.13 Further Assurances. Execute any and all further documents, agreements and instruments, and take all such further actions (including the filing and recording of documents), which may be required under any Legal Requirement, or which the Administrative Agent or the Majority Lenders may reasonably request, to effectuate the transactions contemplated by the Credit Documents. From and after the occurrence of the Security Event, execute any and all further documents, financing statements, agreements and instruments and take all such further actions (including the filing and recording of financing statements and other documents), which may be required under any Applicable Law, or which the Administrative Agent or the Majority Lenders may reasonably request, to grant or perfect the Liens created or intended to be created by the security documents to be entered into or the validity or priority of any such Lien, all at the expense of the Credit Parties.

Section 5.14 Security Event. Concurrent with the occurrence of each Security Event, (a) enter into such security documents in favor of the Administrative Agent in order to secure the Facility on a *pari passu* basis with the Indebtedness relating to such Security Event, in any event, on terms substantially similar to the security documents relating to such Security Event and otherwise in form and substance acceptable to the Administrative Agent, (b) provide to the Administrative Agent evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by such security documents in favor of the Administrative Agent, and (c) deliver or cause to be delivered to the Administrative Agent any customary legal opinions, certificates or other documents reasonably requested by Administrative Agent in connection with any such grant of a Lien.

ARTICLE VI
NEGATIVE COVENANTS

So long as any Obligation shall remain unpaid, any Letter of Credit shall remain outstanding, or any Lender shall have any Revolving Commitment, the Borrower agrees, unless the Majority Lenders otherwise consent in writing, to comply with the following covenants.

Section 6.1 Liens, Etc. From and after the Initial Funding Date, the Borrower will not, and will not permit any of its Subsidiaries to, create, assume, incur, or suffer to exist, any Lien of any kind on or in respect of any Property of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, except for the following ("Permitted Liens"):

(a) Liens securing the Obligations arising under this Agreement;

(b) Liens securing Indebtedness under Capital Leases and purchase money Indebtedness permitted under Section 6.2(e); provided that (i) such Liens shall be created substantially simultaneously with the acquisition, repair, improvement or lease, as applicable, of the related Property, (ii) such Liens do not at any time encumber any property other than the Property financed by such Indebtedness and any proceeds thereof, (iii) the principal amount of Indebtedness secured thereby is not increased, and (iv) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original price for the purchase, repair improvement or lease amount (as applicable) of such Property at the time of purchase, repair, improvement or lease (as applicable), and (v) the aggregate outstanding principal amount of Indebtedness secured by the Liens permitted under this clause (b) and the Liens permitted under clause (c) below does not at any time exceed 5% of the Borrower's Consolidated Tangible Net Worth;

(c) Liens securing Indebtedness (other than Capital Leases and purchase money Indebtedness of inventory or fixed assets); provided that (i) the aggregate outstanding principal amount of Indebtedness secured by the Liens permitted under this clause (c) and the Liens permitted under clause (b) above does not at any time exceed 5% of the Borrower's Consolidated Tangible Net Worth, and (ii) if such Indebtedness is Long-Term Secured Indebtedness, then the Borrower shall have complied with the requirements of Section 5.14 with respect to such Indebtedness;

(d) Liens arising in the ordinary course of business by operation of law in connection with workers' compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges; provided, that in each case the obligation secured is not Indebtedness and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(e) good faith deposits, pledges or other Liens in connection with (or to obtain or support letters of credit in connection with) bids, performance bonds, contracts or leases to which the Borrower or its Subsidiaries are a party in the ordinary course of business; provided, that in each case the obligation secured is not Indebtedness and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(f) mechanics', workmen, materialmen, landlords', carriers' or other similar Liens arising in the ordinary course of business (or deposits to obtain the release of such Liens) and that do not, individually or in the aggregate, materially impair the use thereof in the operation of the business of the Borrower or any of its Subsidiaries, provided, that in each case the obligation secured is not Indebtedness and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(g) Inchoate Liens under ERISA and liens for Taxes not yet due or which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(h) Liens arising out of judgments or awards against the Borrower or any of its Subsidiaries, or in connection with surety or appeal bonds or the like in connection with bonding such judgments or awards, the time for appeal from which or petition for rehearing of which shall not have expired or for which the Borrower or such Subsidiary shall be prosecuting on appeal or proceeding for review, and for which it shall have obtained a stay of execution or the like pending such appeal or proceeding for review, and which would not constitute an Event of Default;

(i) rights reserved to or vested in any municipality or governmental, statutory or public authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to terminate such right, power, franchise, grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the property of a Person;

(j) rights reserved to or vested in any municipality or governmental, statutory or public authority to control, regulate or use any property of a Person;

(k) rights of a common owner of any interest in property held by a Person and such common owner as tenants in common or through other common ownership;

(l) encumbrances, easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations in any property or rights-of-way of a Person for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines, removal of gas, oil, coal, metals, steam, minerals, timber or other natural resources, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities or equipment, or defects, irregularity and deficiencies in title of any property or rights-of-way; provided, that in each case the obligation secured is not Indebtedness and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefore;

(m) zoning, planning and Environmental Laws and ordinances and municipal regulations, which do not, in any case, materially detract from the value of such property or impair the use thereof in the ordinary course of business;

(n) financing statements filed by lessors of property (but only with respect to the property so leased) and Liens under any conditional sale or title retention agreements entered into in the ordinary course of business; provided, that in each case the obligation secured is not Indebtedness,

(o) rights of lessees of equipment owned by the Borrower or any of its Subsidiaries, and

(p) any Liens on cash, short term investments and letters of credit securing Hedging Obligations of the Borrower or any of its Subsidiaries entered into for non-speculative purposes,

Section 6.2 Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, incur or permit to exist any Indebtedness, except the following:

(a) the Obligations;

(b) Indebtedness and obligations owing under permitted Hedging Transactions;

(c) unsecured intercompany Indebtedness (i) owed by any Credit Party to another Credit Party, (ii) owed by any Credit Party to any Non-Guarantor Subsidiary (provided that such Indebtedness shall be Subordinated Indebtedness), and (iii) owed by any Non-Guarantor Subsidiary to any other Non-Guarantor Subsidiary; and (iv) owed by any Non-Guarantor Subsidiary to any Credit Party to the extent permitted pursuant to Section 6.3;

(d) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business;

(e) Indebtedness of the Borrower or any Subsidiary not otherwise permitted pursuant to this Section 6.2 so long as (i) the Borrower is in compliance, on a pro forma basis after giving effect to such transactions, with the covenants contained in this Article VI recomputed as of the last day of the most recently ended fiscal quarter of the Borrower as if the transaction in question had occurred on the first day of each relevant period for testing such compliance, (ii) no Default exists at the time such Indebtedness is incurred, (iii) as to any secured Indebtedness, the Liens granted in connection therewith is permitted under Section 6.1(b) or Section 6.1(c) and (iv) as to Senior Notes, (A) the terms of such Senior Notes are no worse for obligors thereunder than those that are customary and readily available in the market and not materially adverse to the interest of the Lenders, (B) the scheduled maturity date of such Senior Notes is no earlier than five years from incurrence thereof, and (C) the agreements and instruments governing such Senior Notes does not contain any financial maintenance covenants more restrictive than those set forth in Section 6.8 and the other covenants and defaults, taken as a whole, are not materially more restrictive than those set forth in this Agreement (provided that the inclusion of any covenant that is customary with respect to such type of Indebtedness and that is not found in this Agreement shall not be deemed to be more restrictive for purposes of this clause).

Section 6.3 Investments. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, own, invest in or otherwise acquire (in one transaction or a series of transactions), directly or indirectly, any Equity Interests, interests in any partnership or joint venture (including, without limitation, the creation or capitalization of any Subsidiary), evidence of Indebtedness or other obligation or security, substantially all or a portion of the business or assets of any other Person or any other investment or interest whatsoever in any other Person, or make or permit to exist, directly or indirectly, any loans, advances or extensions of credit to, or any investment in cash or by delivery of Property in, any Person (all the foregoing, " Investments") except:

(a) Investments existing on the Closing Date in Subsidiaries existing on the Closing Date and Investments existing on the Closing Date and described on Schedule 6.3, as it may have been updated pursuant to Section 3.2(a);

(b) Investments in Guarantors;

(c) Investments in cash and Cash Equivalents;

(d) deposits made in the ordinary course of business to secure the performance of leases or other obligations as permitted by Section 6.1;

(e) Hedging Transactions permitted pursuant to Section 6.2;

(f) Investments in the form of Restricted Payments permitted pursuant to Section 6.6;

(g) Investments in the form of guarantees of otherwise permitted Indebtedness pursuant to Section 6.2;

(h) payroll, commission, travel, relocation, expense and similar advances to employees, directors or officers to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(i) Equity Interests or other securities received in settlement of debts (x) created in the ordinary course of business and owing to the Borrower or any of its Subsidiaries or in satisfaction of judgments or (y) pursuant to any plan of reorganization or similar arrangement in a bankruptcy or insolvency proceeding;

(j) Investments in any Person which constitutes non-cash consideration for the Borrower or any Subsidiary for any permitted Asset Disposition; and

(k) Investments not otherwise permitted pursuant to this Section 6.3; provided that, immediately before and immediately after giving effect to each such Investment, (i) the Borrower is in compliance with Section 6.8; (ii) Liquidity is at least $25,000,000 and (iii) no Default or Event of Default shall have occurred and be continuing.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 6.3, such amount shall be deemed to be the amount of such Investment when made, purchased or acquired (without adjustment for subsequent increases or decreases in the value of such Investment) less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested).

Section 6.4 Limitation on Certain Restrictions. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise permit to exist or become effective any restriction on the ability of the Borrower or any of its Subsidiaries to (i) pay dividends or make any other distributions on its capital stock, or any other interest or participation in its profits, owned by the Borrower or pay any Indebtedness owed to the Borrower, (ii) make loans or advances to the Borrower or any of its Subsidiaries (iii) sell, lease or transfer any of its properties or assets to any Credit Party, (iv) act as a Credit Party, including being a Guarantor, pursuant to the Credit Documents or any renewals, refinancings, exchanges, refundings or extension thereof, or (v) prohibit or restrict the ability of the Borrower to amend or otherwise modify this Agreement or any Credit Document, except in each case for restrictions existing under or by reason of (1) any applicable Legal Requirement, (2) this Agreement or the other Credit Documents, (3) any documents or agreements governing Indebtedness of a Credit Party that is otherwise permitted under Section 6.2(e), (3) any restrictions existing in connection with any Subsidiary acquired by the Borrower or its Subsidiaries after the Closing Date which imposition applies solely on such Subsidiary and its Subsidiaries, in which case the Borrower shall use commercially reasonable efforts to promptly cause the removal or release of any such restrictions, and (4) customary restrictions in any agreement for the sale, transfer or other disposition of a Subsidiary that is otherwise permitted under this Agreement pending consummation of such sale, transfer or disposition. The Borrower and its Subsidiaries shall not enter into any agreement prohibiting the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired (except in connection with any Permitted Liens provided that restriction is limited to the property subject to such Lien; provided that the foregoing shall not prevent (a) restrictions on the transfer or pledge of Equity Interests in joint ventures, (b) customary non-assignment provisions in leases, licenses, permits and other agreements entered into in the ordinary course of business, (c) in connection with any disposition of Property permitted hereunder, any restriction with respect to such Property imposed under the agreement or agreements governing such Disposition, or (d) restrictions imposed by any Legal Requirement.

Section 6.5 Merger, Consolidation; Asset Sales.

(a) The Borrower will not, and will not permit any Subsidiary of the Borrower to, directly or indirectly, merge or consolidate with any Person (as a result of an Acquisition or otherwise) unless (i) if the Borrower is being merged or consolidated, the Borrower is the surviving entity, (ii) if a Guarantor is being merged or consolidated with another Subsidiary of the Borrower, the surviving entity is or shall become a Guarantor, (iii) if such merger or consolidation is in connection with an Acquisition or other Investment, such Investment is permitted under Section 6.3; and (iv) no Default or Event of Event shall have occurred and be continuing before and after giving effect to such merger or consolidation.

(b) The Borrower and its Subsidiaries, taken as a whole, shall not sell, transfer or otherwise dispose of (in one transaction or a series of transactions) all or substantially all of the Borrower's and its Subsidiaries' assets (determined on a Consolidated basis).

Section 6.6 Restricted Payments. From and after the Initial Funding Date, the Borrower will not, and will not permit any of its Subsidiaries to, make any Restricted Payment except that:

(a) each Subsidiary may make Restricted Payments to any Credit Party;

(b) each Subsidiary may make Restricted Payments to any other Person that is not a Subsidiary or the Borrower and that owns a direct Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made; provided that, the aggregate amount of such Restricted Payments made by a Subsidiary since December 31, 2013 shall not exceed 25% of such Subsidiary's attributable share of Consolidated Net Income arising after December 31, 2013 and computed on a cumulative basis through the last day of the most recent fiscal quarter of the Borrower for which financial statements have been delivered (or deemed delivered) to the Administrative Agent as if such period of time were one accounting period;

(c) the Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person and the Borrower may purchase or otherwise acquire Equity Interests in any Subsidiary using additional shares of the Borrower's Equity Interests;

(d) each Subsidiary may purchase, redeem or otherwise acquire its common Equity Interests with the proceeds received from the substantially concurrent issue of new common Equity Interests;

(e) the Borrower may repurchase or otherwise acquire Equity Interests (including options, warrants, equity appreciation rights or other rights to purchase or acquire Equity Interests) of the Borrower held by any existing or former employees, officers or directors of the Borrower or any Subsidiary of the Borrower or their assigns, estates or heirs, in each case pursuant to employee stock option or stock purchase plans or agreements or other agreements to compensate employees, officers or directors, in each case approved by the Borrower's board of directors;

(f) Restricted Payments may be made which consist of purchases, repurchases, redemptions or other acquisitions or retirements for value of Equity Interest deemed to occur upon the cashless exercise of stock options, warrants, rights to acquire Equity Interests or other convertible securities if such Equity Interests represent a portion of the exercise or exchange price thereof, and any purchases, repurchases, redemptions or other acquisitions or retirements for value of Equity Interests made in lieu of withholding taxes in connection with any exercise or exchange of warrants, options or rights to acquire Equity Interests;

(g) the Borrower may make cash payments in lieu of the issuance of fractional shares with respect to issuances of Equity Interests otherwise permitted under this Agreement;

(h) any Non-Guarantor Subsidiary may make Restricted Payments to any other Non-Guarantor Subsidiary; and

(i) the Borrower may make Restricted Payments solely out of 50% of Consolidated Net Income of the Borrower arising after December 31, 2013 and computed on a cumulative Consolidated basis through the last day of the most recent fiscal quarter of the Borrower for which financial statements have been delivered (or deemed delivered) to the Administrative Agent as if such period of time were one accounting period; provided that, immediately before and immediately after giving effect to each such Restricted Payment, (i) no Default exists or would result therefrom and (ii) the Total Capitalization Ratio is no greater than 0.30 to 1.00.

Section 6.7 Affiliate Transactions. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly enter into or permit to exist any transaction or series of transactions (including, but not limited to, the purchase, sale, lease or exchange of property, the making of any investment, the giving of any guaranty, the assumption of any obligation or the rendering of any service) with any of their Affiliates unless such transaction or series of transactions is on terms no less favorable to the Borrower or the Subsidiary, as applicable, than those that could be obtained in a comparable arm's length transaction with a Person that is not such an Affiliate; provided that, the Borrower and any of its Subsidiaries may:

(a) guaranty or otherwise assume obligations of an Affiliate to the extent permitted under Section 6.2 hereof;

(b) enter into transactions among Credit Parties;

(c) enter into employment and severance arrangements (including equity incentive plans and employee benefit plans and arrangements) with their respective officers and employees in the ordinary course of business; and

(d) make payment of customary fees and reasonable out of pocket costs to, and indemnities for the benefit of, directors, officers and employees of the Borrower and its Subsidiaries in the ordinary course of business to the extent attributable to the ownership or operation of the Borrower and its Subsidiaries.

Section 6.8 Financial Covenants.

(a) Maximum Total Capitalization Ratio. As of the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2014, the Borrower will not permit its Total Capitalization Ratio to be greater than 0.50 to 1.00.

(b) Minimum Interest Coverage Ratio. As of the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2014, the Borrower will not permit its Consolidated Interest Coverage Ratio to be less than 3.00 to 1.00.

Section 6.9 Use of Proceeds. The Borrower will not, and will not permit any of its Subsidiaries to, use the proceeds of the Advances for any purpose other than (i) to pay fees, commissions and expenses in connection with the Transactions, and (ii) for working capital and general corporate purposes of the Borrower and its Subsidiaries.

Section 6.10 Limitation on Hedging. The Borrower will not, and will not permit any of its Subsidiaries to, (a) purchase or assume a speculative position in any commodities market or futures market or enter into or assume any Hedging Transaction for speculative purposes; or (b) be party to or otherwise enter into any Hedging Transaction which is entered into for reasons other than as a part of its normal business operations as a risk management strategy and/or hedge against changes resulting from market conditions related to the Borrower's or its Subsidiaries' operations.

Section 6.11 Nature of Business. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than the business conducted by the Borrower and its Subsidiaries as of the Closing Date, and business activities reasonably related or ancillary thereto.

Section 6.12 Sale Leasebacks. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an operating lease or a Capital Lease, of any Property (whether real, personal or mixed), whether now owned or hereafter acquired, (a) which the Borrower or any Subsidiary thereof has sold or transferred or is to sell or transfer to a Person which is not another Credit Party or Subsidiary of a Credit Party or (b) which the Borrower or any Subsidiary of a Credit Party intends to use for substantially the same purpose as any other Property that has been sold or is to be sold or transferred by such Credit Party or such Subsidiary to another Person which is not another Credit Party or Subsidiary of a Credit Party in connection with such lease.

Section 6.13 Accounting Changes. The Borrower will not, and will not permit any of its Subsidiaries to change its fiscal year end, or make (without the consent of the Administrative Agent) any material change in its accounting treatment and reporting practices except as required by GAAP.

Section 6.14 Payments and Modifications of Indebtedness; Prepayment of Pari Passu Debt. The Borrower will not, and will not permit any of its Subsidiaries to (a) amend, modify, waive or supplement (or permit the modification, amendment, waiver or supplement of) any of the terms or provisions of any Subordinated Indebtedness or any Senior Note Documents in any respect which would materially and adversely affect the rights or interests of the Administrative Agent and Lenders hereunder, or (b) cancel, forgive, make any direct or indirect payment or prepayment on, defease, retire, purchase, redeem or acquire for value (including, without limitation, (x) by way of depositing with any trustee with respect thereto money or securities before due for the purpose of paying when due and (y) at the maturity thereof) any Indebtedness, except:

(i) refinancings, refundings, renewals, extensions or exchange of any Subordinated Indebtedness to the extent permitted under Section 6.2, and by any subordination provisions applicable thereto, or from the proceeds of the issuance of Equity Interests, so long as, before and after giving pro forma effect thereto, no Event of Default exists or would result therefrom;

(ii) refinancings, refundings, renewals, extensions or exchange of any Senior Notes to the extent permitted under Section 6.2, or from the proceeds of the issuance of Equity Interests, so long as, before and after giving pro forma effect thereto, no Event of Default exists or would result therefrom;

(iii) the payment of interest, expenses and indemnities in respect of Indebtedness permitted under Section 6.2 (other than any such payments prohibited by any subordination provisions applicable thereto);

(iv) prepayments of principal on any Senior Notes which are not made with the proceeds of any refinancings, refundings, renewals or exchanges permitted under clause (ii) above, so long as, before and after giving pro forma effect to such prepayment (x) no Event of Default exists or would result therefrom, and (y) the Borrower has Liquidity of at least $100,000,000; and

(v) payments and prepayments of any Indebtedness (other than Subordinated Indebtedness and the Senior Notes) and payment of principal when due at scheduled maturity on any Subordinated Indebtedness or Senior Notes, in each case, so long as no Event of Default exists or would result therefrom.

ARTICLE VII
REMEDIES

Section 7.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under any Credit Document:

(a) Payment. Any Credit Party shall fail to pay any principal of any Advance or any Reimbursement Obligation when the same becomes due and payable as set forth in this Agreement, or any interest on any Note or any fee or other amount payable hereunder or under any other Credit Document within five Business Days after the same becomes due and payable;

(b) Representation and Warranties. Any representation or warranty made or deemed to be made (i) by any Credit Party in this Agreement or in any other Credit Document, or (ii) by any Credit Party (or any of its officers) in connection with this Agreement or any other Credit Document, shall prove to have been incorrect in any material respect (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall prove to have been incorrect in all respects) when made or deemed to be made;

(c) Covenant Breaches. (i) The Borrower shall fail to perform or observe any covenant contained in Sections 5.3 or 5.6, or Article VI of this Agreement, or (ii) any Credit Party shall fail to perform or observe any term or covenant set forth in any Credit Document which is not covered by clause (i) above or any other provision of this Section 7.1 if such failure shall remain unremedied for 30 days after the earlier of the date written notice of such default shall have been given to the Borrower by the Administrative Agent or any Lender or the date a Responsible Officer of the Borrower has actual knowledge of such default;

(d) Cross-Defaults. (i) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium or interest on its Indebtedness which is outstanding in a principal amount of at least $35,000,000 individually or when aggregated with all such Indebtedness of the Borrower or its Subsidiaries so in default (but excluding the Obligations) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to Indebtedness which is outstanding in a principal amount of at least $35,000,000 individually or when aggregated with all such Indebtedness of the Borrower and its Subsidiaries so in default, and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or (iii) any Indebtedness referred to in clause (i) or (ii) above shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required

prepayment), prior to the stated maturity thereof; provided that, for purposes of this subsection 7.1(d), the "principal amount" of the obligations in respect of any Financial Contract at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that would be required to be paid if such Financial Contract were terminated at such time;

(e) Insolvency. The Borrower or any Material Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Material Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any Debtor Relief Laws, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against the Borrower or any Material Subsidiary, either such proceeding shall remain undismissed for a period of 30 days or any of the actions sought in such proceeding shall occur; or the Borrower or any Material Subsidiary shall take any corporate action to authorize any of the actions set forth above in this paragraph (e);

(f) Judgments. Any one or more judgments or orders for the payment of money in excess of $35,000,000 in the aggregate (reduced for purposes of this paragraph for the amount in respect of any such judgment or order adequately covered by a reputable and creditworthy insurer under any valid and enforceable insurance policy) shall be rendered against the Borrower or any other Credit Party which, within 30 days from the date any such judgment is entered, shall not have been discharged or execution thereof stayed pending appeal;

(g) ERISA. (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 1106 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is likely to result in the termination of such Plan for purposes of Title IV of ERISA, unless such Reportable Event, proceedings or appointment are being contested by the Borrower in good faith and by appropriate proceedings, (iv) any Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any member of the Controlled Group shall incur any liability in connection with a withdrawal from a Multiemployer Plan or the insolvency (within the meaning of Section 4245 of ERISA) or reorganization (within the meaning of Section 4241 of ERISA) of a Multiemployer Plan, unless such liability is being contested by the Borrower in good faith and by appropriate proceedings, or (vi) any other event or condition shall occur or exist, with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could subject the Borrower to any tax, penalty or other liabilities in the aggregate exceeding $35,000,000;

(h) Failure of Agreements. Any provision of this Agreement or any provision of any other Credit Document shall for any reason cease to be valid and binding on any Credit Party or any Subsidiary thereof party thereto or any such Person shall so state in writing, or, after the occurrence of a Security Event, any Credit Document shall for any reason cease to create a valid and perfected first priority Lien (subject to Permitted Liens) on, or security interest in, any of the Collateral purported to be covered thereby, in each case other than in accordance with the express terms hereof or thereof; and

(i) Change of Control. Any Change in Control shall occur.

Section 7.2 Optional Acceleration of Maturity. If any Event of Default (other than an Event of Default pursuant to paragraph (e) of Section 7.1) shall have occurred and be continuing, then, and in any such event,

(a) the Administrative Agent (i) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances and the obligation of each Issuing Lender to issue, increase, or extend Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare all Obligations, including all interest, Letter of Credit Obligations, and all other amounts payable under this Agreement, to be forthwith due and payable, whereupon all such Obligations shall become and be forthwith due and payable in full, without presentment, demand, protest or further notice of any kind (including any notice of intent to accelerate or notice of acceleration), all of which are hereby expressly waived by the Borrower, and

(b) the Borrower shall, on demand of by the Administrative Agent at the request or with the consent of the Majority Lenders, deposit with the Administrative Agent into the Cash Collateral Account held with the Administrative Agent an amount of cash equal to the Minimum Collateral Amount, without presentment, demand, protest or further notice of any kind (including any notice of intent to accelerate or notice of acceleration), all of which are hereby expressly waived by the Borrower.

Section 7.3 Automatic Acceleration of Maturity. If any Event of Default pursuant to paragraph (e) of Section 7.1 shall occur,

(a) the obligation of each Lender to make Advances and the obligation of each Issuing Lender to issue, increase, or extend Letters of Credit shall immediately and automatically be terminated and all Obligations, including all interest, Letter of Credit Obligations, and all other amounts payable under this Agreement shall immediately and automatically become and be due and payable in full, without presentment, demand, protest or any notice of any kind (including any notice of intent to accelerate or notice of acceleration), all of which are hereby expressly waived by the Borrower; and

(b) to the extent permitted by law or court order, the Borrower shall deposit with the Administrative Agent into the Cash Collateral Account held by the Administrative Agent an amount of cash equal to the Minimum Collateral Amount, without presentment, demand, protest or further notice of any kind (including any notice of intent to accelerate or notice of acceleration), all of which are hereby expressly waived by the Borrower.

Section 7.4 Cash Collateral Account.

(a) Pledge. The Borrower hereby pledges, and grants to the Administrative Agent for the benefit of the Lenders, a security interest in all funds held in the Cash Collateral Account held by the Administrative Agent from time to time and all proceeds thereof, as security for the payment of the Obligations, including all Letter of Credit Obligations owing to any Issuing Lender or any other Lender due and to become due from the Borrower to any Issuing Lender or any other Lender under this Agreement in connection with the Letters of Credit.

(b) Application against Letter of Credit Obligations. The Administrative Agent may, at any time or from time to time apply funds then held in the Cash Collateral Account to (i) the payment of any Letter of Credit Obligations owing to the Issuing Lenders on a pro rata basis, as shall have become or shall become due and payable by the Borrower to such Issuing Lenders under this Agreement in connection with the Letters of Credit and (ii) the payment of Swingline Advances owing to the Swingline Lenders on a pro rata basis, as shall have become or shall become due and payable by the Borrower to such Swingline Lenders under this Agreement.

(c) Duty of Care. The Administrative Agent shall exercise reasonable care in the custody and preservation of any funds held in the Cash Collateral Account and shall be deemed to have exercised such care if such funds are accorded treatment substantially equivalent to that which the Administrative Agent accords its own property, it being understood that the Administrative Agent shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any such funds.

Section 7.5 Non-exclusivity of Remedies. No remedy conferred upon the Administrative Agent or the Lenders is intended to be exclusive of any other remedy, and each remedy shall be cumulative of all other remedies existing by contract, at law, in equity, by statute or otherwise.

Section 7.6 Right of Set-off. Upon (a) the occurrence and continuance of any Event of Default and (b) the making of the request or the granting of the consent, if any, specified by Section 7.2 to authorize the Administrative Agent to declare the Obligations due and payable pursuant to the provisions of Section 7.2 or the automatic acceleration of the Obligations pursuant to Section 7.3, each Lender, each Issuing Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender, such Issuing Lender or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Credit Document to such Lender or such Issuing Lender or their respective Affiliates, irrespective of whether or not such Lender, Issuing Lender or Affiliate shall have made any demand under this Agreement or any other Credit Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or such Issuing Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.19 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each Issuing Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Lender or their respective Affiliates may have. Each Lender and Issuing Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 7.7 Currency Conversion After Maturity. At any time following the occurrence of an Event of Default and the acceleration of the maturity of the Obligations owed to the Lenders hereunder, the Lenders shall be entitled to convert, with two (2) Business Days' prior notice to the Borrower, any and all or any part of the then unpaid and outstanding Advances denominated in a Foreign Currency into Advances denominated in Dollars. Any such conversion shall be calculated so that the principal amount of the resulting Advances shall be the Dollar Amount of the principal amount of the Advance being converted on the date of conversion. Any accrued and unpaid interest denominated in such Foreign Currency at the time of any such conversion shall be similarly converted to Dollars, and such converted Advances and accrued and unpaid interest thereon shall thereafter bear interest in accordance with the terms hereof.

ARTICLE VIII
AGENCY AND ISSUING LENDER PROVISIONS

Section 8.1 Authorization and Action; Release of Guarantors .

(a) Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Credit Documents as are delegated to the Administrative Agent by the terms hereof and of the other Credit Documents, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement or any other Credit Document (including enforcement or collection of the Obligations), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders or all Lenders, and such instructions shall be binding upon all Lenders and all holders of the Obligations; provided, however, that Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement, any other Credit Document, or applicable Legal Requirements. It is understood and agreed that the use of the term "agent" herein or in any other Credit Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) The Lender Parties irrevocably authorize the Administrative Agent to (i) release any Lien granted to or held by the Administrative Agent upon any Cash Collateral Account or any other Collateral (x) as required under the terms of this Agreement, including if approved, authorized or ratified in writing in accordance with Section 9.1, (y) upon termination of this Agreement, termination of all Letters of Credit (other than Letters of Credit as to which other arrangements reasonably satisfactory to the applicable Issuing Lender have been made), and the payment in full of all outstanding Advances, Letter of Credit Obligations (other than with respect to Letters of Credit as to which other arrangements reasonably satisfactory to the applicable Issuing Lender have been made) and all other Obligations payable under this Agreement and under any other Credit Document, or (z) other than as to Cash Collateral Accounts, that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Credit Documents, and (ii) release a Guarantor from its obligations under the Guaranty and any other applicable Credit Document if such Person ceases to be a Material Domestic Subsidiary of the Borrower as a result of a transaction or event permitted under this Agreement.

(c) The Lender Parties irrevocably also authorize the Administrative Agent to subordinate any Lien on any Collateral granted to or held by the Administrative Agent under any Credit Document to the holder of any Permitted Lien (other than such Liens securing Long-Term Secured Indebtedness permitted under Section 6.1(c)) on substantially the same terms that the Liens securing Long-Term Secured Indebtedness permitted under Section 6.1(c) are subordinated.

(d) Upon request by the Administrative Agent at any time, the Lender Parties will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 8.1. The Administrative Agent shall not be responsible for nor have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of any collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, nor shall the Administrative Agent be responsible or liable to other Lender Party for any failure to monitor or maintain any portion of any collateral.

(e) Notwithstanding anything contained in any of the Credit Documents to the contrary, the Credit Parties, the Administrative Agent, and each Lender Party hereby agree that no Lender Party shall have any right individually to enforce the Guaranty, it being understood and agreed that all powers, rights and remedies under the Guaranty may be exercised solely by Administrative Agent on behalf of the Lender Parties in accordance with the terms hereof and the other Credit Documents.

Section 8.2 Administrative Agent's Reliance, Etc. Neither Administrative Agent nor any of its respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken **(INCLUDING THE ADMINISTRATIVE AGENT'S OWN NEGLIGENCE)** by it or them under or in connection with this Agreement or the other Credit Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (a) may treat the payee of any Note as the holder thereof until the Administrative Agent receives written notice of the assignment or transfer thereof signed by such payee and in form satisfactory to the Administrative Agent; (b) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations made in or in connection with this Agreement or the other Credit Documents; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Credit Document on the part of the Borrower or its Subsidiaries or to inspect the property (including the books and records) of the Borrower or its Subsidiaries; (e) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Credit Document; and (f) shall incur no liability under or in respect of this Agreement or any other Credit Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by facsimile, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

Section 8.3 The Administrative Agent and its Affiliates . With respect to its Revolving Commitments, the Advances made by it and the Letters of Credit issued by it, the Administrative Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an agent hereunder. The term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include the Administrative Agent in its individual capacity. Administrative Agent and its respective Affiliates may accept deposits from, lend money to, own securities of, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower or any of its Subsidiaries, and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if the Administrative Agent were not an agent hereunder and without any duty to account therefor to the Lenders.

Section 8.4 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on the financial statements referred to in Section 4.6 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

Section 8.5 Indemnification. The Lenders severally agree to indemnify the Administrative Agent, each Arranger, each Swingline Lender and each Issuing Lender (to the extent not reimbursed by the Borrower), according to their respective Pro Rata Shares from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any

kind or nature whatsoever (including legal fees) which may be imposed on, incurred by, or asserted against the Administrative Agent, such Arranger or such Issuing Lender in any way relating to or arising out of this Agreement or any other Credit Document or any action taken or omitted by the Administrative Agent, such Arranger, such Swingline Lender or such Issuing Lender under this Agreement or any other Credit Document (**INCLUDING THE ADMINISTRATIVE AGENT'S, THE ARRANGER'S, SUCH SWINGLINE LENDER'S OR SUCH ISSUING LENDER'S OWN NEGLIGENCE**), provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements found by a final judgment by a court of competent jurisdiction to have resulted from the Administrative Agent's, such Arranger's, such Swingline Lender's or such Issuing Lender's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to (a) reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, modification or amendment of this Agreement or any other Credit Document, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower and (b) reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the administration or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any other Credit Document, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower. All obligations of the Lenders provided in this Section 8.5 shall survive any termination of this Agreement and repayment in full of the Obligations. All amounts due under this Section 8.5 shall be payable not later than 30 days after demand therefor.

Section 8.6 Successor Administrative Agent and Issuing Lenders .

(a) Administrative Agent and any Issuing Lender may resign at any time by giving written notice thereof to the Lenders and the Borrower. The Administrative Agent and any Issuing Lender may be removed at any time with or without cause by the Majority Lenders upon receipt of written notice from such Majority Lenders to such effect. Any Issuing Lender designated in writing by the Borrower as provided in the definition of "Issuing Lender" may be removed at any time with or without cause by the Borrower. Upon receipt of notice of any such resignation or removal (other than a removal of an Issuing Lender by the Borrower), the applicable Majority Lenders shall have the right to appoint a successor Administrative Agent or Issuing Lender with, if an Event of Default has not occurred and is not continuing, the consent of the Borrower, which consent shall not be unreasonably withheld or delayed. If no successor Administrative Agent or Issuing Lender shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring or removed Administrative Agent's or Issuing Lender's giving of notice of resignation or the Majority Lenders' removal of the retiring Administrative Agent or Issuing Lender, then the retiring or removed Administrative Agent or Issuing Lender may, on behalf of the Lenders and the Borrower, appoint a successor Administrative Agent or Issuing Lender, which shall be a commercial bank meeting the financial requirements of an Eligible Assignee and, in the case of a Issuing Lender, a Lender. Upon the acceptance of any appointment as Administrative Agent or Issuing Lender by a successor Administrative Agent or Issuing Lender, such successor Administrative Agent or Issuing Lender shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent or Issuing Lender (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent or Issuing Lender), and the retiring or removed Administrative Agent or Issuing Lender shall be discharged from its duties and obligations under this Agreement and the other Credit Documents, except that the retiring or removed Issuing Lender shall remain the Issuing Lender with respect to any Letters of Credit issued by such Issuing Lender and outstanding on the effective date of its resignation or removal and the provisions affecting such Issuing Lender with respect to such Letters of Credit shall inure to the benefit of the retiring or removed Issuing Lender until the termination of all

such Letters of Credit and the payment of all outstanding Obligations owing to such Issuing Lender. After any retiring or removed Administrative Agent's or Issuing Lender's resignation or removal hereunder as Administrative Agent or Issuing Lender, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Issuing Lender under this Agreement and the other Credit Documents (including rights to indemnity payments owed to the retiring or removed Administrative Agent or Issuing Lender).

(b) Any Swingline Lender may resign at any time by giving 30 days' prior notice to the Administrative Agent, the Lenders and the Borrower. After the resignation of such Swingline Lender hereunder, the resigning Swingline Lender shall remain a party hereto and shall continue to have all the rights and obligations of such Swingline Lender under this Agreement and the other Credit Documents with respect to Swingline Advances made by it prior to such resignation, but shall not be required to make any additional Swingline Advances. Upon such notice of resignation, the Borrower shall have the right to designate any other Lender as a replacement Swingline Lender with the consent of such Lender and the Administrative Agent.

Section 8.7 Lead Arranger, Book Runner. The Arranger and Book Runner shall have no duties, obligations or liabilities hereunder in its capacity as the Arranger and Book Runner. The Lenders shall have no right to replace the Arranger or Book Runner, and the Arranger and Book Runner shall not have the right to assign its status as the arranger or book runner, as applicable, to any Person.

ARTICLE IX
MISCELLANEOUS

Section 9.1 Amendments, Etc. No amendment or waiver of any provision of this Agreement, the Notes, or any other Credit Document (other than the Fee Letter or any Letter of Credit Document), nor consent to any departure by the Borrower or any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however (and subject to Section 2.19 with respect to any Defaulting Lender),

(a) no amendment shall increase or extend the Revolving Commitment of any Lender without the written consent of such Lender;

(b) no amendment shall amend the definitions of "Eligible Currency" or "Agreed Currency" (other than as contemplated within such definition) without the written consent of each Lender and each Issuing Lender;

(c) no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (i) reduce the principal of, or interest on, the Obligations or any fees or other amounts payable hereunder or under any other Credit Document, (ii) postpone any date fixed for any payment of principal of, or interest on, the Obligations or any fees or other amounts payable hereunder, (iii) amend Section 2.14, Section 7.7, this Section 9.1 or any other provision of this Agreement that requires the pro rata treatment of, or action by, all the Lenders, (iv) amend the definition of "Majority Lenders", or (v) amend Section 6.5(b) or waive any Event of Default arising therefrom or consent to any departure from the terms thereof,

(d) there shall be no release of Guarantors comprising all or substantially all of the credit support for the Obligations from any Guaranty Agreement (other than as otherwise specifically permitted or contemplated in this Agreement), without the written consent of each Lender;

(e) from and after the occurrence of a Security Event, there shall be no release of all or substantially all of the Collateral or release any Security Document (other than as otherwise specifically permitted or contemplated in this Agreement or the applicable Security Document), without the written consent of each Lender; and

(f) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent, the Arranger, the applicable Issuing Lender, or the applicable Swingline Lender in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent, the Arranger, such Issuing Lender, or such Swingline Lender as the case may be, under this Agreement or any other Credit Document.

Section 9.2 Notices, SyndTrak, Etc.

(a) Notices. All notices and other communications shall be in writing (including facsimile or telex) and mailed, faxed, telexed, hand delivered or delivered by a nationally recognized overnight courier, if to the Borrower, at its address at 77402 North Eldridge Parkway, Houston, Texas 77041, Attention: Treasurer, with a copy to the General Counsel, Facsimile: (281) 823-5208, Telephone: (281) 823-4700; if to any Lender, any Swingline Lender or any Issuing Lender, at its address for notices specified in its Administrative Questionnaire; if to the Administrative Agent (including the delivery of a Compliance Certificate), at its address at 1525 W WT Harris Blvd., Mail Code D1109-019, Charlotte, NC 28262, Attention: Syndication Agency Services, (facsimile: (704) 590-2790; telephone: (704) 590-2706), with a copy to 1000 Louisiana Street, 9 th Floor, Houston, Texas 77002, Attention: Christina Faith (facsimile: (713) 739-1087; telephone: (713) 319-1672); if a Notice of Borrowing or a Notice of Conversion or Continuation to the Administrative Agent at the address for the Administrative Agent specified above; or, as to each party, at such other address or teletransmission number as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, faxed, telexed or hand delivered or delivered by overnight courier, be effective three days after deposited in the mails, when facsimile transmission is completed, when confirmed by telex answer-back or when delivered, respectively, except that notices and communications to the Administrative Agent, a Swingline Lender or an Issuing Lender pursuant to Article II or VIII shall not be effective until received by the Administrative Agent, such Swingline Lender or such Issuing Lender.

(b) Electronic Postings. (i) The Borrower agrees that the Administrative Agent may make any material delivered by the Borrower to the Administrative Agent, as well as any amendments, waivers, consents, and other written information, documents, instruments and other materials relating to the Borrower, any of its Subsidiaries, or any other materials or matters relating to this Agreement, the Notes or any of the transactions contemplated hereby (excluding notices pursuant to Article II, collectively, the "Communications") available to the Lenders by posting such notices on an electronic delivery system (which may be provided by the Administrative Agent, an Affiliate of the Administrative Agent, or any Person that is not an Affiliate of the Administrative Agent), such as SyndTrak, or a substantially similar electronic system customarily used by financial institutions for such purposes (the " Platform"). The Borrower acknowledges that (A) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (B) the Platform is provided "as is" and "as available" and (C) neither the Administrative Agent nor any of their respective Affiliates warrants the accuracy, completeness, timeliness, sufficiency, or sequencing of the Communications posted on the Platform. The Administrative Agent and their respective Affiliates expressly disclaim with respect to the Platform any liability for errors in transmission, incorrect or incomplete downloading, delays in posting or delivery, or problems accessing the Communications posted on the Platform and any liability for any losses, costs, expenses or liabilities that may be suffered or incurred in connection with the Platform. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Administrative Agent or any of its respective Affiliates in connection with the Platform.

(ii) Each Lender agrees that notice to it (as provided in the next sentence) (a " Notice") specifying that any Communication has been posted to the Platform shall for purposes of this Agreement constitute effective delivery to such Lender of such information, documents or other materials comprising such Communication. Each Lender agrees (A) to notify, on or before the date such Lender becomes a party to this Agreement, the Administrative Agent in writing of such Lender's e-mail address to which a Notice may be sent (and from time to time thereafter to ensure that the Administrative Agent have on record an effective e-mail address for such Lender) and (B) that any Notice may be sent to such e-mail address.

Section 9.3 No Waiver; Remedies. No failure on the part of any Lender, the Administrative Agent, or any Issuing Lender to exercise, and no delay in exercising, any right hereunder or under any other Credit Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement and the other Credit Documents are cumulative and not exclusive of any remedies provided by law.

Section 9.4 Costs and Expenses. The Borrower agrees to pay on demand (a) all out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, modification and amendment of this Agreement, the Notes and the other Credit Documents, (b) all out-of-pocket costs and expenses of the Issuing Lenders and Swingline Lenders in connection with the administration of this Agreement, the Notes and the other Credit Documents, including the reasonable out-of-pocket expenses incurred by any Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (c) all reasonable out-of-pocket costs and expenses, if any, of the Administrative Agent, each Arranger, any Issuing Lender, each Swingline Lender and each Lender (including reasonable counsel fees and expenses of the Administrative Agent, each Arranger, each Issuing Lender, each Swingline Lender and each Lender) in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other Credit Documents after an Event of Default has occurred and is continuing, and to the extent not included in the foregoing, the costs of any Uniform Commercial Code financing statement or continuation statement, and any related title or Uniform Commercial Code search conducted subsequent to such recordation, and other costs usual and customary in connection with the taking of a Lien.

Section 9.5 Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agent, and when the Administrative Agent shall have, as to each Lender, either received a counterpart hereof executed by such Lender or been notified by such Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent, each Arranger, each Issuing Lender, each Swingline Lender and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights or delegate its duties under this Agreement or any interest in this Agreement without the prior written consent of each Lender, each Swingline Lender, and each Issuing Lender.

Section 9.6 Lender Assignments and Participations .

(a) Assignments. Any Lender may assign to one or more banks or other entities all or any portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Commitment, the Advances owing to it, the Notes held by it, if any, and the participation interest in the Letter of Credit Obligations held by it); provided, however, that (i) each such assignment

shall be of a constant, and not a varying, percentage of all of such Lender's rights and obligations under this Agreement as a Lender and shall involve a ratable assignment of such Lender's Revolving Commitment and such Lender's Revolving Advances and shall be in an amount not less than $5,000,000, (ii) the amount of the resulting Revolving Commitment and Revolving Advances of the assigning Lender (unless it is assigning all its Revolving Commitment) and the assignee Lender pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $10,000,000, (iii) each such assignment shall be to an Eligible Assignee, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with the applicable Notes, if any, subject to such assignment, (v) each Eligible Assignee shall pay to the Administrative Agent a $4,000 administrative fee; and (vi) the Administrative Agent shall promptly deliver a copy of the fully executed Assignment and Acceptance to the Administrative Agent. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least three Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto for all purposes and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (B) such Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of such Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.8, 2.9, 2.11, 9.4, 9.7 and 9.15 with respect to facts and circumstances occurring prior to the effective date of such assignment. Notwithstanding anything herein to the contrary, any Lender may assign, as collateral or otherwise, any of its rights under the Credit Documents to any Federal Reserve Bank.

(b) Term of Assignments. By executing and delivering an Assignment and Acceptance, the Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.6 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in the United States a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Advances owing to,

each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent, the Issuing Lenders, and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. At any reasonable time and from time to time upon reasonable prior notice, the Register shall be available (i) for inspection by the Borrower, (ii) for inspection by each Lender as to its Revolving Commitment and principal amount of Advances owing to it, and (iii) for inspection by each Issuing Lender and each Swingline Lender for purposes of determining each Lender's participation interest in Letters of Credit and Swingline Advances. The Borrower hereby agrees that the Administrative Agent acting as its agent solely for the purpose set forth above in this clause (c), shall not subject the Administrative Agent to any fiduciary or other implied duties, all of which are hereby waived by the Borrower.

(d) Procedures. Upon its receipt of an Assignment and Acceptance executed by a Lender and an Eligible Assignee, together with the Notes, if any, subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of the attached Exhibit A, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register, and (iii) give prompt notice thereof to the Borrower.

(e) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Issuing Lenders, the Swingline Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity and other obligations under Section 8.5 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that requires the approval of all affected Lenders in accordance with the terms of Section 9.1 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.8, 2.9 and 2.11 (subject to the requirements and limitations therein) (it being understood that the documentation required under Section 2.11(g) shall be delivered to the participating Lender and delivered to the Borrower as required under Section 2.11(g)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 9.6(a); provided that such Participant (A) agrees to be subject to the provisions of Section 2.16 as if it were an assignee under Section 9.6(a); and (B) shall not be entitled to receive any greater payment under Sections 2.9 or 2.11, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.16 with respect to any Participant. To the extent permitted by Legal Requirement, each Participant also shall be entitled to the benefits of Section 7.6 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.14 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of

each Participant's interest in the Advances or other obligations under the Credit Documents (the " Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register. The Borrower hereby agrees that each Lender acting as its agent solely for the purpose set forth above in this clause (e), shall not subject such Lender to any fiduciary or other implied duties, all of which are hereby waived by the Borrower

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Information. Any Lender may furnish any information concerning the Borrower or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 9.12.

(h) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Advances previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, each Issuing Lender, each Swingline Lender and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Advances and participations in Letters of Credit and Swingline Advances in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs. Except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

Section 9.7 Indemnification. The Borrower shall indemnify the Administrative Agent, each Arranger, each Lender (including any lender which was a Lender hereunder prior to any full assignment of its Revolving Commitment), each Issuing Lender, each Swingline Lender and each affiliate thereof and their respective directors, officers, employees and agents from, and discharge, release, and hold each of them harmless against, any and all losses, liabilities, claims or damages to which any of them may become subject, insofar as such losses, liabilities, claims or damages arise out of or result from (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or any other transactions

contemplated hereby, (ii) any actual or proposed use by the Borrower or any Affiliate of the Borrower of the proceeds of any Advance or Letter of Credit, (iii) any breach by the Borrower of any provision of this Agreement or any other Credit Document, (iv) any Environmental Claim or requirement of Environmental Laws concerning or relating to the present or previously-owned or operated properties, or the operations or business, of the Borrower or any of its Subsidiaries, and (v) any investigation, litigation or other proceeding (including any threatened investigation or proceeding) relating to the foregoing, and the Borrower shall reimburse the Administrative Agent, each Arranger, each Issuing Lender, each Swingline Lender and each Lender, and each affiliate thereof and their respective directors, officers, employees and agents, upon demand for any reasonable out-of-pocket expenses (including legal fees) incurred in connection with any such losses, liabilities, claims, damages, investigation, litigation, Environmental Claim or requirement, or other proceeding; and **EXPRESSLY INCLUDING ANY SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES, OR EXPENSE INCURRED, IN WHOLE OR IN PART, BY REASON OF THE PERSON BEING INDEMNIFIED'S SOLE OR CONTRIBUTORY, ACTIVE OR POSSESSIVE, IMPUTED, JOINT OR TECHNICAL NEGLIGENCE BUT EXCLUDING ANY SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES OR EXPENSES FOUND BY A FINAL JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PERSON TO BE INDEMNIFIED**. The foregoing indemnity shall be effective whether or not such losses, liabilities, claims or damages result from claims asserted by any Credit Party, any affiliate thereof, any equityholder or creditor of a Credit Party or any Person that benefits from the foregoing indemnity and whether or not any such Person benefiting from the foregoing indemnity is otherwise a party to any investigation, litigation or proceeding. All amounts due under this Section 9.7 shall be payable not later than 30 days after demand therefor.

Section 9.8 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different 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.

Section 9.9 Survival of Representations, etc. All representations and warranties contained in this Agreement or made in writing by or on behalf of the Borrower in connection herewith shall survive the execution and delivery of this Agreement and the Credit Documents, the making of the Advances and any investigation made by or on behalf of the Lenders, none of which investigations shall diminish any Lender's right to rely on such representations and warranties. All obligations of the Borrower provided for in Sections 2.8, 2.9, 2.11, 9.4, 9.7 and 9.15 shall survive any termination of this Agreement and repayment in full of the Obligations.

Section 9.10 Severability. In case one or more provisions of this Agreement or the other Credit Documents shall be invalid, illegal or unenforceable in any respect under any applicable Legal Requirement, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not be affected or impaired thereby.

Section 9.11 Usury Not Intended. It is the intent of each Credit Party and each Lender in the execution and performance of this Agreement and the other Credit Documents to contract in strict compliance with applicable usury laws, including conflicts of law concepts, governing the Advances of each Lender including such applicable Legal Requirements of the State of New York and the United States of America from time to time in effect. In furtherance thereof, each Lender and the Borrower stipulate and agree that none of the terms and provisions contained in this Agreement or the other Credit Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Rate and that for purposes hereof "interest" shall include the aggregate of all charges which constitute interest under such laws that are

contracted for, charged or received under this Agreement. In the event that the Obligations are accelerated by reason of any election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the Maximum Rate and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on the applicable Obligations (or, if the applicable Obligations shall have been paid in full, refunded to the Borrower). The provisions of this Section shall control over all other provisions of this Agreement or the other Credit Documents which may be in apparent conflict herewith.

Section 9.12 Confidentiality. None of the Administrative Agent, Issuing Lenders or Lenders shall disclose any Confidential Information to any Person without the consent of the Borrower, other than (a) to the Administrative Agent's, Issuing Lenders' or Lenders' Affiliates and their officers, directors, employees, agents and advisors, (b) to actual or prospective Eligible Assignees and participants and their officers, directors, employees, agents and advisors, (c) to any direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the obligations under this Agreement, and then, in any event, only on a confidential basis, (d) as required by any law, rule or regulation or judicial process, (e) as requested or required by any state, Federal or foreign authority or examiner (including the National Association of Insurance Commissioners or any similar organization or quasi-regulatory authority) regulating such Issuing Lender, such Lender or Administrative Agent, or to insurers, insurance brokers or direct or indirect providers of credit protection when required by it, provided that, prior to any such disclosure, such Person shall undertake to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Issuing Lender, such Lender or Administrative Agent, (f) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Issuing Lender, such Lender or Administrative Agent, (g) in connection with any litigation or proceeding to which Administrative Agent, such Issuing Lender or such Lender or any of its Affiliates may be a party or (h) in connection with the exercise of any right or remedy under this Agreement or any other Credit Document. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, nothing in this Agreement shall (a) restrict the Administrative Agent, any** Issuing Lender **or any Lender from providing information to any bank or other regulatory or governmental authorities, including the Federal Reserve Board and its supervisory staff; (b) require or permit the Administrative Agent, any** Issuing Lender **or any Lender to disclose to any Credit Party that any information will be or was provided to the Federal Reserve Board or any of its supervisory staff; or (c) require or permit the Administrative Agent, any** Issuing Lender **or any Lender to inform any Credit Party of a current or upcoming Federal Reserve Board examination or any nonpublic Federal Reserve Board supervisory initiative or action**.

Section 9.13 Governing Law; Submission to Jurisdiction.

(a) This Agreement, the Notes and the other Credit Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of New York (including Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York), without reference to any other conflicts or choice of law principles thereof.

(b) The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against any Lender Party or any Related Party of a Lender Party in any way relating to this Agreement or any other Credit Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of

the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Legal Requirement, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that any Lender Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against the Borrower or any other Credit Party or its properties in the courts of any jurisdiction. Each party hereto irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement or any other Credit Document or other document related thereto.

(c) The Borrower irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at the address specified for it in this Agreement.

(d) Nothing in this Section 9.13 shall affect the right of the Administrative Agent, any Issuing Lender, each Swingline Lender or any other Lender to serve legal process in any other manner permitted by law or affect the right of the Administrative Agent, each Issuing Lender, each Swingline Lender or any other Lender to bring any action or proceeding against the Borrower in the courts of any other jurisdiction.

Section 9.14 Waiver of Jury Trial. **THE BORROWER, THE ISSUING LENDERS, THE SWINGLINE LENDERS, THE LENDERS AND THE ADMINISTRATIVE AGENT HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN RESPECT OF ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE), ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER CREDIT DOCUMENT, ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR THE RELATIONSHIP ESTABLISHED HEREUNDER**.

Section 9.15 WAIVER OF CONSEQUENTIAL DAMAGES. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER SHALL NOT ASSERT, AND THE BORROWER HEREBY WAIVES, ANY CLAIM AGAINST ANY OTHER PARTY HERETO AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, ANY ADVANCE OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREOF.**

Section 9.16 Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from the Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with usual and customary banking procedures the Administrative Agent could purchase the specified currency with such other currency at any of the Administrative Agent's offices in the United States of America on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of the Borrower in respect of any sum due to any Lender, any Issuing Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender, such Issuing Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other

currency such Lender, such Issuing Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender, such Issuing Lender or the Administrative Agent, as the case may be, in the specified currency, the Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender, such Issuing Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender, such Issuing Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 2.14, each Lender, Issuing Lender or the Administrative Agent, as the case may be, agrees to promptly remit such excess to the Borrower. All obligations of the Borrower provided in this Section 9.16 shall survive any termination of this Agreement and repayment in full of the Obligations.

Section 9.17 Headings Descriptive. The headings of the several Sections and paragraphs of the Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 9.18 Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 9.19 USA Patriot Act. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Credit Party that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies such Credit Party, which information includes the name and address of such Credit Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Credit Party in accordance with the Act.

THIS WRITTEN AGREEMENT AND THE CREDIT DOCUMENTS, AS DEFINED IN THIS AGREEMENT, REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

[Remainder of page left intentionally blank]

EXECUTED as of the date first above written.

NOW INC.

By: /s/ Daniel Molinaro
Name: Daniel Molinaro
Title: Senior Vice President and Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION
as Administrative Agent, a Swingline Lender, an Issuing Lender and a Lender

By: /s/ Whitney Wilson
Name: Whitney Wilson
Title: Assistant Vice President

ROYAL BANK OF CANADA
as a Swingline Lender and a Lender

By: /s/ Emile Marx
Name: Emile Marx
Title: Director, NCG Finance

Schedule 1.1(a)

Revolving Commitments

Lender	Revolving Commitment
Wells Fargo Bank, National Association	$ 90,000,000.00
Barclays Bank Plc	$ 66,000,000.00
Citibank, N.A.	$ 66,000,000.00
DNB Capital LLC	$ 66,000,000.00
Fifth Third Bank	$ 66,000,000.00
HSBC Bank USA, National Association	$ 66,000,000.00
JPMorgan Chase Bank, N.A.	$ 66,000,000.00
PNC Bank, National Association	$ 66,000,000.00
Royal Bank of Canada	$ 66,000,000.00
The Bank of Nova Scotia	$ 66,000,000.00
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$ 66,000,000.00
TOTAL:	**$ 750,000,000.00**

SCHEDULE 1.1(b)

MANDATORY COST RATE

1. The Mandatory Cost Rate (to the extent applicable) is an addition to the interest rate otherwise payable to compensate Lenders for the cost of compliance with:

   (a) the requirements of the Bank of England and/or any Authority (or, in either case, any other authority which replaces all or any of its functions); or

   (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as possible thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the "Additional Cost Rate") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost Rate will be calculated by the Administrative Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Advance) and will be expressed as a percentage rate per annum. The Administrative Agent will, at the request of the Borrower or any Lender, deliver to the Borrower or such Lender as the case may be, a statement setting forth the calculation of any Mandatory Cost Rate.

3. The Additional Cost Rate for any Lender lending from a Lending Office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by such Lender in its notice to the Administrative Agent to be its reasonable determination of the cost (expressed as a percentage of such Lender's participation in all Advances made from such Lending Office) of complying with the minimum reserve requirements of the European Central Bank in respect of Advances made from that Lending Office.

4. The Additional Cost Rate for any Lender lending from a Lending Office in the United Kingdom will be calculated by the Administrative Agent as follows:

   (a) in relation to any Advance in Pounds Sterling:

$$\frac{AB+C(B-D)+E \times 0.01}{100-(A+C)} \text{ per cent per annum}$$

   (b) in relation to any Advance in any currency other than Pounds Sterling:

$$\frac{E \times 0.01}{300} \text{ per cent per annum}$$

Where:

"A" is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

"B" is the percentage rate of interest (excluding the Applicable Margin, the Mandatory Cost Rate and any interest charged on overdue amounts pursuant to the first sentence of Section 2.6(b)) payable for the relevant Interest Period of such Advance.

"C" is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

"D" is the percentage rate per annum payable by the Bank of England on interest bearing Special Deposits.

"E" is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Lenders to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

(a) "Eligible Liabilities" and "Special Deposits" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(b) "Fees Rules" means the rules on periodic fees set forth by the Authorities or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(c) "Fee Tariffs" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and

(d) "Tariff Base" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. In application of the above formulae, A, B, C and D will be included in the formulae as figures and not as percentages (*i.e.* 5% will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Administrative Agent or the Borrower, each Lender with a Lending Office in the United Kingdom or a Participating Member State shall, as soon as practicable after publication by any Authority, supply to the Administrative Agent and the Borrower, the rate of charge payable by such Lender to the applicable Authority pursuant to the Fees Rules in respect of the relevant financial year of the applicable Authority (calculated for this purpose by such Lender as being the average of the Fee Tariffs applicable to such Lender for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of such Lender.

8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:

(a) the jurisdiction of the Lending Office out of which it is making available its participation in the relevant Advance; and

(b) any other information that the Administrative Agent may reasonably require for such purpose.

Schedule 1.1(b)

Each Lender shall promptly notify the Administrative Agent in writing of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Lender for the purpose of E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Lending Office in the same jurisdiction as its Lending Office.

10. The Administrative Agent shall have no liability to any Person if such determination results in an Additional Cost Rate which over- or under-compensates any Lender and shall be entitled to assume that the information provided by any Lender pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost Rate to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Administrative Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost Rate, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

13. The Administrative Agent may from time to time, after consultation with the Borrower and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, any Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of their respective functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [the][each][1] Assignor identified in item 1 below ([the][each, an] "Assignor") and [the][each][2] Assignee identified in item 2 below ([the][each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees] [3] hereunder are several and not joint.][4] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: __

__

2. Assignee[s]: __

__

[for each Assignee, indicate Affiliate of *[identify Lender*]

---

1 For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

2 For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

3 Select as appropriate.

4 Include bracketed language if there are either multiple Assignors or multiple Assignees.

3. Borrower: NOW INC.

4. Administrative Agent: WELLS FARGO BANK, NATIONAL ASSOCIATION

5. Credit Agreement: The $750,000,000 Credit Agreement dated as of April 18, 2014, among Borrower, the Lenders parties thereto, the Administrative Agent, and the other agents parties thereto.

6. Assigned Interest[s]:

Assignor[s]	Assignee[s]	Facility Assigned	Aggregate Amount of Revolving Commitment/ Advances for all Lenders[5]	Amount of Revolving Commitment/ Advances Assigned[8]	Percentage Assigned of Revolving Commitment/ Advances[6]	CUSIP Number
			$	$	%	
			$	$	%	
			$	$	%	

[7. Trade Date: _____]7

Effective Date: , 20 [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE[S]
[NAME OF ASSIGNEE]

By: _____
Title:

5 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
6 Set forth, to at least 9 decimals, as a percentage of the Revolving Commitment/Advances of all Lenders thereunder.
7 To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Consented to and Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Administrative Agent

By: _____
Title:

[Consented to:][8]

[NAME OF ISSUING LENDERS]

By: _____
Title:

[NAME OF SWINGLINE LENDERS]

By: _____
Title:

NOW INC.

By: _____
Title:

8 Borrower's consent not necessary if Event of Default exists.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee[s]. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements set forth in the definition of "Eligible Assignee" under the Credit Agreement (subject to such consents, if any, as may be required thereunder), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.6 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by facsimile shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

COMPLIANCE CERTIFICATE

FINANCIAL STATEMENT DATE: , 20

This certificate is prepared pursuant to the Credit Agreement dated as of April 18, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among NOW Inc., a Delaware corporation ("Borrower"), the lenders party thereto (the "Lenders") and Wells Fargo Bank, National Association, as Administrative Agent, U.S. Swingline Lender and an Issuing Lender (as each such term is defined in the Credit Agreement). Unless otherwise defined in this certificate, capitalized terms that are defined in the Credit Agreement shall have the meanings assigned to them by the Credit Agreement.

The Borrower hereby certifies that:

(a) The [Annual Financial Statements] [Quarterly Financial Statements] required by Section [5.6(b)][5.6(a)] of the Agreement for the fiscal [year][quarter] of the Borrower ended as of the above date (the "Financial Statement Date") have either (i) been made readily available on-line through either the "Electronic Data Gathering, Analysis and Retrieval" system of the SEC or on the Borrower's website on the Internet at www.dnow.com, or (ii) are attached hereto as Schedule 1. Such financial statements fairly present, in all material respects, the financial condition of the Borrower and its Subsidiaries as at such date.

(b) Attached as Schedule 2 are reasonably detailed calculations of the Total Capitalization Ratio and the Consolidated Interest Coverage Ratio, in each case, as of the Financial Statement Date.

[(c) No Default or Event of Default has occurred and is continuing as of the date hereof.]

— or —

[(c) The following Default[s] or Event[s] of Default exist[s] as of the date hereof and the actions set forth below are being taken to remedy such Default[s] or Event[s] of Default:

.]

(d) As of the Financial Statement Date, for the periods covered by the financial statements described in clause (a) above, the amounts and calculations set forth in Schedule 2 are true and accurate in all material respects.

IN WITNESS WHEREOF, the Borrower has executed this Compliance Certificate as of , 201 .

NOW INC.

By: _____

Name: _____

Title: _____

Schedule 1
to Compliance Certificate

[attach financial statements if not available on EDGAR or NOW Inc. website]

Schedule 2
to Compliance Certificate for fiscal [quarter][year] ended , 201
($ in 000s)[9]

I. Section 5.12 Guaranty Requirements

(a) Annex 1 attached hereto sets forth each Material Domestic Subsidiary that is not a Wholly-Owned Subsidiary

(b) The attributable share of Consolidated EBITDA of Non-Guarantor Subsidiaries for the four quarter period ending on the Financial Statement Date $_____

If Line I(b) is greater than 15% of Line V(a)(11) below, then such Subsidiarieslisted on Annex 1 as is necessary must become Guarantors in compliance with Section 5.12 of the Credit Agreement such that, after giving effect thereto, Line I(b) would be less than or equal to 15% of Line V(a)(11) below.

Compliance **Yes** **No**

(c) The attributable share for Non-Guarantor Subsidiaries of the book value of total assets of the Borrower and its Subsidiaries, determined on a consolidated basis as of the Financial Statement Date $_____

(d) The book value of total assets of the Borrower and its Subsidiaries, determined on a consolidated basis as of the Financial Statement Date $_____

If Line I(c) is greater than 15% of Line I(d), then such Subsidiaries listed on Annex 1 as is necessary must become Guarantors in compliance with Section 5.12 of the Credit Agreement such that, after giving effect thereto, Line I(c) would be less than or equal to 15% of Line I(d).

Compliance **Yes** **No**

9 All determined on a consolidated basis in accordance with GAAP

II. Section 6.6(b) Restricted Payments

(a) Aggregate amount of Restricted Payments made by each Subsidiary that is not a Wholly-Owned Subsidiary to owners of its Equity Interests other than the Borrower or any of its Subsidiaries are as set forth on Annex 2 attached hereto (computed on a cumulative basis from December 31, 2013 through the Financial Statement Date)

(b) Each such non-Wholly-Owned Subsidiary's attributable share of the Borrower's Consolidated Net Income arising after December 31, 2013 and computed on a cumulative basis through the Financial Statement Date are also set forth on Annex 2 attached hereto

Line II(a) must not exceed 25% of Line II(b) as to each such non-Wholly-Owned Subsidiary and before and immediately after giving effect to each such Restricted Payment no Default existed or resulted therefrom.

Compliance **Yes** **No**

III. Section 6.6(i) Restricted Payments

(a) Aggregate amount of Restricted Payments made by the Borrower pursuant to Section 6.6(i) (computed on a cumulative basis from December 31, 2013 through the Financial Statement Date) $_____

(b) Total Consolidated Net Income (computed on a cumulative basis from December 31, 2013 through the Financial Statement Date) $_____

Line III(a) must not exceed 50% of Line III(b) and before and immediately after giving effect to each such Restricted Payment (i) no Default existing or resulted therefrom, and (ii) Total Capitalization Ratio was less than 0.30 to 1.00.

Compliance **Yes** **No**

IV. Section 6.8(a) Total Capitalization Ratio

(a) Total Funded Consolidated Indebtedness as of the Financial Statement Date $_____

(b) Total Consolidated Capitalization as of the Financial Statement Date

1. Total Funded Consolidated Indebtedness as of the Financial Statement Date $_____
2. Consolidated Net Worth $_____
3. Total Consolidated Capitalization (Line IV(b)(1) + Line IV(b)(2)) $_____

(c) Debt to Capitalization Ratio =
(Line IV(a) divided by Line IV(b)(3)) =

Maximum Total Capitalization Ratio allowed: 0.50 to 1.00

Compliance **Yes** **No**

V. Section 6.8(b) Consolidated Interest Coverage Ratio

(a) Consolidated EBITDA[10] for the four quarter period ended on the Financial Statement Date

1. Consolidated Net Income for such period $_____
2. to the extent deducted in determining Consolidated Net Income for such period, income and franchise tax expense $_____
3. to the extent deducted in determining Consolidated Net Income for such period, Consolidated Interest Expense $_____
4. to the extent deducted in determining Consolidated Net Income for such period, amortization, depreciation and other non-cash charges (except to the extent that such non-cash charges are reserved for cash charges to be taken in the future) $_____
5. to the extent deducted in determining Consolidated Net Income for such period, extraordinary losses (excluding extraordinary losses from discontinued operations) $_____
6. to the extent deducted in determining Consolidated

[10] Adjusted on a Pro Forma Basis.

	Net Income for such period, Transaction Costs and all costs and expenses related to the other Specified Transactions	$_____
7.	to the extent added in determining Consolidated Net Income for such period, interest income	$_____
8.	to the extent added in determining Consolidated Net Income for such period, income and franchise tax credits	$_____
9.	to the extent added in determining Consolidated Net Income for such period, any extraordinary gains	$_____
10.	to the extent added in determining Consolidated Net Income for such period, non-cash gains or non-cash items increasing Consolidated Net Income	$_____
11.	Consolidated EBITDA = (the sum of Lines IV(a)(1) through (6) above less the sum of Lines IV(a)(7) through (10) above) =	$_____
(b)	Consolidated Interest Expense for the four quarter period ended on the Financial Statement Date	$_____
(c)	Interest Coverage Ratio = (Line IV(a)(11) to Line IV (b)) =	_____ to _____
	Minimum Consolidated Interest Coverage Ratio allowed	3.00 to 1.00
	Compliance	**Yes** **No**

EXHIBIT C

GUARANTY AGREEMENT

This Guaranty Agreement dated as of [ ], 2014 (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Guaranty") is executed by each of the undersigned subsidiaries of NOW Inc. (together with each other subsidiary of NOW Inc. that becomes a party hereto after the date hereof, individually a "Guarantor" and collectively, the "Guarantors"), in favor of Wells Fargo Bank, National Association, as Administrative Agent (as defined below) for the ratable benefit of the Lender Parties (as defined below).

INTRODUCTION

A. This Guaranty is given in connection with that certain Credit Agreement dated as of April 18, 2014 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), by and among NOW Inc. (the "Borrower"), the lenders party thereto from time to time (the "Lenders"), and Wells Fargo Bank, National Association, as the administrative agent (in such capacity, the "Administrative Agent", as the issuing lender in such capacity, the "Issuing Lender" and as the U.S. swingline lender (in such capacity, the "U.S. Swingline Lender").

B. Each Guarantor is a Material Domestic Subsidiary (as defined in the Credit Agreement) of the Borrower, and the transactions contemplated by the Credit Agreement and the other Credit Documents (as defined in the Credit Agreement) are (i) in furtherance of such Guarantor's corporate purposes, (ii) necessary or convenient to the conduct, promotion or attainment of such Guarantor's business, and (iii) for such Guarantor's direct or indirect benefit.

C. Each Guarantor is executing and delivering this Guaranty (a) to induce the Lenders to provide and to continue to provide Advances (as defined in the Credit Agreement) under the Credit Agreement, (b) to induce the Issuing Lender to provide and to continue to provide Letters of Credit (as defined in the Credit Agreement) under the Credit Agreement, and (c) intending it to be a legal, valid, binding, enforceable and continuing obligation of such Guarantor.

NOW, THEREFORE, in consideration of the premises, each Guarantor hereby agrees as follows:

Section 1. Definitions. All capitalized terms not otherwise defined in this Guaranty that are defined in the Credit Agreement shall have the meanings assigned to such terms by the Credit Agreement.

Section 2. Guaranty.

(a) Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees the punctual payment and performance, when due, whether at stated maturity, by acceleration or otherwise, of all Obligations (collectively, the "Guaranteed Obligations"). Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrower or any other Credit Party to the Lenders, the Issuing Lender, each Swingline Lender and the Administrative Agent (collectively, the "Lender Parties") but for the fact that they are unenforceable or not allowable due to insolvency or the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower or any Credit Party.

(b) In order to provide for just and equitable contribution among the Guarantors, the Guarantors agree that in the event a payment shall be made on any date under this Guaranty by any Guarantor (the "Funding Guarantor"), each other Guarantor (each a "Contributing Guarantor") shall indemnify the Funding Guarantor in an amount equal to the amount of such payment, in each case

multiplied by a fraction the numerator of which shall be the net worth of the Contributing Guarantor as of such date and the denominator of which shall be the aggregate net worth of all Guarantors as of such date. Any Contributing Guarantor making any payment to a Funding Guarantor pursuant to this Section 2(b) shall be subrogated to the rights of such Funding Guarantor to the extent of such payment.

(c) Anything contained in this Guaranty to the contrary notwithstanding, the obligations of each Guarantor under this Guaranty on any date shall be limited to a maximum aggregate amount equal to the largest amount that would not, on such date, render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code of the United States or any applicable provisions of comparable laws relating to bankruptcy, insolvency, or reorganization, or relief of debtors (collectively, the "Fraudulent Transfer Laws"), but only to the extent that any Fraudulent Transfer Law has been found in a final non-appealable judgment of a court of competent jurisdiction to be applicable to such obligations as of such date, in each case:

(i) after giving effect to all liabilities of such Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws, but specifically excluding:

(A) any liabilities of such Guarantor in respect of intercompany indebtedness to the Borrower or other affiliates of the Borrower to the extent that such indebtedness would be discharged in an amount equal to the amount paid by such Guarantor hereunder;

(B) any liabilities of such Guarantor under this Guaranty; and

(C) any liabilities of such Guarantor under each of its other guarantees of and joint and several co-borrowings of Indebtedness, in each case entered into on the date this Guaranty becomes effective, which contain a limitation as to maximum amount substantially similar to that set forth in this Section 2(c) (each such other guarantee and joint and several co-borrowing entered into on the date this Guaranty becomes effective, a "Competing Guaranty") to the extent such Guarantor's liabilities under such Competing Guaranty exceed an amount equal to (1) the aggregate principal amount of such Guarantor's obligations under such Competing Guaranty (notwithstanding the operation of that limitation contained in such Competing Guaranty that is substantially similar to this Section 2(c)), multiplied by (2) a fraction (i) the numerator of which is the aggregate principal amount of such Guarantor's obligations under such Competing Guaranty (notwithstanding the operation of that limitation contained in such Competing Guaranty that is substantially similar to this Section 2(c)), and (ii) the denominator of which is the sum of (x) the aggregate principal amount of the obligations of such Guarantor under all other Competing Guaranties (notwithstanding the operation of those limitations contained in such other Competing Guaranties that are substantially similar to this Section 2(c)), (y) the aggregate principal amount of the obligations of such Guarantor under this Guaranty (notwithstanding the operation of this Section 2(c)), and (z) the aggregate principal amount of the obligations of such Guarantor under such Competing Guaranty (notwithstanding the operation of that limitation contained in such Competing Guaranty that is substantially similar to this Section 2(c)); and

(ii) after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, reimbursement, indemnification or contribution of such Guarantor pursuant to applicable law or pursuant to the terms of any agreement (including any such right of contribution under Section 2(b)).

Section 3. Guaranty Absolute. Until the date that all Guaranteed Obligations have been paid in full in cash, all Letters of Credit have been terminated or expired (other than Letters of Credit as to which other arrangements reasonably satisfactory to the Issuing Lender have been made) and all Revolving Commitments shall have terminated (such date being the "Termination Date"), each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Credit Documents. The obligations of each Guarantor under this Guaranty are independent of the Guaranteed Obligations or any other obligations of any other Person under the Credit Documents, and a separate action or actions may be brought and prosecuted against a Guarantor to enforce this Guaranty, irrespective of whether any action is brought against any Guarantor or any other Person or whether any Guarantor or any other Person is joined in any such action or actions. The liability of each Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor, to the extent not prohibited by applicable law, hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Credit Document or any agreement or instrument relating thereto or any part of the Guaranteed Obligations being irrecoverable;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other obligations of any Person under the Credit Documents or any other amendment or waiver of or any consent to departure from any Credit Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to the Borrower or otherwise;

(c) any taking, exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations or any other obligations of any other Person under the Credit Documents or any other assets of any Guarantor;

(e) any change, restructuring or termination of the corporate structure or existence of any Guarantor (other than any merger with a third party, dissolution or other termination of a Guarantor, in each case, as expressly permitted under the Credit Agreement);

(f) any failure of any Lender, the Administrative Agent, the Issuing Lender or any Swingline Lender to disclose to any Guarantor any information relating to the business, condition (financial or otherwise), operations, properties or prospects of any Person now or in the future known to the Administrative Agent, the Issuing Lender, such Swingline Lender, any Lender or any other Lender Party (and each Guarantor hereby irrevocably waives any duty on the part of any Lender Party to disclose such information);

(g) any signature of any officer of any Guarantor being mechanically reproduced in facsimile or otherwise;

(h) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Guarantor or any other Person against any Lender Party,

(i) the insolvency, bankruptcy arrangement, reorganization, adjustment, composition, liquidation, disability, dissolution or lack of power of any Guarantor or any other Person at any time liable for the payment of all or part of the Guaranteed Obligations or the failure of the Administrative Agent or any other Lender Party to file or enforce a claim in bankruptcy or other proceeding with respect to any Person; or any sale, lease or transfer of any or all of the assets of any Guarantor, or any changes in the holders of equity of any Guarantor (other than as a result of any merger with a third party, or sale or other disposition of the Equity Interests of a Guarantor or all or substantially all of the assets of a Guarantor, in each case, as expressly permitted under the Credit Agreement);

(j) any failure of the Administrative Agent or any other Lender Party to take any action whatsoever to mitigate or reduce any Guarantor's liability hereunder or any other Credit Document;

(k) any Legal Requirement which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation;

(l) the possibility that the Guaranteed Obligations may at any time and from time to time exceed the aggregate liability of such Guarantor under this Agreement; or

(m) any other circumstance or any existence of or reliance on any representation by any Lender Party that might otherwise constitute an equitable or legal defense available to, or an equitable or legal discharge of, any Guarantor or any other guarantor, surety or other Person.

Section 4. Continuation and Reinstatement, Etc. Each Guarantor agrees that, to the extent that payments of any of the Guaranteed Obligations are made, and such payments or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, or otherwise required to be repaid, then to the extent of such repayment the Guaranteed Obligations shall be reinstated and continued in full force and effect as of the date such initial payment or collection of proceeds occurred.

Section 5. Waivers and Acknowledgments.

(a) Each Guarantor, to the extent not prohibited by applicable law, hereby waives promptness, diligence, presentment, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Lender Party protect, secure, perfect or insure any Lien or any property or exhaust any right or take any action against the Borrower or any other Person or any collateral.

(b) Each Guarantor, to the extent not prohibited by applicable law, hereby irrevocably waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Credit Documents, and that the waivers set forth in this Guaranty are knowingly made in contemplation of such benefits.

Section 6. Subrogation and Subordination.

(a) No Guarantor will exercise any rights that it may now have or hereafter acquire against any other Credit Party to the extent that such rights arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this Guaranty or any other Credit

Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Lender Party against any Credit Party, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Credit Party, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, until after the Termination Date. If any amount shall be paid to a Guarantor in violation of the preceding sentence at any time prior to or on the Termination Date, such amount shall be held in trust for the benefit of the Lender Parties and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations and any and all other amounts payable by the Guarantors under this Guaranty, whether matured or unmatured, in accordance with the terms of the Credit Documents.

(b) Each Guarantor agrees that all Subordinated Guarantor Obligations (as hereinafter defined) are and shall be subordinate and inferior in rank, preference and priority to all obligations of such Guarantor in respect of the Guaranteed Obligations hereunder, and such Guarantor shall, if requested by the Administrative Agent, execute a subordination agreement reasonably satisfactory to the Administrative Agent to more fully set out the terms of such subordination. Each Guarantor agrees that, other than as permitted by the Credit Agreement, none of the Subordinated Guarantor Obligations shall be secured by a lien or security interest on any assets of such Guarantor or any ownership interests in any Subsidiary of such Guarantor. " Subordinated Guarantor Obligations" means any and all obligations and liabilities of a Guarantor owing to any other Guarantor, direct or contingent, due or to become due, now existing or hereafter arising.

Section 7. Representations and Warranties. Each Guarantor hereby represents and warrants as follows:

(a) The obligations of such Guarantor under this Guaranty are not subject to the satisfaction of any condition, including but not limited to the execution by any other Person of a guaranty of all or any part of the Guaranteed Obligations. Such Guarantor benefits from executing this Guaranty.

(b) Such Guarantor has, independently and without reliance upon the Administrative Agent, any Lender or any other Lender Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty, and such Guarantor has established adequate means of obtaining from each Credit Party on a continuing basis information pertaining to, and is now and on a continuing basis will be completely familiar with, the business, condition (financial and otherwise), operations, properties and prospects of each Credit Party.

(c) This Guaranty has been duly executed and delivered by such Guarantor and constitutes the legal, valid, and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws at the time in effect affecting the rights of creditors generally and by general principles of equity whether applied by a court of law or equity), and the execution, delivery and performance of this Guaranty by such Guarantor have been duly and validly authorized by all necessary corporate, limited liability company or partnership action on the part of such Guarantor, and the Person who is executing and delivering this Guaranty on behalf of such Guarantor has full power, authority and legal right to so do, and each Guarantor has full power, authority and legal right to observe and perform all of the terms and conditions of this Guaranty on such Guarantor's part to be observed or performed.

Section 8. Right of Set-Off. If an Event of Default shall have occurred and be continuing, each Lender Party is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Legal Requirement, to set off and apply any and all deposits (general or special, time or

demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender Party to or for the credit or the account of any Guarantor against any and all of the obligations of such Guarantor now or hereafter existing under this Guaranty or any other Credit Document to such Lender Party, irrespective of whether or not such Lender Party shall have made any demand under this Guaranty or any other Credit Document and although such obligations of the Guarantors may be contingent or unmatured or are owed to a branch or office of such Lender Party different from the branch or office holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.19 of the Credit Agreement and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Lender Parties, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender Party under this Section 8 are in addition to other rights and remedies (including other rights of setoff) that such Lender Party may have. Each Lender Party agrees to notify the applicable Guarantor and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 9. Amendments, Etc. No amendment or waiver of any provision of this Guaranty and no consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the affected Guarantor and the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 10. Notices, Etc. All notices and other communications provided for hereunder shall be sent in the manner provided for in Section 9.2 of the Credit Agreement, in writing and hand delivered with written receipt, telecopied, sent by facsimile, sent by a nationally recognized overnight courier, or sent by certified mail, return receipt requested, if to a Guarantor, at its address for notices specified on the signature page hereto, and if to the Administrative Agent, the Issuing Lender or any Lender, at its address specified in or pursuant to the Credit Agreement. All such notices and communications shall be effective when delivered.

Section 11. No Waiver: Remedies. No failure on the part of the Administrative Agent or any other Lender Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 12. Continuing Guaranty: Assignments under the Credit Agreement. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the Termination Date, (b) be binding upon each Guarantor and its successors and assigns and (c) inure to the benefit of and, subject to Section 8.1(d) of the Credit Agreement, be enforceable by the Administrative Agent, each Lender, each Issuing Lender, the Swing Line Lender, each other Lender Party and their respective successors, and, in the case of transfers and assignments made in accordance with the Credit Agreement, transferees and assigns. Each Guarantor acknowledges that upon any Person becoming a Lender, the Administrative Agent, the Issuing Lender or the Swing Line Lender in accordance with the Credit Agreement, such Person shall be entitled to the benefits hereof.

Section 13. Governing Law. This Guaranty shall be governed by, and construed and enforced in accordance with, the laws of the State of New York (including Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York), without reference to any other conflicts or choice of law principles thereof.

Section 14. Submission to Jurisdiction; Waiver of Venue. Each Guarantor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against any Lender Party or any Related Party of a Lender Party in any way relating to this Guaranty or any other Credit Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Legal Requirement, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that any Lender Party may otherwise have to bring any action or proceeding relating to this Guaranty or any other Credit Document against the Borrower or any other Credit Party or its properties in the courts of any jurisdiction. Each party hereto irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Guaranty or any other Credit Document or other document related thereto.

Section 15. Service of Process. Each Guarantor irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at the address specified for it in this Guaranty. Nothing in this Section 15 shall affect the right of the Administrative Agent, the Issuing Lender, each Swingline Lender or any other Lender to serve legal process in any other manner permitted by law or affect the right of the Administrative Agent, the Issuing Lender, each Swingline Lender or any other Lender to bring any action or proceeding against any Guarantor in the courts of any other jurisdiction.

Section 16. Waiver of Jury. EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN RESPECT OF ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE), ARISING OUT OF OR RELATING TO THIS GUARANTY, ANY OTHER CREDIT DOCUMENT, ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR THE RELATIONSHIP ESTABLISHED HEREUNDER.

Section 17. **INDEMNIFICATION**. Each Guarantor shall indemnify the Administrative Agent, each Arranger, each Lender (including any lender which was a Lender hereunder prior to any full assignment of its Revolving Commitment), the Issuing Lender, each Swingline Lender and each affiliate thereof and their respective directors, officers, employees and agents from, and discharge, release, and hold each of them harmless against, any and all losses, liabilities, claims or damages to which any of them may become subject, insofar as such losses, liabilities, claims or damages arise out of or result from (i) the execution or delivery of this Guaranty or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or any other transactions contemplated hereby, (ii) any actual or proposed use by the Borrower or any Affiliate of the Borrower of the proceeds of any Advance or Letter of Credit, (iii) any breach by any Guarantor of any provision of this Guaranty or any other Credit Document, (iv) any Environmental Claim or requirement of

Environmental Laws concerning or relating to the present or previously owned or operated properties, or the operations or business, of such Guarantor, and (v) any investigation, litigation or other proceeding (including any threatened investigation or proceeding) relating to the foregoing, and each Guarantor shall reimburse the Administrative Agent, each Arranger, the Issuing Lender, each Swingline Lender and each Lender, and each affiliate thereof and their respective directors, officers, employees and agents, upon demand for any reasonable out-of-pocket expenses (including legal fees) incurred in connection with any such losses, liabilities, claims, damages, investigation, litigation, Environmental Claim or requirement, or other proceeding; and **EXPRESSLY INCLUDING ANY SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES, OR EXPENSE INCURRED, IN WHOLE OR IN PART, BY REASON OF THE PERSON BEING INDEMNIFIED'S SOLE OR CONTRIBUTORY, ACTIVE OR POSSESSIVE, IMPUTED, JOINT OR TECHNICAL NEGLIGENCE BUT EXCLUDING ANY SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES OR EXPENSES FOUND BY A FINAL JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PERSON TO BE INDEMNIFIED**. THE FOREGOING INDEMNITY SHALL BE EFFECTIVE WHETHER OR NOT SUCH LOSSES, LIABILITIES, CLAIMS OR DAMAGES RESULT FROM CLAIMS ASSERTED BY ANY CREDIT PARTY, ANY AFFILIATE THEREOF, ANY EQUITYHOLDER OR CREDITOR OF A CREDIT PARTY OR ANY PERSON THAT BENEFITS FROM THE FOREGOING INDEMNITY AND WHETHER OR NOT ANY SUCH PERSON BENEFITING FROM THE FOREGOING INDEMNITY IS OTHERWISE A PARTY TO ANY INVESTIGATION, LITIGATION OR PROCEEDING. All amounts due under this Section 17 shall be payable not later than 30 days after demand therefor.

Section 18. Waiver of Consequential Damages. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO GUARANTOR SHALL ASSERT, AND EACH GUARANTOR HEREBY WAIVES, ANY CLAIM AGAINST ANY OTHER PARTY HERETO AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT, ANY ADVANCE OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREOF.**

Section 19. Additional Guarantors. Pursuant to Section 5.12 of the Credit Agreement, each Material Domestic Subsidiary of the Borrower is required to enter into this Guaranty as a Guarantor. Upon execution and delivery after the date hereof by the Administrative Agent and any such Material Domestic Subsidiary of an instrument in the form of Annex 1, such Material Domestic Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any instrument adding an additional Guarantor as a party to this Guaranty shall not require the consent of any other Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guaranty.

Section 20. USA PATRIOT Act. Each Lender Party that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any other Lender Party) hereby notifies each Guarantor that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies such Guarantor, which information includes the name and address of such Guarantor and other information that will allow such Lender Party or the Administrative Agent, as applicable, to identify such Guarantor in accordance with the PATRIOT Act. Following a

request by any Lender Party, each Guarantor shall promptly furnish all documentation and other information that such Lender Party reasonably requests in order to comply with its ingoing obligations under the applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act.

Section 21. **NOTICE OF FINAL AGREEMENT. THIS GUARANTY AND THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, each of the undersigned Guarantors has caused this Guaranty to be duly executed as of the date first above written.

GUARANTOR:

[ ]

By: _____
Name:
Title:

SUPPLEMENT NO. dated as of (the "*Supplement*"), to the Guaranty Agreement dated as of [ ], 2014 (as amended, supplemented or otherwise modified from time to time, the "*Guaranty Agreement"*), executed by certain subsidiaries of Borrower party thereto (individually, a "*Guarantor"* and collectively, the "*Guarantors"*) in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent (the "*Administrative Agent"*) for the benefit of the Lender Parties (as defined in the Credit Agreement referred to herein).

A. Reference is made to the Credit Agreement dated as of April 18, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement"*), among NOW Inc., a Delaware corporation (the "*Borrower*"), the lenders from time to time party thereto (the "*Lenders"*), and Wells Fargo Bank, N.A., as Administrative Agent, as issuing lender and as swing line lender.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guaranty Agreement and the Credit Agreement.

C. The Guarantors have entered into the Guaranty Agreement in order to induce the Lenders to make Advances and the Issuing Lender to issue Letters of Credit. Section 19 of the Guaranty Agreement provides that additional Subsidiaries of the Borrower may become Guarantors under the Guaranty Agreement by execution and delivery of an instrument in the form of this Supplement. In order to induce the Lenders to make additional Advances and the Issuing Lender to issue additional Letters of Credit and as consideration for Advances previously made and Letters of Credit previously issued, the undersigned Subsidiary of the Borrower (the "*New Guarantor"*) is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guaranty Agreement.

Accordingly, the Administrative Agent and the New Guarantor agree as follows:

SECTION 1. In accordance with Section 19 of the Guaranty Agreement, the New Guarantor by its signature below becomes a Guarantor under the Guaranty Agreement with the same force and effect as if originally named therein as a Guarantor and the New Guarantor hereby (a) guarantees the Guaranteed Obligations, (b) agrees to all the terms and provisions of the Guaranty Agreement applicable to it as a Guarantor thereunder and (c) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects on and as of the date hereof. Each reference to a "Guarantor" in the Guaranty Agreement shall be deemed to include the New Guarantor. The Guaranty Agreement is hereby incorporated herein by reference.

SECTION 2. The New Guarantor represents and warrants to the Administrative Agent and the other Lender Parties that this Supplement has been duly executed and delivered by the New Guarantor, the execution, delivery and performance of this Supplement and the Guaranty have been duly authorized by all necessary corporate, limited liability company or partnership action and constitutes the legal, valid and binding obligation of the New Guarantor, enforceable against the New Guarantor in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws at the time in effect affecting creditors' generally and by general principles of equity whether applied by a court of law or equity.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement

that, when taken together, bear the signatures of the New Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by fax or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guaranty Agreement shall remain in full force and effect.

SECTION 5. This Supplement shall be deemed a contract under, and shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without regard to conflicts of laws principles (other than Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York).

SECTION 6. The parties hereto hereby agree that any suit or proceeding arising in respect of this Supplement, the Guaranty, or any of the matters contemplated hereby or thereby will be tried exclusively in the U.S. District Court for the Southern District of New York or, if such court does not have subject matter jurisdiction, in any state court located in the City and County of New York, and the parties hereto hereby agree to submit to the exclusive jurisdiction of, and venue in, such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Legal Requirement. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Legal Requirement, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Supplement or the Guaranty in any court referred to in this Section 6. Each of the parties hereto hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to this Supplement and irrevocably waives, to the fullest extent permitted by applicable Legal Requirement, the defense of any inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 7. The parties hereto hereby agree that service of any process, summons, notice or document by registered mail addressed to the applicable parties will be effective service of process against such party for any action or proceeding relating to any dispute referred to in Section 6. Nothing in this Supplement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

SECTION 8. THE NEW GUARANTOR HEREBY ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED BY AND HAS CONSULTED WITH COUNSEL OF ITS CHOICE, AND HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVES ANY AN ALL RIGHT TO **TRIAL BY JURY** IN RESPECT OF ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENT, ANY OTHER CREDIT DOCUMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 9. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guaranty Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10. All communications and notices hereunder shall be in writing and given as provided in Section 10 of the Guaranty Agreement.

THIS SUPPLEMENT, THE GUARANTY AGREEMENT AND THE OTHER CREDIT DOCUMENTS, AS DEFINED IN THE CREDIT AGREEMENT REFERRED TO IN THIS SUPPLEMENT, REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO.

IN WITNESS WHEREOF, the New Guarantor and the Administrative Agent have duly executed this Supplement to the Guaranty Agreement as of the day and year first above written.

[Name of New Guarantor]

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Name:
Title:

EXHIBIT D

NOTICE OF BORROWING
[DATE]

Wells Fargo Bank, National Association,
as Administrative Agent under the Credit Agreement herein described
1740 Broadway
C7300-034
Denver, Colorado 80274
Attention: Agency Syndication

Ladies and Gentlemen:

The undersigned, NOW INC., a Delaware corporation (the "Borrower"), refers to the Credit Agreement dated as of April 18, 2014, as the same may be further amended or modified from time to time, the "Credit Agreement," the defined terms of which are used in this Notice of Borrowing unless otherwise defined in this Notice of Borrowing) among the Borrower, the Lenders and Wells Fargo Bank, National Association as the Administrative Agent and hereby gives you irrevocable notice pursuant to Section 2.2(a) of the Credit Agreement that the undersigned hereby requests a Revolving Borrowing, and in connection with that request sets forth below the information relating to such Revolving Borrowing (the "Proposed Borrowing") as required by Section 2.2(a) of the Credit Agreement:

(a) The Business Day of the Proposed Borrowing is , 20 .

(b) The Proposed Borrowing will be a Revolving Borrowing composed of [Adjusted Base Rate Advances] [Eurocurrency Rate Advances].

(c) The aggregate amount of the Proposed Borrowing is $.

(d) The Interest Period for each Eurocurrency Rate Advance made as part of the Proposed Borrowing is [month[s]].

[(e) The Designated Currency of the Proposed Borrowing is .]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(1) the representations and warranties contained in the Credit Agreement and each of the other Credit Documents are true and correct in all material respects on and as of the date of Proposed Borrowing, before and after giving effect to such Proposed Borrowing and to the application of the proceeds from such Proposed Borrowing, as though made on and as of the date of such Proposed Borrowing, except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date; and

(2) no Default has occurred and is continuing or would result from the Proposed Borrowing or from the application of the proceeds therefrom.

Very truly yours,

NOW INC.,

By: _____
Name: _____
Title: _____

EXHIBIT D

NOTICE OF CONVERSION OR CONTINUATION
[Date]

Wells Fargo Bank, National Association,
as Administrative Agent under the Credit Agreement herein described
1740 Broadway
C7300-034
Denver, Colorado 80274
Attention: Agency Syndication

Ladies and Gentlemen:

The undersigned, NOW Inc., a Delaware corporation (the "Borrower"), refers to the Credit Agreement dated as of April 18, 2014, (as the same may be further amended or modified from time to time, the "Credit Agreement," the defined terms of which are used in this Notice of Conversion or Continuation unless otherwise defined in this Notice of Conversion or Continuation), among the Borrower, the Lenders and Wells Fargo Bank, National Association as the Administrative Agent and hereby gives you irrevocable notice pursuant to Section 2.2(b) of the Credit Agreement that the undersigned hereby requests a Conversion or continuation of an outstanding Revolving Borrowing, and in connection with that request sets forth below the information relating to such Conversion or continuation (the "Proposed Borrowing") as required by Section 2.2(b) of the Credit Agreement:

(a) The Business Day of the Proposed Borrowing is , 20 .

(b) The Proposed Borrowing will be a composed of [Adjusted Base Rate Advances] [Eurocurrency Rate Advances].

(c) The aggregate amount of the Revolving Borrowing to be Converted or continued is $ and consists of [Adjusted Base Rate Advances] [Eurocurrency Rate Advances].

(d) The Proposed Borrowing consists of [a Conversion to [Adjusted Base Rate Advances] [Eurocurrency Rate Advances]] [a continuation of [Adjusted Base Rate Advances] [Eurocurrency Rate Advances]].

(e) The Interest Period for each Eurocurrency Rate Advance made as part of the Proposed Borrowing is [month[s]].

Very truly yours,

NOW INC.

By: _____
Name: _____
Title: _____

EXHIBIT E

FORM OF REVOLVING NOTE

$_____ _____, 20____

For value received, the undersigned NOW INC., a Delaware corporation ("Borrower"), hereby promises to pay to the order of ("Lender") the principal amount of and /100 Dollars ($) or, if less, the aggregate outstanding principal amount of each Revolving Advance (as defined in the Credit Agreement referred to below) made by the Lender to the Borrower, together with interest on the unpaid principal amount of each such Revolving Advance from the date of such Revolving Advance until such principal amount is paid in full, at such interest rates, and at such times, as are specified in the Credit Agreement.

This Revolving Note is one of the Revolving Notes referred to in, and is entitled to the benefits of, and is subject to the terms of, the Credit Agreement dated as of April 18, 2014 (as the same may be further amended or modified from time to time, the "Credit Agreement"), among the Borrower, the lenders party thereto from time to time (including the Lender) and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used in this Revolving Note that are defined in the Credit Agreement and not otherwise defined in this Revolving Note have the meanings assigned to such terms in the Credit Agreement. The Credit Agreement, among other things, (a) provides for the making of Revolving Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Dollar Amount first above mentioned and (b) contains provisions for acceleration of the maturity of this Revolving Note upon the happening of certain events stated in the Credit Agreement and for prepayments of principal prior to the maturity of this Revolving Note upon the terms and conditions specified in the Credit Agreement.

Both principal and interest are payable in the Designated Currency of the Revolving Advances to the Administrative Agent at 1000 Louisiana, 9 th Floor, Houston, Texas 77002 (or at such other location or address as may be specified by the Administrative Agent to the Borrower) in same day funds. The Lender shall record all Revolving Advances and payments of principal made under this Revolving Note, but no failure of the Lender to make such recordings shall affect the Borrower's repayment obligations under this Revolving Note.

Except as specifically provided in the Credit Agreement, the Borrower hereby waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration, and any other notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder of this Note shall operate as a waiver of such rights.

This Revolving Note shall be governed by, and construed and enforced in accordance with, the laws of the state of New York without regard to conflict of law principles thereof.

THIS WRITTEN NOTE, TOGETHER WITH THE OTHER CREDIT DOCUMENTS, AS DEFINED IN THE CREDIT AGREEMENT, REPRESENT THE FINAL AGREEMENT BETWEEN THE BORROWER AND THE LENDER WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE BORROWER AND THE LENDER.

NOW INC.

By: _____
Name: _____
Title: _____

EXHIBIT F

FORM OF SWINGLINE NOTE

$_____ _____, 20____

For value received, the undersigned NOW INC., a Delaware corporation ("Borrower"), hereby promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Swingline Lender") the principal amount of and /100 Dollars ($) or, if less, the aggregate outstanding principal amount of each Swingline Advance (as defined in the Credit Agreement referred to below) made by the Swingline Lender to the Borrower, together with interest on the unpaid principal amount of each such Swingline Advance from the date of such Swingline Advance until such principal amount is paid in full, at such interest rates, and at such times, as are specified in the Credit Agreement.

This Swingline Note is one of the Swingline Notes referred to in, and is entitled to the benefits of, and is subject to the terms of, the Credit Agreement dated as of April 18, 2014 (as the same may be further amended or modified from time to time, the "Credit Agreement"), among the Borrower, the lenders party thereto from time to time (including the Swingline Lender) and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used in this Swingline Note that are defined in the Credit Agreement and not otherwise defined in this Swingline Note have the meanings assigned to such terms in the Credit Agreement. The Credit Agreement, among other things, (a) provides for the making of Swingline Advances by the Swingline Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Dollar Amount first above mentioned and (b) contains provisions for acceleration of the maturity of this Swingline Note upon the happening of certain events stated in the Credit Agreement and for prepayments of principal prior to the maturity of this Swingline Note upon the terms and conditions specified in the Credit Agreement.

Both principal and interest are payable in the Designated Currency of the Swingline Advances to the Swingline Lender at (or at such other location or address as may be specified by the Swingline Lender to the Borrower) in same day funds. The Swingline Lender shall record all Swingline Advances and payments of principal made under this Swingline Note, but no failure of the Swingline Lender to make such recordings shall affect the Borrower's repayment obligations under this Swingline Note.

Except as specifically provided in the Credit Agreement, the Borrower hereby waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration, and any other notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder of this Note shall operate as a waiver of such rights.

This Swingline Note shall be governed by, and construed and enforced in accordance with, the laws of the state of New York without regard to conflict of law principles thereof.

THIS WRITTEN NOTE, TOGETHER WITH THE OTHER CREDIT DOCUMENTS, AS DEFINED IN THE CREDIT AGREEMENT, REPRESENT THE FINAL AGREEMENT BETWEEN THE BORROWER AND THE SWINGLINE LENDER WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE BORROWER AND THE SWINGLINE LENDER.

NOW INC

By: _____
Name:
Title:

EXHIBIT G-1

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 18, 2014 (as it may be amended in accordance with its terms, the " Credit Agreement") among NOW Inc. (the "Borrower"), the Lenders and Wells Fargo Bank, National Association, as Administrative Agent, an Issuing Lender and the U.S. Swingline Lender.

Pursuant to the provisions of Section 2.11 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Advance(s) (as well as any Note(s) evidencing such Advance(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: , 20[ ]

EXHIBIT G-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 18, 2014 (as it may be amended in accordance with its terms, the " Credit Agreement") among NOW Inc. (the "Borrower"), the Lenders and Wells Fargo Bank, National Association, as Administrative Agent, an Issuing Lender and the U.S. Swingline Lender.

Pursuant to the provisions of Section 2.11 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:
Title:

Date: , 20[ ]

EXHIBIT G-3

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 18, 2014 (as it may be amended in accordance with its terms, the " Credit Agreement") among NOW Inc. (the "Borrower"), the Lenders and Wells Fargo Bank, National Association, as Administrative Agent, an Issuing Lender and the U.S. Swingline Lender.

Pursuant to the provisions of Section 2.11 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 20[ ]

EXHIBIT G-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 18, 2014(as it may be amended in accordance with its terms, the " Credit Agreement") among NOW Inc. (the "Borrower"), the Lenders and Wells Fargo Bank, National Association, as Administrative Agent, an Issuing Lender and the U.S. Swingline Lender.

Pursuant to the provisions of Section 2.11 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Advance(s) (as well as any Note(s) evidencing such Advance(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Advance(s) (as well as any Note(s) evidencing such Advance(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Credit Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: , 20[ ]

Schedule 1.1(c)

Existing Letters of Credit

None.

Schedule 4.19

Subsidiaries[1]

Legal Entity Name:	Jurisdiction
Capital Valves Holdings Limited	United Kingdom
Capital Valves Ltd.	United Kingdom
Conemsco Limited	United Kingdom
DNOW Australia Pty. Ltd.	Australia
DNOW Canada ULC	Canada
DNOW de Mexico S. de RL de C.V.	Mexico
DNOW Distribuicao de Produtos Industriais Brasil Ltda.	Brazil
DNOW L.P.	Texas
DNOW Singapore Pte. Ltd.	Singapore
DNOW UK Limited	United Kingdom
Dura Products, Inc.	Canada
Group KZ LLP	Kazakhstan
Istok Business Services LLC	Russia
NOW Brazil Holding LLC	Delaware
NOW Canada Holding B.V.	Netherlands
NOW Canada Holding ULC	Canada
NOW Cooperatief I U.A.	Netherlands
NOW Cooperatief II U.A.	Netherlands
NOW Distribution (Shanghai) Co. Ltd.	China
NOW Distribution Eurasia LLC	Russia
NOW Distribution India Private Limited	India
NOW Holding Cooperatief U.A.	Netherlands
NOW Holding LLC	Delaware
NOW I LLC	Delaware
NOW II LLC	Delaware
NOW Indonesia Holding B.V.	Netherlands
NOW Indonesia Holding LLC	Delaware
NOW Management LLC	Delaware
NOW Mexico Holding I B.V.	Netherlands
NOW Mexico Holding II B.V.	Netherlands
NOW Netherlands B.V.	Netherlands
NOW Norway AS	Norway
NOW Russia Holding B.V.	Netherlands

[1] Each Subsidiary set forth on this Schedule 4.19 is Wholly-Owned

NOW Singapore Holding LLC	Delaware
Wilson Distribution Holding B.V.	Netherlands
Wilson International, Inc.	Delaware
Wilson Libya Holdings LLC	Delaware
Wilson MENA FZE	United Arab Emirates
Wilson Supply Chain Services Limited	British Virgin Islands
Wilson United Kingdom Ltd.	United Kingdom
WILSONCOS, L.L.C.	Delaware

Schedule 6.3

Existing Investments

None.

Exhibit 99.1

(Subject to Completion, Dated April 23, 2014)

National Oilwell Varco
7909 Parkwood Circle Drive
Houston, Texas 77036

[—], 2014

Dear NOV Stockholder:

We previously announced National Oilwell Varco, Inc.'s intention to pursue the separation of its distribution business from its other businesses. I am pleased to report that on [—], 2014, NOW Inc., a Delaware corporation, will become an independent public company and will hold, through its subsidiaries, the assets (including the equity interests of certain NOV subsidiaries) and liabilities associated with NOV's distribution business.

The separation will be completed by way of a pro rata distribution of all of the outstanding shares of NOW Inc. common stock to NOV's stockholders of record as of 5:00 p.m. Eastern Time on [—], 2014, the record date for the distribution. Each NOV stockholder of record will receive one share of NOW Inc. common stock for every [—] shares of NOV common stock held on the record date. The distribution will be made in electronic book-entry form, which means that no physical share certificates will be issued. No fractional shares of NOW Inc. common stock will be issued. Instead, the transfer agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing rates and distribute the net cash proceeds pro rata to each holder who would otherwise have been entitled to receive fractional shares in the distribution.

NOV expects to receive an opinion from its legal counsel that the distribution will qualify as a transaction that is generally tax-free for U.S. federal income tax purposes. However, any cash that you receive in lieu of fractional shares generally will be taxable to you. You should consult your own tax adviser as to the particular tax consequences of the distribution to you, including potential tax consequences under state, local and non-U.S. tax laws.

The distribution does not require stockholder approval, and you do not need to take any action to receive your shares of NOW Inc. common stock. NOV's common stock will continue to trade on the New York Stock Exchange under the ticker symbol "NOV." NOW Inc. common stock will trade on the New York Stock Exchange under the ticker symbol "DNOW."

The enclosed information statement, which we are mailing to all NOV stockholders, describes the separation and the distribution in detail and contains important information about NOW Inc., including its historical combined financial statements. We urge you to read this information statement carefully.

We want to thank you for your continued support of NOV.

Sincerely,

Merrill A. Miller, Jr.
Executive Chairman
National Oilwell Varco, Inc.

7402 N Eldridge Parkway
Houston, TX 77041 USA
(800) 228-2893

[—], 2014

Dear Future NOW Inc. Stockholder:

It is our pleasure to welcome you as a future stockholder of NOW Inc. While we will be a new company upon our separation from National Oilwell Varco, Inc., our business has a history of strong financial and operating performance. Our common stock will trade on the New York Stock Exchange under the ticker symbol "DNOW."

Following the separation, we will continue to operate as a distributor to the energy and industrial sectors, doing business as DistributionNOW and Wilson Export. With over 5,000 employees and more than 300 locations worldwide, we stock and sell a comprehensive offering of energy products as well as an extensive selection of products for industrial applications. Our product offerings are needed throughout the oil and gas exploration and production process as well as in other industries, such as chemical processing, power generation and industrial manufacturing operations. We provide our customers a one-stop shop value proposition within the energy market and particularly in the targeted areas of artificial lift, measurement and controls, valve management and actuation and flow optimization. We also offer supply chain solutions such as procurement, inventory, warehouse management logistics, business process and performance metrics reporting.

We believe our extensive distribution network, broad product offerings, highly flexible business model, long-term relationship with NOV, as well as a results driven culture and management team will strengthen our position in a large, fragmented market. Going forward, we seek to grow our supply chain business, with particular emphasis on our industrial offering. We also plan to expand our geographic reach, continue to capitalize on non-conventional oil and gas plays, maintain focus on margin enhancement and selectively pursue strategic acquisitions and investments.

Our management team is excited about the opportunities ahead of us and is committed to unlocking the potential of NOW Inc. We invite you to learn more about our company and our plans by reading the enclosed materials and look forward to updating you on our progress.

Sincerely,

Robert R. Workman
President and Chief Executive Officer
NOW Inc.

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Preliminary Information Statement
(Subject to Completion, Dated April 23, 2014)

Information Statement

NOW Inc.

Common Stock

(par value $0.01 per share)

This information statement is being furnished in connection with the pro rata distribution by National Oilwell Varco, Inc. of all of the shares of common stock of NOW Inc. outstanding immediately prior to the distribution. To implement the distribution, NOV will distribute shares of NOW Inc. common stock on a pro rata basis to the holders of NOV common stock. Each of you, as a holder of NOV common stock, will receive one share of NOW Inc. common stock for every [—] shares of NOV common stock that you held at 5:00 p.m. Eastern Time on [—], 2014, the record date for the distribution. Following the distribution, NOW Inc. will hold, through its subsidiaries, the assets (including the equity interests of certain NOV subsidiaries) and liabilities associated with NOV's distribution business.

The distribution will be made in electronic book-entry form, without the delivery of any physical share certificates. No fractional shares of NOW Inc. will be issued. Instead, the transfer agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing rates and distribute the net cash proceeds pro rata to each holder who would otherwise have been entitled to receive fractional shares in the distribution.

The distribution will occur on [—], 2014. Immediately after the distribution is completed, NOW Inc. will be an independent, publicly traded company. It is expected that the distribution will generally be tax-free to NOV stockholders for United States ("U.S.") federal income tax purposes, except to the extent that cash is received in lieu of fractional shares.

No vote of the stockholders of NOV is required in connection with the distribution. We are not asking you for a proxy and you are requested not to send us a proxy.

NOV stockholders will not be required to pay any consideration for the shares of NOW Inc. common stock they receive in the distribution, and they will not be required to surrender or exchange shares of their NOV common stock or take any other action in connection with the distribution. From and after the distribution, certificates representing NOV common stock will continue to represent NOV common stock, which at that point will include the remaining businesses of NOV.

All of the outstanding shares of NOW Inc. common stock are currently owned by NOV. There currently is no public trading market for NOW Inc. common stock. NOW Inc.'s common stock will trade on the New York Stock Exchange under the ticker symbol "DNOW." We anticipate that a limited market, commonly known as a "when-issued" trading market, for NOW Inc. common stock will develop on or shortly before the record date for the distribution and will continue up to and including the date the distribution occurs, and we anticipate that the "regular-way" trading of NOW Inc. common stock will begin on the first day of trading following the date the distribution occurs.

IN REVIEWING THIS INFORMATION STATEMENT, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DESCRIBED UNDER THE CAPTION "RISK FACTORS" BEGINNING ON PAGE 17 OF THIS INFORMATION STATEMENT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS INFORMATION STATEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS INFORMATION STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES.

The date of this information statement is [—], 2014.

NOV first mailed this information statement to NOV stockholders on or about [—], 2014.

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NOTE REGARDING THE USE OF CERTAIN TERMS

We use the following terms to refer to the items indicated:

- "We," "us," "our," the "Company," "DistributionNOW" and "NOW Inc.," unless the context requires otherwise, refer to NOW Inc., a Delaware Corporation and the entity that at the time of the distribution will hold, through its subsidiaries, the assets (including the equity interests of certain NOV subsidiaries) and liabilities associated with NOV's distribution business, as defined below.
- "NOV" refers to National Oilwell Varco, Inc. and, where appropriate in context, to one or more of its subsidiaries, or all of them taken as a whole.
- The term "separation" refers to the separation of the distribution business from NOV's other businesses and the creation of an independent publicly traded company, NOW Inc., to hold the assets (including the equity interests of certain NOV subsidiaries) and liabilities associated with the distribution business of NOV from and after the distribution.
- The term "distribution" refers to the pro rata distribution of all of the shares of NOW Inc. common stock outstanding immediately prior to the distribution date by NOV to stockholders of NOV as of the record date.
- The terms "distribution business" or "NOV's distribution business" refer to the worldwide distribution business of NOV and its subsidiaries prior to the distribution and assets (including the equity interests of certain NOV subsidiaries) and liabilities associated with NOV's distribution business.
- The term "distribution date" means the date on which the distribution occurs.

SUMMARY

This summary highlights selected information from this information statement relating to NOW Inc.'s separation from National Oilwell Varco, Inc. ("NOV") and the distribution of NOW Inc. common stock by NOV to NOV's stockholders. For a more complete understanding of our business and the separation and the distribution, you should read the entire information statement carefully, particularly the discussion set forth under "Risk Factors" beginning on page 17 of this information statement, and our audited historical combined financial statements, our unaudited pro forma combined financial statements and the respective notes to those statements appearing elsewhere in this information statement.

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement, including the combined financial statements of NOW Inc., assumes the completion of all the transactions referred to in this information statement in connection with the separation and the distribution.

OUR BUSINESS

Overview

We are a distributor to the oil and gas industry with a legacy of over one-hundred and fifty years operating in the oilfield. We operate primarily under the DistributionNOW and Wilson Export brands. Through our network of over 300 locations and over 5,000 employees worldwide, we stock and sell a comprehensive offering of energy products as well as an extensive selection of products for industrial applications. Our energy product offering is needed throughout all sectors of the oil and gas industry – from upstream drilling, completion and production to midstream infrastructure development to downstream petroleum refining – as well as in other industries, such as chemical processing, power generation and industrial manufacturing operations. The industrial distribution portion of our business targets a diverse range of manufacturing and other facilities across numerous industries and end markets. We also provide supply chain management to drilling contractors, exploration and production ("E&P") operators, pipeline operators, downstream energy and industrial manufacturing companies around the world. The addressable market of our core oil and gas industry offering is estimated to be approximately $20 billion in North America and significantly larger globally.

Our global product offering includes consumable maintenance, repair and operating ("MRO") supplies, pipe, valves, fittings, flanges, line pipe, electrical, artificial lift solutions, mill tools, safety supplies and spare parts to support customers' operations. We provide a one-stop shop value proposition within the oil and gas E&P market and particularly in targeted areas of artificial lift, measurement and controls, valve actuation and flow optimization. We also offer warehouse management, vendor integration and various inventory management solutions. Through focused effort, we have built expertise in providing application systems and parts integration, optimization solutions and after-sales support.

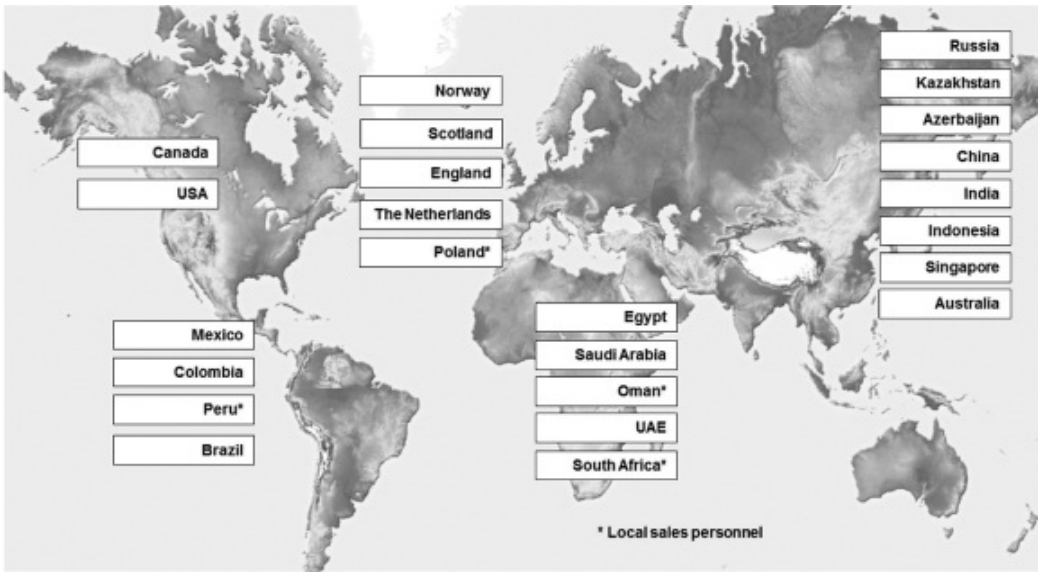
Our supply chain solutions include outsourcing the functions of procurement, inventory and warehouse management, logistics, business process and performance metrics reporting. This solutions offering allows us to leverage the infrastructure of our SAP™ ERP system to streamline the purchasing process for customers, from requisition to procurement to payment, by digitally managing approval routing and workflow and by providing robust reporting functionality.

We support major land and offshore operations for all the major oil and gas producing regions around the world through our comprehensive network of more than 270 Energy Branch locations. Our key markets beyond North America include Latin America, the North Sea, the Middle East, the Commonwealth of Independent States and Southeast Asia. Products sold through our Energy Branch locations support greenfield and expansion plant capital projects, midstream infrastructure, MRO and manufacturing consumables used in day-to-day production. We provide downstream energy and industrial products for petroleum refining, chemical processing, power generation and industrial manufacturing operations through more than 60 Supply Chain and customer on-site locations.

We stock or sell more than 150,000 stock keeping units ("SKUs") through our branch network. Our supplier network consists of thousands of vendors in approximately 40 countries. From our operations in over 20 countries, we sell to customers operating in over 90 countries. The supplies and equipment stocked by each of our branches is customized to meet varied and changing local customer demands. The breadth and scale of our offering enhances our value proposition to vendors, customers and shareholders.

We employ advanced information technologies, including the implementation of a common ERP platform across essentially all of our business, to provide complete procurement, materials management and logistics coordination to our customers around the globe. Having a common ERP platform allows immediate visibility into the financials and operations of essentially all branches worldwide, enhancing decision-making and efficiency. Over the past two years, we have devoted significant resources to this initiative and we plan to have almost all of our locations aligned on one ERP platform in 2014.

Global Operations



Demand for our products is driven primarily by the level of oil and gas drilling, servicing and production refining and petrochemical activities. It is also influenced by the global economy in general and by government policies. Several factors have driven the long-term growth in spending including investment in energy infrastructure, the North American shale plays and market expectations of future developments in the oil, natural gas, liquids, refined products, petrochemical, plant maintenance and other industrial and energy sectors. Approximately half of our revenue is attributable to multi-year MRO arrangements. MRO arrangements are generally repetitive activities that address recurring maintenance, repair, operational work, well hookups and drilling activities. Project activities, including facility expansions, exploration and new construction projects, are usually associated with customers' capital expenditure budgets, sometimes in association with their construction partners. We mitigate our exposure to price volatility by limiting the length of price protection on such projects which allows us to adjust pricing depending on factors that influence our supply chain.

We have benefited from several strategic acquisitions during the past few years, including Wilson International, Inc. ("Wilson") and CE Franklin Ltd. ("CE Franklin"), both of which were completed in 2012. We have also expanded through several other acquisitions and organic investments around the world, including the U.S., Canada, England, Scotland, the United Arab Emirates, Russia and Kazakhstan.

Summary of Reportable Segments

We operate through three reportable segments: U.S., Canada and International. The table below is a summary of our three reportable segments.

	U.S.	Canada	International
Overview	Distributor of pipe, valves and fittings ("PVF"), MRO supplies and related products to the upstream, midstream and downstream energy and industrial sectors		
2013 Revenue	$2,863 million	$773 million	$660 million
Locations	Over 200	Over 70	Over 30
SKUs	More than 150,000 items		
Select Products	MRO supplies, electrical products, mill tool & safety products, PVF, original equipment manufacturer ("OEM") spare parts, artificial lift solutions, valve management solutions, fluid transfer products and supply chain solutions		
Value-added Solutions	Same-day delivery, customer training, inventory and warehouse management, logistics, business process and performance metrics reporting		
Representative Customers	Drilling contractors, E&P operators, well servicing companies, independent and national oil and gas companies, refineries, midstream operators, downstream energy processors and industrial manufacturers		

United States

We have more than 200 locations in the U.S., which are geographically positioned to best serve the upstream, midstream and downstream energy and industrial markets. Our U.S. branch network was significantly expanded with the locations added through the Wilson acquisition, which has enabled us to broaden our customer base, leverage our inventory and purchasing power and enhance our position in the midstream and downstream energy and industrial markets.

Approximately 75% of our U.S. locations are Energy Branches. Our Energy Branches primarily serve the upstream and midstream sectors of the oil and gas industry with locations in every major land and offshore area of the country. Within our branch network, we have a team of sales and operations professionals trained in the products, applications and customer service required to support our customers as they drill, explore, produce, transport and refine oil and gas products. Our locations offer a comprehensive line of products, including line pipe, valves, fittings and flanges, OEM spare parts, mill supplies, tools, safety supplies, personal protective equipment and miscellaneous expendable items. We also have a team of technical professionals who provide expertise in applied products and applications, such as artificial lift systems, coatings, electrical products, gas meter runs and valve actuation. The midstream segment is served through many of the same Energy Branches, including the locations added as part of the Wilson acquisition.

The balance of our U.S. locations are Supply Chain locations, which serve the upstream and downstream energy and industrial end markets and our customer on-site locations. Through our network of downstream and industrial facilities staffed by skilled personnel, we provide products primarily to refineries, chemical companies, utilities, manufacturers and engineering and construction companies in the areas of the country where these

markets are situated. Our primary product offering for the downstream and industrial markets includes all grades of pipe, valves, fittings, mill supplies, tools and safety supplies. Additionally, our downstream and industrial branches offer safety equipment, repair and maintenance, and also provide planning, sourcing and expediting of orders throughout the lifecycle of large capital projects. Our Supply Chain locations serve many oil and gas operators and drilling contractors. Supply Chain customers outsource procurement functions to us, which brings our sizeable vendor network to their doorstep and enables them to benefit from on-site management of their warehouses, inventory, materials, projects, logistics and manufacturing tool cribs. Customers engage our Supply Chain solutions to improve their bottom lines and accelerate their time to market through the identification and implementation of measurable operational efficiencies. To achieve this, we partner with our customers to review their current operations, allowing us to make informed recommendations regarding the restructuring of processes and inventories. Our Supply Chain solutions result in long term partnerships because they are customized to each customer's requirements, guided by a strategic framework, and are not easily replicated.

We also have extensive one-stop shop specialty operations in the U.S. that provide our customers a unique way to purchase artificial lift, valves and valve actuation, measurement and controls, fluid transfer and flow optimization, which enables them to better focus on their core business. In these businesses, we provide additional value to our customers through the design, assembly, fabrication and optimization of products and equipment essential to the safe and efficient production of oil and gas.

Canada

We have a network of over 70 branches in the Canadian oilfield, predominantly in the oil rich provinces of Alberta and Saskatchewan in Western Canada. Our Canada segment primarily serves the energy exploration, production and drilling business, offering customers the same products and value-added solutions that we perform in the U.S. In Canada, we also provide training for and supervise the installation of fiberglass pipe, supported by substantial inventory and product expertise on the ground to serve our customers.

International

We operate in over 20 countries and serve the needs of our international customers from more than 30 locations outside of the U.S. and Canada, all of which are strategically located in major oil and gas development areas. Our approach in these markets is similar to our approach in the U.S., as our customers look to us to provide inventory and support closer to their drilling and exploration activities. Our long legacy of operating in many international regions, combined with significant recent expansion into several new key markets, provides a significant competitive advantage as few of our competitors have a presence in all of these markets.

Distribution Industry Overview

The total addressable market for our core oil and gas industry offering is estimated to be approximately $20 billion in North America and significantly larger globally. The distribution industry is highly fragmented, comprised of a very small number of large players with global reach and a large number of small local and regional competitors. With thousands of smaller competitors, there are substantial opportunities for consolidation and product extensions.

Distribution companies act both as supply stores and supply chain management providers for their customers. Distributors deliver value to their customers by serving as a supply chain channel partner, managing vendor networks and carrying inventory of a wide range of products from numerous vendors at locations in close proximity to the end user.

Scale provides substantial advantages in the distribution industry, enhancing the value proposition for both vendors and customers. The ability to deliver predictable repeat business to the vendor network allows companies with scale the ability to purchase at competitive prices while also delivering value to those vendors and suppliers. In turn, distributors with scale are able to offer customers inventory at competitive prices and enable them to manage their own operations with lower inventory levels. Management believes that customers are increasingly centralizing purchasing operations and consolidating suppliers in an effort to reduce their procurement costs. This trend favors larger distributors with the product offering and geographic reach to supply customers across various geographies and industries.

Distribution companies with scale are thus able to extract economic rent from their businesses by offering a wide variety of SKUs at attractive volumes to vendors and prices to customers with minimal capital investment.

Our Market Sectors

We offer a diverse range of products across the energy and industrial markets in the U.S., Canada and internationally. There are thousands of manufacturers of the products used in the markets in which we operate and customers demand a high level of service, responsiveness and availability across a broad set of products from these vendors. These market dynamics make the distributor an essential element in the value chain. Our product offering is aligned to meet the needs of our customer base.

Energy Branches

Our Energy Branches are the legacy brick and mortar supply store operations that provide products to multiple upstream and midstream customers from a single location. These branches serve repeat account and walk-in retail customers, across a variety of pricing models. Products are inventoried in our branch warehouses based on local market needs and are delivered or available for pick-up as needed.

Supply Chain

Our Supply Chain group targets the upstream and downstream energy and industrial markets, in which our customers are generally contractually committed to source from us under a single business model that includes a fixed pricing structure. We are typically integrated into our customers' facilities; have on-site NOW Inc. branches and inventory committed to a specific customer; perform duties otherwise managed by our customers; reach a broader customer segment to include downstream, industrial and manufacturing; manage third party materials on behalf of our customers; employ vending machines and/or tool cribs to store and dispense materials on-demand; and have a much greater component of technology to enable e-commerce and key performance indicators to be measured and reported specifically to each customer.

	Energy Branches	Supply Chain
Target End Markets	Upstream and midstream energy	Upstream, downstream energy and industrial
Offering	Branch locations supporting delivery and customer pick-up of a comprehensive range of upstream and midstream products and supplies	Dedicated customer on-site locations providing a tailored mix of downstream and industrial products
Locations	Over 270	Over 60
2013 Revenue	$3,581 million	$715 million

Our Competitive Strengths

- ***Global presence in large, fragmented market***. We are a distributor of PVF, MRO supplies and related products to the upstream, midstream and downstream energy and industrial sectors. Our scale is an important differentiator and source of competitive advantage that enhances our value proposition to both suppliers and customers:
  - *Extensive distribution network:* With more than 300 branches serving customers operating in over 90 countries around the world, we believe that we operate in more countries than any of our competitors.
  - *Global and national accounts:* The size of our network allows us to provide distribution capabilities to serve the needs of global and national accounts across multiple sites in various geographies.
  - *Product offering:* The breadth and depth of our product offering allows us to target a wide variety of end markets while offering complete solutions to our customer base. We serve as a one-stop shop for customers, stocking or selling more than 150,000 SKUs from thousands of vendors from a single source in proximity to their operations. We also maintain specific products to meet local customer needs and tailor inventory levels and mix as customer locations and needs change throughout their business lifecycle.
  - *Customer diversification:* Our large customer base provides a highly diversified revenue stream. Customer concentration is very limited, with no single customer accounting for more than 10% of our revenue. Our top 20 customers in aggregate comprise approximately one-third of our revenue. Furthermore, our customer base includes Fortune 500 companies that are among the largest and most well capitalized companies in the world.
  - *Purchasing power:* Our substantial purchasing volume allows us to offer value to our vendors and our customers while earning a strong return on capital with minimal investment. In many cases, we are able to bring business to vendors that they could not generate on their own. The size of our network enables us to purchase products at competitive prices and thereby deliver value to our customers. By carrying inventory close to our customers' operating locations, we enable them to focus on their core businesses.
- ***Organic growth capability.*** Our management team has a long track record of driving organic growth through both successful geographic expansion and product line extensions. We have grown organically into numerous new countries outside of the U.S. and Canada to meet the needs of our oil and gas customers. Organic expansions into new regions include South America (Brazil, Colombia, Mexico), Europe (Norway, Scotland), Middle East (Egypt, Saudi Arabia, United Arab Emirates), Asia (Azerbaijan, China, India, Indonesia) and Australia. We have also demonstrated the capability to expand the product lines offered by our network of branches. Successful product line extensions include artificial lift, electrical, safety products and valve actuation.
- ***Highly flexible business model***. Our business model is highly flexible and allows us to respond quickly to changes in industry and economic conditions. We locate our branches near our customers' operations to provide the prompt product availability they require. We can quickly open new locations as needed to meet customer demand. We typically enter into short term leases and the fixed cost of operating our branches is low, which enables us to efficiently redeploy our people, resources and inventory in response to any changes in demand.
- ***Relationship with NOV***. Our historic relationship with NOV provides significant value to both our Company and to our former parent. Our ability to leverage our more than 300 locations, inventory position and electronic ordering system brings business to NOV and delivers value to our common customers by providing last mile, real-time coverage of their operations. Additionally, we have the ability to offer procurement solutions to NOV manufacturing locations to deliver better prices through bundled purchases, while also enabling NOV to focus on plant operations rather than procurement of expendables. Our sales to NOV comprised approximately 3% of our 2013 revenue.

- ***Supply chain business opportunity.*** We believe many of our energy and industrial customers are increasingly considering outsourcing the management of larger portions of their supply chain operations. This creates a growth opportunity for our supply chain offering in both the energy and industrial end markets. We have broad supply chain capabilities, including procurement, warehouse layout, materials, assets and inventory management, all of which enable customers to focus on their core operations. Our supply chain solutions provide an attractive and important potential source of organic growth and further diversifies our revenue base.
- ***Triple Impact Quality Program.*** Our quality process, called the "Triple Impact Quality Program," includes a manufacturer registration process which conducts assessments (review of documentation and on-site audits) and monitors and evaluates the quality of goods that are produced by our manufacturers. One of the results of this program is our Approved Manufacture List ("AML") which is an important source of information sharing with our key customers regarding the results of our assessments. Many of our largest customers maintain their own AML and we work with those customers to collaborate on the results of assessments and performance. We conduct a statistical sampling of incoming products which allows us to quickly identify and address any issues with the supplier, which can reduce risk for not only us, but our customers, our suppliers and the industry. The importance placed on our AML by both our customers and suppliers reinforces our critical position in the supply chain. Key facilities are ISO 9001 registered and follow processes and procedures that support our ISO accreditation. We have one of the most extensive and comprehensive AMLs in the industry.
- ***Common global ERP system***. We have invested in integrating a global ERP system which will provide a single platform that allows just in time visibility into the financials and operations at a branch level on a global basis and enables immediacy of decision-making and efficiency. In addition, our sophisticated software and infrastructure allow us to plan and optimize supply chain processes. Using a variety of integrated and bolt-on applications, we leverage demand management, statistical forecasting and lifecycle planning to make efficient decisions and allow flexible assortment planning. This ensures that our products are adapted to the local trends and customer needs across our distribution network.
- ***Extensive acquisition track record***. With over 20 acquisitions completed during the past 15 years as part of NOV, our management team has a demonstrated track record of successfully executing and integrating acquisitions around the world. Our most recent acquisitions include Wilson and CE Franklin, which were completed during 2012. Management anticipates realizing substantial cost savings from these acquisitions in subsequent years.
- ***Results driven culture and management team*** . Our market-based, customer service oriented culture drives the organization to execute precisely. With an average tenure of 25 years (including NOV and its predecessor entities), our management team has extensive industry experience. Consistent across management is a focus on results, process and relationships. Together, with over 5,000 employees, we are a global distribution and supply chain business with an ambition to always exceed customer expectations and a passion for constant improvement.

Our Business Strategy

We are a distributor of PVF, MRO supplies and related products to the upstream, midstream and downstream energy and industrial sectors. Our objective is to strengthen our competitive position by enhancing our role within the energy market and selectively expanding our reach into industrial applications while maintaining an operational focus on margin enhancement and continuous productivity improvement to drive above-market earnings growth.

- ***Extend our position in the energy supply chain.*** We focus on providing supply chain solutions for the energy market in the United States and Canada. We provide a full complement of supply chain solutions

focused on improving the supply chain management process for our customers. Our solutions range from improved shop throughput and inventory management to customized ERP solutions to support specific customer needs. We plan to expand our position in the U.S. by building upon established relationships within our large customer base and premier supplier network to meet customers' continued interest in managing their spend through outsourcing. Furthermore, we plan to continue to build out our supply chain capability around the world by serving many of the same customers we serve in North America, as well as those in non-U.S. markets.

- ***Expand geographic reach to provide products and solutions to the last mile in additional markets.*** Our customers need our products in the locations where they operate, however remote. As our customers expand their operations beyond core markets into new geographies, they often rely on us to grow with them to supply them with products to support their safe and efficient operations. This presents attractive opportunities to expand our geographic reach into new areas outside of the U.S. and Canada. We operate our business with a primary focus on our customers, seeking to strengthen existing customer relationships as well as cultivate new ones. With a long track record of successfully expanding around the world, we believe we can continue to drive profitable growth on a global basis.
- ***Continue to capitalize on non-conventional oil and gas plays.*** We believe that the drilling environment in the U.S. and Canada, while sometimes volatile in the short term, will continue to exhibit long term growth as unconventional resources are fully exploited. This also creates significant opportunity for our products that are focused on the production of oil and gas, including artificial lift and fiberglass pipe. Finally, we believe that over the coming decade, other countries will move to develop unconventional resource plays and we will have the experience and global reach to help them do so more efficiently.
- ***Increase market penetration in industrial manufacturing supply chain.*** Our current industrial supply chain business provides a strong platform for substantial growth as an independent company. We currently serve many manufacturing facilities of NOV and other companies in the U.S. and abroad. Building upon our existing base of business with some of the world's leading manufacturing companies, as an independent company, we plan to aggressively target the supply chain opportunity for other leading manufacturers across a wide variety of industries. Our scale and experience in the oil and gas industry provide extensive infrastructure to support this expansion.
- ***Maintain focus on margin enhancement and continuous productivity improvement*** . Following the implementation of our common ERP platform, we believe we will be able to drive cost savings from the integration of the legacy NOV distribution business with that of Wilson and CE Franklin. We maintain operational focus on sourcing, pricing discipline, acquisition related consolidation savings and working capital management across all of our business units to enhance financial performance. Our fiscal discipline and operational flexibility to consolidate locations, product lines and corporate functions enables us to drive improved margins and pass cost savings through to the bottom line.
- ***Selectively pursue strategic acquisitions and investments*** . As an independent company, we plan to supplement our organic growth and targeted international expansion with select acquisitions in key markets to further enhance our geographic reach, product catalog and other capabilities. Our corporate development team will selectively pursue acquisitions that are culturally compatible and meet our growth, business model and returns criteria. Our management has significant experience in successfully executing and integrating strategic acquisitions. Our efficient operations, anticipated global integrated ERP platform, global distribution network and strong supplier relationships create opportunities to achieve substantial synergies in our acquisitions.

Questions and Answers About the Separation and the Distribution

Q: Why is NOV separating its distribution business from its other businesses?

A: The Board of Directors and management of NOV believe the separation and the distribution will allow each company to pursue a more focused, industry-specific strategy; enable the management of each company to concentrate resources wholly on its particular market segments, customers and core businesses, with greater ability to anticipate and respond to changing markets and opportunities; allow each company to recruit and retain employees with expertise directly applicable to its needs; provide NOW Inc. with a valuable acquisition currency; eliminate competition for capital between NOW Inc.'s business and NOV's other businesses and allow more direct and efficient access to capital; and provide investors in each company with a more targeted investment opportunity.

See "The Separation and the Distribution—Reasons for the Separation and the Distribution" included elsewhere in this information statement.

Q: How will NOV accomplish the separation and the distribution of NOW Inc.?

A: The separation will be accomplished through a series of transactions in which the assets (including the equity interests of certain NOV subsidiaries) and liabilities associated with NOV's distribution business will be transferred to NOW Inc. or entities that are, or will become prior to the distribution, subsidiaries of NOW Inc. In the distribution, NOV will distribute to its stockholders all of the shares of NOW Inc.'s common stock. See "The Separation and the Distribution—Manner of Effecting the Separation and the Distribution" included elsewhere in this information statement.

Q: What will I receive in the distribution?

A: NOV will distribute one share of NOW Inc. common stock for every [—] shares of NOV common stock outstanding at 5:00 p.m. Eastern Time on [—], 2014, the record date for the distribution. You will pay no consideration and will not give up any portion of your NOV common stock to receive shares of NOW Inc. common stock in the distribution.

Q: What is the record date for the distribution, and when will the distribution occur?

A: The record date is [—], 2014, and ownership will be determined as of 5:00 p.m., Eastern Time, on that date. When we refer to the "record date," we are referring to that time and date. NOV will distribute shares of NOW Inc. common stock on [—], 2014, which we refer to as the "distribution date."

Q: As a holder of NOV common stock on the record date, what do I need to do to participate in the distribution?

A: Nothing. You do not need to take any action, but we urge you to read this entire document carefully. No stockholder approval of the distribution is required or sought. You are not being asked for a proxy. You are not required to make any payment, surrender or exchange any of your shares of NOV common stock or take any other action to receive your shares of NOW Inc. common stock.

Q: How will fractional shares be treated in the distribution?

A: NOV will not distribute any fractional shares of NOW Inc. common stock to NOV stockholders. Fractional shares of NOW Inc. common stock to which NOV stockholders of record would otherwise be entitled will be aggregated and sold in the public market by the transfer agent. The aggregate net cash proceeds of the sales will be distributed pro rata to each holder who would otherwise have been entitled to receive a

fractional share in the distribution. Proceeds from these sales will generally result in a taxable gain or loss to those stockholders. Each stockholder entitled to receive cash proceeds from these shares should consult his, her or its own tax adviser as to such stockholder's particular circumstances. The tax consequences of the distribution are described in more detail under "The Separation and the Distribution—Material U.S. Federal Income Tax Consequences of the Distribution."

Q: If I sell, on or before the distribution date, shares of NOV common stock that I held on the record date, am I still entitled to receive shares of NOW Inc. common stock in the distribution?

A: Beginning on or shortly before the record date and continuing up to and including the distribution date, we expect there will be two markets in NOV common stock: a "regular way" market and an "ex-distribution" market. Shares of NOV common stock that trade on the regular way market will trade with an entitlement to receive shares of NOW Inc. common stock to be distributed in the distribution. Shares that trade on the ex-distribution market will trade without an entitlement to receive shares of NOW Inc. common stock to be distributed in the distribution, so that holders who sell shares ex-distribution will be entitled to receive shares of NOW Inc. common stock even though they have sold their shares of NOV common stock after the record date. Therefore, if you owned shares of NOV common stock on the record date and sell those shares on the regular way market before the distribution date, you will also be selling the shares of our common stock that would have been distributed to you in the distribution. You are encouraged to consult with your financial adviser regarding the specific implications of selling your NOV common stock prior to or on the distribution date.

Q: Will the distribution affect the number of shares of NOV I currently hold?

A: No. The number of shares of NOV common stock held by a stockholder will be unchanged. The market value of each NOV share, however, is expected to decline to reflect the impact of the distribution. See "The Separation and the Distribution—The Number of Shares You Will Receive" included elsewhere in this information statement.

Q: What are the U.S. federal income tax consequences of the distribution to me?

A: NOV expects that the distribution will qualify as tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). NOV expects to receive an opinion from its legal counsel to the effect that the distribution will so qualify. On the basis that the distribution so qualifies, for U.S. federal income tax purposes, you will not recognize any gain or loss, and no amount will be included in your income, upon your receipt of shares of NOW Inc. common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares.

You should consult your own tax adviser as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws, which may result in the distribution being taxable to you. For more information, see "The Separation and the Distribution—Material U.S. Federal Income Tax Consequences of the Distribution" included elsewhere in this information statement.

Q: How will I determine the tax basis I will have in my NOV shares after the distribution and the NOW Inc. shares I receive in the distribution?

A: Generally, for U.S. federal income tax purposes, your aggregate basis in your shares of NOV common stock and the shares of NOW Inc. common stock you receive in the distribution (including any fractional share for which cash is received) will equal the aggregate basis of NOV common stock held by you immediately before the distribution. This aggregate basis should be allocated between your shares of NOV common

stock and the shares of NOW Inc. common stock you receive in the distribution (including any fractional share for which cash is received) in proportion to the relative fair market value of each immediately following the distribution. See "The Separation and the Distribution—Material U.S. Federal Income Tax Consequences of the Distribution."

Q: Will I receive a stock certificate for NOW Inc. shares distributed in the distribution?

A: No. Registered holders of NOV common stock (meaning NOV stockholders who hold NOV stock directly through an account with NOV's transfer agent, American Stock Transfer & Trust Co., LLC ("AST")) who are entitled to participate in the distribution will receive from AST a book-entry account statement reflecting their ownership of NOW Inc. common stock. For additional information, registered stockholders in the U.S. should contact NOV's transfer agent, AST, through its website at www.amstock.com. Stockholders from outside the U.S. may call AST at (800) 937-5449. See "The Separation and the Distribution—When and How You Will Receive the Distributions of NOW Inc. Shares."

Q: What if I hold my shares through a broker, bank or other nominee?

A: NOV stockholders who hold their shares through a broker, bank or other nominee will have their brokerage account credited with NOW Inc. common stock. For additional information, those stockholders should contact their broker, bank or other nominee directly.

Q: What if I have stock certificates reflecting my shares of NOV common stock? Should I send them to the transfer agent or to NOV?

A: No. You should not send your stock certificates to the transfer agent or to NOV. You should retain your NOV stock certificates.

Q: Can NOV decide to cancel the distribution of NOW Inc. common stock, even if all the conditions are met?

A: Yes. Until the distribution has occurred, the NOV Board of Directors has the right, in its sole discretion, to terminate the distribution, even if all the conditions are met. See "The Separation and the Distribution—Conditions to the Distribution" included elsewhere in this information statement.

Q: Will NOW Inc. incur any debt prior to or at the time of separation?

A: No. However, NOW Inc. has entered into a five-year $750 million senior unsecured credit facility in connection with the separation and the distribution. See "Description of Indebtedness" included elsewhere in this information statement.

Following the separation, NOW Inc.'s debt obligations could restrict its business and may adversely impact its financial condition, results of operations or cash flows. In addition, its separation from NOV's other businesses may increase the overall cost of debt funding and decrease the overall debt capacity and commercial credit available to the businesses collectively. NOW Inc.'s business, financial condition, results of operations and cash flows could be harmed by a deterioration of its credit profile or by factors adversely affecting the credit markets generally. See "Risk Factors—Risks Relating to the Separation and the Distribution."

Q: Does NOW Inc. intend to pay dividends?

A: NOW Inc. does not currently anticipate paying dividends on its common stock. NOW Inc. currently intends to retain its future earnings to support the growth and development of its business. The payment of future cash dividends, if any, will be at the discretion of the NOW Inc. Board of Directors and will depend upon, among other things, NOW Inc.'s financial condition, results of operations, capital requirements and development expenditures, future business prospects and any restrictions imposed by future debt instruments. See "Dividend Policy" included elsewhere in this information statement.

Q: Will my shares of NOW Inc. common stock trade on a stock market?

A: Yes. Currently, there is no public market for NOW Inc. common stock. Our common stock will trade on the New York Stock Exchange ("NYSE") under the ticker symbol "DNOW." We cannot predict the trading prices for NOW Inc. common stock when such trading begins.

Q: Will my shares of NOV common stock continue to trade?

A: Yes. NOV common stock will continue to be listed and trade on the NYSE under the ticker symbol "NOV."

Q: Will the distribution of NOW Inc. common stock affect the market price of my NOV shares?

A: Yes. As a result of the distribution, the trading price of shares of NOV common stock immediately after the distribution is expected to change from the trading price immediately before the distribution, because the trading price immediately after the distribution will no longer reflect the value of NOV's distribution business. Furthermore, until the market has fully analyzed the value of NOV after the distribution, NOV may experience more stock price volatility than usual. It is possible that the combined trading prices of NOV common stock and NOW Inc. common stock immediately after the distribution will be less than the trading price of shares of NOV common stock immediately before the distribution.

Q: What will happen to NOV stock options, restricted stock and performance shares?

A: For more information on the treatment of equity based compensation awards in the distribution, see "The Separation and the Distribution —Treatment of Stock-Based Compensation."

Q: What costs does NOV and NOW Inc. expect to incur in connection with the separation and distribution?

A: NOV currently expects to incur one-time, non-recurring pre-tax separation costs of approximately $25 to $35 million in connection with the consummation of the separation plan. These one-time costs are expected to include: financial, legal, tax, accounting and other advisory fees; non-income tax costs and regulatory fees incurred as part of the reorganization and separation; costs for building and/or reconfiguring the required information systems and buildings to run the stand-alone companies; other various costs for branding the new company, NYSE listing fees, investor and other stakeholder communications, printing costs, fees of the distribution agent; and employee recruiting fees and incentive compensation, among other things. Nearly all of these costs will be incurred by NOV prior to the spin-off and do not include incremental capital expenditures related to the spin-off. To the extent additional separation costs are incurred by NOW Inc. after the spin-off, they will be the responsibility of NOW Inc. In addition, there are expected to be recurring total net incremental costs incurred on a going-forward basis in connection with operating NOW Inc. as an independent publicly traded company. These costs, which are currently expected to be approximately $45 million, will be NOW Inc.'s responsibility.

Q: What will the relationship be between NOV and NOW Inc. after the separation and the distribution?

A: Following the distribution, NOV will not own any of the common stock of NOW Inc., and each of NOV and NOW Inc. will be independent, publicly traded companies with their own management teams and Boards of Directors. However, in connection with the separation and the distribution, NOW Inc. will enter into a Separation and Distribution Agreement and several other agreements with NOV for the purpose of both effecting the separation and governing the relationship of NOV and NOW Inc. following the separation. We describe these agreements in more detail under "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV" included elsewhere in this information statement.

Q: Are there risks to owning NOW Inc. common stock?

A: Yes. There are risks associated with NOW Inc.'s business, the separation and the distribution and NOW Inc.'s operation as an independent, publicly traded company. These risks are described in the section entitled "Risk Factors" included elsewhere in this information statement. We encourage you to read that entire section carefully.

Q: Will I have appraisal rights in connection with the separation and the distribution?

A: No. Holders of NOV common stock are not entitled to appraisal rights in connection with the separation or the distribution.

Q: Where can I get more information?

A: If you have any questions relating to the transfer or mechanics of the stock distribution, you should contact the distribution agent:

American Stock Transfer & Trust Co., LLC
Operations Center
6201 15th Avenue
Brooklyn, New York 11219
(800) 937-5449

For other questions relating to the separation or the distribution, prior to the distribution, or for questions relating to NOV's stock after the distribution, you should contact NOV's investor relations department:

NOV Investor Relations
7909 Parkwood Circle Drive
Houston, Texas 77036
(713) 346-7500

For other questions relating to the separation or the distribution, after the distribution, you should contact NOW Inc.'s investor relations department:

NOW Inc. Investor Relations
7402 North Eldridge Parkway
Houston, Texas 77041
(281) 823-4700

The Separation and the Distribution	
Distributing Company	NOV is currently the sole stockholder of NOW Inc. After the distribution, NOV will not own any of the shares of NOW Inc.'s common stock.
Distributed Company	NOW Inc. is wholly owned by NOV. After the distribution, NOW Inc. will be an independent, publicly traded company.
Distribution Ratio	One share of NOW Inc. common stock for every [—] shares of NOV common stock held on the record date.
Shares to Be Distributed	NOV will distribute 100 percent of the shares of NOW Inc. common stock outstanding immediately before the distribution. Based on approximately 429 million shares of NOV common stock outstanding as of April 1, 2014 and applying the distribution ratio (without accounting for cash to be issued in lieu of fractional shares), we expect that approximately [—] million shares of NOW Inc. common stock will be distributed to NOV stockholders.
Record Date for the Distribution	The record date for the distribution is 5:00 p.m. Eastern Time on [—], 2014.
Distribution Date	The distribution date is [—], 2014.
Fractional Shares	The distribution agent will not distribute any fractional shares of NOW Inc. common stock to NOV stockholders. Instead, it will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing prices and distribute the net cash proceeds pro rata to each holder who would otherwise have been entitled to receive fractional shares in the distribution. NOV stockholders will not be entitled to any interest on the amount of any payment made in lieu of a fractional share.
Distribution Method	The distribution will be made in electronic book-entry form, without the delivery of any physical share certificates. Registered stockholders will receive additional information from the distribution agent shortly before the distribution date. Beneficial holders will receive information from their brokerage firms.
Conditions to the Distribution	The distribution is subject to the satisfaction, or waiver by NOV, of the following conditions, among others: • The Securities and Exchange Commission (the "SEC") will have declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with no order suspending the effectiveness of the registration statement in effect and no proceedings for such purposes pending before or threatened by the SEC. • Any required actions and filings with regard to state securities and blue sky laws of the U.S. (and any comparable laws under any foreign jurisdictions) will have been taken and, where applicable, will have become effective or been accepted.

	• NOW Inc.'s common stock will have been authorized for listing on the NYSE, or another national securities exchange approved by NOV, subject to official notice of issuance. • Prior to the distribution, this information statement will have been mailed to the holders of NOV common stock as of the record date. • NOV will have received an opinion from its legal counsel to the effect that the distribution will qualify as tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. • No order, injunction, decree or regulation issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing completion of the distribution will be in effect. • Any government approvals and other material consents necessary to consummate the distribution will have been obtained and be in full force and effect. • The NOV Board of Directors has granted final approval of the distribution. • The Separation and Distribution Agreement will not have been terminated. See: "The Separation and the Distribution—Conditions to the Distribution" included elsewhere in this information statement.
Stock Exchange Listing	There currently is not a public market for NOW Inc. common stock. NOW Inc. common stock will trade on the NYSE under the symbol "DNOW."
Dividend Policy after the Distribution	We do not currently anticipate paying dividends on our common stock. See "Dividend Policy" included elsewhere in this information statement.
Distribution Agent	American Stock Transfer & Trust Co., LLC Operations Center 6201 15th Avenue Brooklyn, New York 11219 (800) 937-5449
Transfer Agent and Registrar for Our Shares of Common Stock	American Stock Transfer & Trust Co., LLC Operations Center 6201 15th Avenue Brooklyn, New York 11219 (800) 937-5449

U.S. Federal Income Consequences	On the basis that the distribution, together with certain related transactions, will qualify as generally tax-free for U.S. federal income tax purposes, no gain or loss will be recognized by a stockholder of NOV, and no amount will be included in the income of a stockholder of NOV for U.S. federal income tax purposes, upon the receipt of shares of our common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares. For more information regarding the potential U.S. federal income tax consequences to you of the distribution, see "The Separation and the Distribution—Material U.S. Federal Income Tax Consequences of the Distribution."

RISK FACTORS

You should carefully consider each of the following risks and all of the other information contained in this information statement. Some of these risks relate principally to our separation from NOV, while others relate principally to our business and the industry in which we operate or to the securities markets generally and ownership of our common stock. Our business, prospects, financial condition, results of operations or cash flows could be materially and adversely affected by any of these risks, and, as a result, the trading price of our common stock could decline.

Risks Relating to the Separation and the Distribution

We may not realize the potential benefits from the separation, and our historical and pro forma combined financial information is not necessarily indicative of our future prospects. We may be unable to achieve some or all of the benefits that we expect to achieve as an independent, publicly traded company.

We may not realize the potential benefits we expect from our separation from NOV. We have described those anticipated benefits elsewhere in this information statement. See "The Separation and the Distribution—Reasons for the Separation and the Distribution." In addition, we will incur significant costs, including those described below, which may exceed our estimates, and we will incur some negative effects from our separation from NOV, including loss of access to some of the financial, managerial and professional resources from which we have benefited in the past.

Our historical and pro forma combined financial statements do not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as an independent, publicly traded company during the periods presented or those that we will achieve in the future, as a result of the following factors:

- Our historical combined financial results reflect allocations of expenses for services historically provided by NOV, and those allocations may be significantly lower than the comparable expenses we would have incurred as an independent company.
- Our working capital requirements historically have been satisfied as part of NOV's corporate-wide cash management programs, and our cost of debt and other capital may differ significantly from that reflected in our historical combined financial statements.
- Our historical combined financial information may not fully reflect the costs associated with being an independent public company, including significant changes that may occur in our cost structure, management, financing arrangements and business operations as a result of our separation from NOV, including all the costs related to being an independent public company.
- The historical combined financial information may not fully reflect the effects of certain liabilities that we will incur or assume.

We based the pro forma adjustments on available information and assumptions that we believe are reasonable and factually supportable; however, our assumptions may prove not to be accurate. In addition, our unaudited pro forma combined financial information may not give effect to various ongoing additional costs we may incur in connection with being an independent public company. Accordingly, our unaudited pro forma combined financial information does not reflect what our financial condition, results of operations or cash flows would have been as an independent public company and is not necessarily indicative of our future financial condition or future results of operations. Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Combined Financial Statements" and our historical audited combined financial statements and the notes to those statements included elsewhere in this information statement.

Until the distribution occurs, NOV has sole discretion to change the terms of the distribution in ways that may be unfavorable to us.

Until the distribution occurs, we are and will be a wholly owned subsidiary of NOV. Accordingly, NOV has the sole and absolute discretion to determine and change the terms of the distribution, including the establishment of the record date and distribution date. These changes could be unfavorable to us. In addition, NOV may decide at any time not to proceed with the separation or the distribution.

In connection with our separation from NOV, NOV will indemnify us for certain liabilities, and we will indemnify NOV for certain liabilities. If we are required to act on these indemnities to NOV, we may need to divert cash to meet those obligations, and our financial results could be negatively impacted. In the case of NOV's indemnity, there can be no assurance that the indemnity will be sufficient to insure us against the full amount of such liabilities, or as to NOV's ability to satisfy its indemnification obligations in the future.

Pursuant to the Separation and Distribution Agreement and other agreements with NOV, NOV will agree to indemnify us for certain liabilities, and we will agree to indemnify NOV for certain liabilities, in each case for uncapped amounts, as discussed further in "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV." Indemnities that we may be required to provide NOV will not be subject to any cap, may be significant and could negatively impact our business, particularly indemnities relating to our actions that could impact the tax-free nature of the distribution. Third parties could also seek to hold us responsible for any of the liabilities that NOV has agreed to retain. Further, there can be no assurance that the indemnity from NOV will be sufficient to protect us against the full amount of such liabilities, or that NOV will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from NOV any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, cash flows, results of operations and financial condition.

We will be subject to continuing contingent liabilities of NOV following the separation.

After the separation, there will be several significant areas where the liabilities of NOV may become our obligations. For example, under the Code and the related rules and regulations, each corporation that was a member of the NOV combined U.S. federal income tax reporting group during any taxable period or portion of any taxable period ending on or before the effective time of the distribution is jointly and severally liable for the U.S. federal income tax liability of the entire NOV combined tax reporting group for that taxable period. In connection with the separation, we will enter into a Tax Matters Agreement with NOV that will allocate the responsibility for prior period taxes of the NOV combined tax reporting group between us and NOV. See "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV—Tax Matters Agreement." However, if NOV is unable to pay any prior period taxes for which it is responsible, we could be required to pay the entire amount of such taxes.

Potential liabilities associated with certain assumed obligations under the Tax Matters Agreement cannot be precisely quantified at this time.

Under the Tax Matters Agreement with NOV, we will be responsible for, and must indemnify NOV with respect to, all taxes arising as a result of the distribution (or certain internal restructuring transactions) failing to qualify as transactions under Sections 355 and 368(a)(1)(D) (or other applicable provisions) of the Code for U.S. federal income tax purposes (which could result, for example, from a merger or other transaction involving an acquisition of our stock) to the extent such tax liability arises as a result of any breach of any representation, warranty, covenant or other obligation by us or our affiliates made in connection with the issuance of the tax opinion relating to the distribution or in the Tax Matters Agreement. Such tax liability would be calculated as though NOV (or its affiliate) had sold its shares of common stock of our company in a taxable sale for their fair market value, and NOV (or its affiliate) would recognize taxable gain in an amount equal to the excess of the fair market value of such shares over its tax basis in such shares. That tax liability could have a material adverse effect on our company. For a more detailed discussion, see "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV—Tax Matters Agreement."

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, you and NOV could be subject to significant tax liability and, in certain circumstances, we could be required to indemnify NOV for material taxes pursuant to indemnification obligations under the Tax Matters Agreement.

If the distribution or certain internal transactions undertaken in anticipation of the distribution are determined to be taxable for U.S. federal income tax purposes, then we, NOV and/or our stockholders could be subject to significant tax liability. NOV expects the distribution, except for cash received in lieu of fractional shares, will qualify as tax-free under Sections 355 and 361 of the Code, and that certain internal transactions undertaken in anticipation of the distribution will generally qualify as tax-free for U.S. federal income tax purposes. The IRS could determine on audit that the distribution or the internal transactions should be treated as taxable transactions, including as a result of a significant change in stock or asset ownership after the distribution. If the distribution ultimately is determined to be taxable, the distribution could be treated as a taxable dividend or capital gain to you for U.S. federal income tax purposes, and you could incur significant U.S. federal income tax liabilities. In addition, NOV would recognize gain in an amount equal to the excess of the fair market value of shares of our common stock distributed to NOV stockholders on the distribution date over NOV's tax basis in such shares of our common stock. Moreover, NOV could incur significant U.S. federal income tax liabilities if it is ultimately determined that certain internal transactions undertaken in anticipation of the distribution are taxable. For a more detailed discussion, see "The Separation and the Distribution—Material U.S. Federal Income Tax Consequences of the Distribution."

In connection with the separation and distribution, we and NOV will enter into a Tax Matters Agreement. The Tax Matters Agreement will (among other things) set forth each party's rights and obligations with respect to federal, state, local, and foreign taxes attributable to the separation and distribution. To the extent that we are required to indemnify NOV (or its subsidiaries or other affiliates) or otherwise bear tax liabilities attributable to the separation and distribution under the Tax Matters Agreement, we may be subject to substantial liabilities. See "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV—Tax Matters Agreement."

We might not be able to engage in desirable strategic transactions and equity issuances following the distribution because of certain restrictions relating to requirements for tax-free distributions.

In connection with the separation and distribution, we and NOV will enter into a Tax Matters Agreement. It is anticipated that, under the terms of the Tax Matters Agreement, for a two-year period (or, in certain cases, potentially longer) we will be limited or prohibited from: undertaking certain sales, redemptions, issuances of our stock, stock repurchases, mergers, liquidations, asset dispositions; ceasing to actively conduct the distribution business; and, taking or failing to take other actions that prevent the distribution and related transactions from being tax-free. Any such restrictions may limit our ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of our business. See "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV—Tax Matters Agreement."

We potentially could have received better terms from unaffiliated third parties than the terms we receive in our agreements with NOV.

The agreements we will enter into with NOV in connection with the separation, including the Separation and Distribution Agreement, the Tax Matters Agreement and other agreements, were negotiated in the context of the separation while we were still a wholly owned subsidiary of NOV. Accordingly, during the period in which the terms of those agreements were negotiated, we did not have an independent Board of Directors or a management team independent of NOV. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. The terms of the agreements to be negotiated in the context of the separation relate to, among other things, the allocation of assets, liabilities, rights and other obligations between NOV and us. Arm's-length negotiations between NOV and an unaffiliated third

party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party. See "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV" included elsewhere in this information statement.

We have no history operating as an independent public company. We will incur significant costs to create the corporate infrastructure necessary to operate as an independent public company, and we may experience increased ongoing costs in connection with being an independent public company.

We have historically used NOV's corporate infrastructure to support our business functions, including information technology systems. The expenses related to establishing and maintaining this infrastructure were spread among all of NOV's businesses. Following the separation and after the expiration of the Transition Services Agreement, we will no longer have access to NOV's infrastructure, and we will need to establish our own. We expect to incur costs beginning in 2014 to establish the necessary infrastructure. See "Unaudited Pro Forma Combined Financial Statements."

NOV currently performs many important corporate functions for us, including some treasury, tax administration, accounting, financial reporting, human resources, compensation, legal and other services. Following the separation, NOV will continue to provide some of these services to us on a transitional basis, pursuant to a Transition Services Agreement that we will enter into with NOV. For more information regarding the Transition Services Agreement, see "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV—Transition Services Agreement." NOV may not successfully execute all these functions during the transition period or we may have to expend significant efforts or costs materially in excess of those estimated under the Transition Services Agreement. Any interruption in these services could have a material adverse effect on our business, financial condition, results of operation and cash flows. In addition, at the end of this transition period, we will need to perform these functions ourselves or hire third parties to perform these functions on our behalf. The costs associated with performing or outsourcing these functions may exceed the amounts reflected in our historical combined financial statements or that we have agreed to pay NOV during the transition period. A significant increase in the costs of performing or outsourcing these functions could materially and adversely affect our business, financial condition, results of operations and cash flows.

Currently, we are not directly subject to the reporting and other requirements of the Exchange Act. After the separation, we will be directly subject to reporting and other obligations under the Exchange Act, including the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which will require, in the future, annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing the effectiveness of these controls. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources.

After the separation, NOV's insurers may deny coverage to us for losses associated with occurrences prior to the separation.

In connection with the separation, we will enter into agreements with NOV to address several matters associated with the separation, including insurance coverage. See "Certain Relationships and Related Transactions—Agreements Between Us and NOV." After the separation, NOV's insurers may deny coverage to us for losses associated with occurrences prior to the separation. Accordingly, we may be required to temporarily or permanently bear the costs of such lost coverage.

Risks Relating to Our Business

Decreased capital and other expenditures in the energy industry, which can result from decreased oil and natural gas prices, among other things, can adversely impact our customers' demand for our products and our revenue.

A large portion of our revenue depends upon the level of capital and operating expenditures in the oil and natural gas industry, including capital and other expenditures in connection with exploration, drilling, production, gathering, transportation, refining and processing operations. Demand for the products we distribute is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital and other expenditures by, oil and natural gas companies. A material decline in oil or natural gas prices could depress levels of exploration, development and production activity and, therefore, could lead to a decrease in our customers' capital and other expenditures.

The willingness of oil and gas operators to make capital and operating expenditures to explore for and produce oil and natural gas and the willingness of oilfield service companies to invest in capital and operating equipment will continue to be influenced by numerous factors over which we have no control, including:

- the ability of the members of the Organization of Petroleum Exporting Countries ("OPEC"), to maintain price stability through voluntary production limits, the level of production by non-OPEC countries and worldwide demand for oil and gas;
- level of production from known reserves;
- cost of exploring for and producing oil and gas;
- level of drilling activity and drilling rig dayrates;
- worldwide economic activity;
- national government political requirements;
- development of alternate energy sources; and
- environmental regulations.

If there is a significant reduction in demand for drilling services, in cash flows of drilling contractors, well servicing companies, or production companies or in drilling or well servicing rig utilization rates, then demand for our products will decline.

Volatile oil and gas prices affect demand for our products.

Demand for our products is largely determined by current and anticipated oil and natural gas prices, and the related spending and level of activity by our customers, including spending on production and level of drilling activities. Volatility or weakness in oil or natural gas prices (or the perception that oil or natural gas prices will decrease) affects the spending pattern of our customers, and may result in the drilling of fewer new wells or lower production spending on existing wells. This, in turn, could result in lower demand for our products. Any sustained decrease in capital expenditures in the oil and natural gas industry could have a material adverse effect on us.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of other factors that are beyond our control.

Many factors affect the supply of and demand for energy and, therefore, influence oil and natural gas prices, including:

- the level of domestic and worldwide oil and natural gas production and inventories;

- the level of drilling activity and the availability of attractive oil and natural gas field prospects, which governmental actions may affect, such as regulatory actions or legislation, or other restrictions on drilling, including those related to environmental concerns (e.g., a temporary moratorium on deepwater drilling in the Gulf of Mexico following a rig accident or oil spill);
- the discovery rate of new oil and natural gas reserves and the expected cost of developing new reserves;
- the actual cost of finding and producing oil and natural gas;
- depletion rates;
- domestic and worldwide refinery overcapacity or undercapacity and utilization rates;
- the availability of transportation infrastructure and refining capacity;
- increases in the cost of products that the oil and gas industry uses, such as those that we provide, which may result from increases in the cost of raw materials such as steel;
- shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- the economic or political attractiveness of alternative fuels, such as coal, hydrocarbon, wind, solar energy and biomass-based fuels;
- increases in oil and natural gas prices or historically high oil and natural gas prices, which could lower demand for oil and natural gas products;
- worldwide economic activity including growth in non-Organization for Economic Co-operation and Development ("OECD") countries, including China and India;
- interest rates and the cost of capital;
- national government policies, including government policies that could nationalize or expropriate oil and natural gas E&P, refining or transportation assets;
- the ability of OPEC to set and maintain production levels and prices for oil;
- the impact of armed hostilities, or the threat or perception of armed hostilities;
- environmental regulation;
- technological advances;
- global weather conditions and natural disasters;
- currency fluctuations; and
- tax policies.

Oil and natural gas prices have been and are expected to remain volatile. This volatility has historically caused oil and natural gas companies to change their strategies and expenditure levels from year to year. We have experienced in the past, and we will likely experience in the future, significant fluctuations in operating results based on these changes.

General economic conditions may adversely affect our business.

U.S. and global general economic conditions affect many aspects of our business, including demand for the products we distribute and the pricing and availability of supplies. General economic conditions and predictions regarding future economic conditions also affect our forecasts. A decrease in demand for the products we distribute or other adverse effects resulting from an economic downturn may cause us to fail to achieve our anticipated financial results. General economic factors beyond our control that affect our business and customers

include interest rates, recession, inflation, deflation, customer credit availability, consumer credit availability, consumer debt levels, performance of housing markets, energy costs, tax rates and policy, unemployment rates, commencement or escalation of war or hostilities, the threat or possibility of war, terrorism or other global or national unrest, political or financial instability, and other matters that influence our customers' spending. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency or increase in magnitude. In addition, worldwide economic conditions could have an adverse effect on our business, prospects, operating results, financial condition and cash flows.

We may be unable to compete successfully with other companies in our industry.

We sell products in very competitive markets. In some cases, we compete with large companies with substantial resources. In other cases, we compete with smaller regional players that may increasingly be willing to provide similar products at lower prices. Certain of these competitors may have greater financial, technical and marketing resources than us, and may be in a better competitive position. The following competitive actions can each adversely affect our revenues and earnings:

- price changes;
- consolidation in the industry; and
- improvements in availability and delivery.

We could experience a material adverse effect to the extent that our competitors are successful in reducing our customers' purchases of products from us. Competition could also cause us to lower our prices, which could reduce our margins and profitability. Furthermore, consolidation in our industry could heighten the impacts of the competition on our business and results of operations discussed above, particularly if consolidation results in competitors with stronger financial and strategic resources, and could also result in increases to the prices we are required to pay for acquisitions we may make in the future. In addition, certain foreign jurisdictions and government-owned petroleum companies located in some of the countries in which we operate have adopted policies or regulations which may give local nationals in these countries competitive advantages. Competition in our industry could lead to lower revenues and earnings.

Demand for the products we distribute could decrease if the manufacturers of those products were to sell a substantial amount of goods directly to end users in the sectors we serve.

Historically, users of pipes, valves and fittings and related products have purchased certain amounts of these products through distributors and not directly from manufacturers. If customers were to purchase the products that we sell directly from manufacturers, or if manufacturers sought to increase their efforts to sell directly to end users, we could experience a significant decrease in profitability. These or other developments that remove us from, or limit our role in, the distribution chain, may harm our competitive position in the marketplace and reduce our sales and earnings and adversely affect our business.

We may experience unexpected supply shortages.

We distribute products from a wide variety of manufacturers and suppliers. Nevertheless, in the future we may have difficulty obtaining the products we need from suppliers and manufacturers as a result of unexpected demand or production difficulties that might extend lead times. Also, products may not be available to us in quantities sufficient to meet our customer demand. Our inability to obtain products from suppliers and manufacturers in sufficient quantities, or at all, could adversely affect our product offerings and our business.

We may experience cost increases from suppliers, which we may be unable to pass on to our customers.

In the future, we may face supply cost increases due to, among other things, unexpected increases in demand for supplies, decreases in production of supplies or increases in the cost of raw materials or transportation. Any inability to pass supply price increases on to our customers could have a material adverse effect on us. In

addition, if supply costs increase, our customers may elect to purchase smaller amounts of products or may purchase products from other distributors. While we may be able to work with our customers to reduce the effects of unforeseen price increases because of our relationships with them, we may not be able to reduce the effects of the cost increases. In addition, to the extent that competition leads to reduced purchases of products from us or a reduction of our prices, and these reductions occur concurrently with increases in the prices for selected commodities which we use in our operations, the adverse effects described above would likely be exacerbated and could result in a prolonged downturn in profitability.

We do not have contracts with most of our suppliers. The loss of a significant supplier would require us to rely more heavily on our other existing suppliers or to develop relationships with new suppliers. Such a loss may have an adverse effect on our product offerings and our business.

Given the nature of our business, and consistent with industry practice, we do not have contracts with most of our suppliers. We generally make our purchases through purchase orders. Therefore, most of our suppliers have the ability to terminate their relationships with us at any time. Although we believe there are numerous manufacturers with the capacity to supply the products we distribute, the loss of one or more of our major suppliers could have an adverse effect on our product offerings and our business. Such a loss would require us to rely more heavily on our other existing suppliers or develop relationships with new suppliers, which may cause us to pay higher prices for products due to, among other things, a loss of volume discount benefits currently obtained from our major suppliers.

Price reductions by suppliers of products that we sell could cause the value of our inventory to decline. Also, these price reductions could cause our customers to demand lower sales prices for these products, possibly decreasing our margins and profitability on sales to the extent that we purchased our inventory of these products at the higher prices prior to supplier price reductions.

The value of our inventory could decline as a result of manufacturer price reductions with respect to products that we sell. There is no assurance that a substantial decline in product prices would not result in a write-down of our inventory value. Such a write-down could have an adverse effect on our financial condition.

Also, decreases in the market prices of products that we sell could cause customers to demand lower sales prices from us. These price reductions could reduce our margins and profitability on sales with respect to the lower-priced products. Reductions in our margins and profitability on sales could have a material adverse effect on us.

A substantial decrease in the price of steel tubular products could significantly lower our gross profit or cash flow.

At times, pricing and availability of steel tubular products can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, labor costs, sales levels, competition, consolidation of steel producers, fluctuations in and the costs of raw materials necessary to produce steel, steel manufacturers' plant utilization levels and capacities, import duties and tariffs and currency exchange rates. Increases in manufacturing capacity for the tubular products could put pressure on the prices we receive for our tubular products. When steel tubular prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sales prices and, consequently, lower gross profit and cash flow.

If steel tubular prices rise, we may be unable to pass along the cost increases to our customers.

We maintain inventories of steel tubular products to accommodate the lead time requirements of our customers. Accordingly, we purchase steel tubular products in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon historic buying practices, contracts with

customers and market conditions. Our commitments to purchase steel tubular products are generally at prevailing market prices in effect at the time we place our orders. If steel tubular prices increase between the time we order and the time of delivery of the products to us, our suppliers may impose surcharges that require us to pay for increases in steel prices during the period. Demand for the products we distribute, the actions of our competitors and other factors will influence whether we will be able to pass on cost increases and surcharges to our customers, and we may be unsuccessful in doing so. Tubular goods represent approximately 20% of our revenues in 2013.

We do not have long-term contracts or agreements with many of our customers. The contracts and agreements that we do have generally do not commit our customers to any minimum purchase volume. The loss of a significant customer may have a material adverse effect on us.

Given the nature of our business, and consistent with industry practice, we do not have long-term contracts with many of our customers. In addition, our contracts, including our MRO contracts, generally do not commit our customers to any minimum purchase volume. Therefore, a significant number of our customers, including our MRO customers, may terminate their relationships with us or reduce their purchasing volume at any time. Furthermore, the long-term customer contracts that we do have are generally terminable without cause on short notice. Our 20 largest customers represented approximately one-third of our revenue for the year ended December 31, 2013. The products that we may sell to any particular customer depend in large part on the size of that customer's capital expenditure budget in a particular year and on the results of competitive bids for major projects. Consequently, a customer that accounts for a significant portion of our sales in one fiscal year may represent an immaterial portion of our sales in subsequent fiscal years. The loss of a significant customer, or a substantial decrease in a significant customer's orders, may have an adverse effect on our sales and revenue.

In addition, we are subject to customer audit clauses in many of our multi-year contracts. If we are not able to provide the proper documentation or support for invoices per the contract terms, we may be subject to negotiated settlements with our major customers.

Changes in our customer and product mix could cause our gross profit percentage to fluctuate.

From time to time, we may experience changes in our customer mix or in our product mix. Changes in our customer mix may result from geographic expansion, daily selling activities within current geographic markets and targeted selling activities to new customer segments. Changes in our product mix may result from marketing activities to existing customers and needs communicated to us from existing and prospective customers. If customers begin to require more lower-margin products from us and fewer higher-margin products, our business, results of operations and financial condition may suffer.

Customer credit risks could result in losses.

The concentration of our customers in the energy industry may impact our overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Further, laws in some jurisdictions in which we operate could make collection difficult or time consuming. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables. While we maintain reserves for expected credit losses, we cannot assure these reserves will be sufficient to meet write-offs of uncollectible receivables or that our losses from such receivables will be consistent with our expectations.

We may be unable to successfully execute or effectively integrate acquisitions.

One of our key operating strategies is to selectively pursue acquisitions, including large scale acquisitions, to continue to grow and increase profitability. However, acquisitions, particularly of a significant scale, involve numerous risks and uncertainties, including intense competition for suitable acquisition targets, the potential unavailability of financial resources necessary to consummate acquisitions in the future, increased leverage due

to additional debt financing that may be required to complete an acquisition, dilution of our stockholders' net current book value per share if we issue additional equity securities to finance an acquisition, difficulties in identifying suitable acquisition targets or in completing any transactions identified on sufficiently favorable terms, assumption of undisclosed or unknown liabilities and the need to obtain regulatory or other governmental approvals that may be necessary to complete acquisitions. In addition, any future acquisitions may entail significant transaction costs and risks associated with entry into new markets.

Even when acquisitions are completed, integration of acquired entities can involve significant difficulties, such as:

- failure to achieve cost savings or other financial or operating objectives with respect to an acquisition;
- complications and issues resulting from the integration/conversion of ERP systems;
- strain on the operational and managerial controls and procedures of our business, and the need to modify systems or to add management resources;
- difficulties in the integration and retention of customers or personnel and the integration and effective deployment of operations or technologies;
- amortization of acquired assets, which would reduce future reported earnings;
- possible adverse short-term effects on our cash flows or operating results;
- diversion of management's attention from the ongoing operations of our business;
- integrating personnel with diverse backgrounds and organizational cultures;
- coordinating sales and marketing functions;
- failure to obtain and retain key personnel of an acquired business; and
- assumption of known or unknown material liabilities or regulatory non-compliance issues.

Failure to manage these acquisition growth risks could have an adverse effect on us.

We are a holding company and depend upon our subsidiaries for our cash flow.

We are a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Consequently, our cash flow and our ability to meet our obligations or to make other distributions in the future will depend upon the cash flow of our subsidiaries and our subsidiaries' payment of funds to us in the form of dividends, tax sharing payments or otherwise.

The ability of our subsidiaries to make any payments to us will depend on their earnings, the terms of their current and future indebtedness, tax considerations and legal and contractual restrictions on the ability to make distributions.

Our subsidiaries are separate and distinct legal entities. Any right that we have to receive any assets of or distributions from any of our subsidiaries upon the bankruptcy, dissolution, liquidation or reorganization, or to realize proceeds from the sale of their assets, will be junior to the claims of that subsidiary's creditors, including trade creditors and holders of debt that the subsidiary issued.

Changes in our credit profile may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity.

Changes in our credit profile may affect the way our suppliers view our ability to make payments and may induce them to shorten the payment terms of their invoices. Given the large dollar amounts and volume of our purchases from suppliers, a change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers and, consequently, may have a material adverse effect on us.

If tariffs and duties on imports into the U.S. of line pipe or certain of the other products that we sell are lifted, we could have too many of these products in inventory competing against less expensive imports.

U.S. law currently imposes tariffs and duties on imports from certain foreign countries of line pipe and, to a lesser extent, on imports of certain other products that we sell. If these tariffs and duties are lifted or reduced or if the level of these imported products otherwise increases, and our U.S. customers accept these imported products, we could be materially and adversely affected to the extent that we would then have higher-cost products in our inventory or increased supplies of these products drive down prices and margins. If prices of these products were to decrease significantly, we might not be able to profitably sell these products, and the value of our inventory would decline. In addition, significant price decreases could result in a significantly longer holding period for some of our inventory.

We are subject to strict environmental, health and safety laws and regulations that may lead to significant liabilities and negatively impact the demand for our products.

We are subject to a variety of federal, state, local, foreign and provincial environmental, health and safety laws; regulations and permitting requirements, including those governing the discharge of pollutants or hazardous substances into the air, soil or water, the generation, handling, use, management, storage and disposal of, or exposure to, hazardous substances and wastes, the responsibility to investigate and clean up contamination and occupational health and safety. Regulations and courts may impose fines and penalties for non-compliance with applicable environmental, health and safety requirements and the failure to have or to comply with the terms and conditions of required permits. Our failure to comply with applicable environmental, health and safety requirements could result in fines, penalties, enforcement actions, third-party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup or regulatory or judicial orders requiring corrective measures, including the installation of pollution control equipment or remedial actions.

Certain laws and regulations, such as the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or the "U.S. federal Superfund law") or its state and foreign equivalents, may impose the obligation to investigate and remediate contamination at a facility on current and former owners or operators or on persons who may have sent waste to that facility for disposal. These laws and regulations may impose liability without regard to fault or to the legality of the activities giving rise to the contamination.

Moreover, we may incur liabilities in connection with environmental conditions currently unknown to us relating to our existing, prior or future owned or leased sites or operations or those of predecessor companies whose liabilities we may have assumed or acquired. We believe that indemnities contained in certain of our acquisition agreements may cover certain environmental conditions existing at the time of the acquisition, subject to certain terms, limitations and conditions. However, if these indemnification provisions terminate or if the indemnifying parties do not fulfill their indemnification obligations, we may be subject to liability with respect to the environmental matters that those indemnification provisions address.

In addition, environmental, health and safety laws and regulations applicable to our business and the business of our customers, including laws regulating the energy industry, and the interpretation or enforcement of these laws and regulations, are constantly evolving. It is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation or enforcement, may have on us. Should environmental laws and regulations, or their interpretation or enforcement, become more stringent, our costs, or the costs of our customers, could increase, which may have a material adverse effect on us.

We may not have adequate insurance for potential liabilities, including liabilities arising from litigation.

In the ordinary course of business, we have and in the future may become the subject of various claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, the products we distribute, employees and other matters, including potential claims by individuals alleging exposure

to hazardous materials as a result of the products we distribute or our operations. Some of these claims may relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of the businesses. The products we distribute are sold primarily for use in the energy industry, which is subject to inherent risks that could result in death, personal injury, property damage, pollution, release of hazardous substances or loss of production. In addition, defects in the products we distribute could result in death, personal injury, property damage, pollution, release of hazardous substances or damage to equipment and facilities. Actual or claimed defects in the products we distribute may give rise to claims against us for losses and expose us to claims for damages.

We maintain insurance to cover certain of our potential losses, and we are subject to various self-retentions, deductibles and caps under our insurance. We maintain insurance to cover certain of our potential losses, and we are subject to various self-retentions, deductibles and caps under our insurance. We face the following risks with respect to our insurance coverage:

- we may not be able to continue to obtain insurance on commercially reasonable terms;
- we may incur losses from interruption of our business that exceed our insurance coverage;
- we may be faced with types of liabilities that will not be covered by our insurance;
- our insurance carriers may not be able to meet their obligations under the policies; or
- the dollar amount of any liabilities may exceed our policy limits.

Even a partially uninsured claim, if successful and of significant size, could have a material adverse effect on us. Finally, even in cases where we maintain insurance coverage, our insurers may raise various objections and exceptions to coverage that could make uncertain the timing and amount of any possible insurance recovery.

Due to our position as a distributor, we are subject to personal injury, product liability and environmental claims involving allegedly defective products.

Our customers use certain of the products we distribute in potentially hazardous applications that can result in personal injury, product liability and environmental claims. A catastrophic occurrence at a location where end users use the products we distribute may result in us being named as a defendant in lawsuits asserting potentially large claims, even though we did not manufacture the products. Applicable law may render us liable for damages without regard to negligence or fault. In particular, certain environmental laws provide for joint and several and strict liability for remediation of spills and releases of hazardous substances. Certain of these risks are reduced by the fact that we are a distributor of products that third-party manufacturers produce, and, thus, in certain circumstances, we may have third-party warranty or other claims against the manufacturer of products alleged to have been defective. However, there is no assurance that these claims could fully protect us or that the manufacturer would be able financially to provide protection. There is no assurance that our insurance coverage will be adequate to cover the underlying claims. Our insurance does not provide coverage for all liabilities (including liability for certain events involving pollution or other environmental claims).

If we lose any of our key personnel, we may be unable to effectively manage our business or continue our growth.

Our future performance depends to a significant degree upon the continued contributions of our management team and our ability to attract, hire, train and retain qualified managerial, sales and marketing personnel. In particular, we rely on our sales and marketing teams to create innovative ways to generate demand for the products we distribute. The loss or unavailability to us of any member of our management team or a key sales or marketing employee could have a material adverse effect on us to the extent we are unable to timely find adequate replacements. We face competition for these professionals from our competitors, our customers and other companies operating in our industry. We may be unsuccessful in attracting, hiring, training and retaining qualified personnel.

Interruptions in the proper functioning of our information systems could disrupt operations and cause increases in costs or decreases in revenues.

The proper functioning of our information systems is critical to the successful operation of our business. We depend on our information management systems to process orders, track credit risk, manage inventory and monitor accounts receivable collections. Our information systems also allow us to efficiently purchase products from our vendors and ship products to our customers on a timely basis, maintain cost-effective operations and provide superior service to our customers. However, our information systems could be vulnerable to natural disasters, power losses, telecommunication failures, security breaches and other problems. If critical information systems fail or are otherwise unavailable, our ability to procure products to sell, process and ship customer orders, identify business opportunities, maintain proper levels of inventories, collect accounts receivable and pay accounts payable and expenses could be adversely affected. Our ability to integrate our systems with our customers' systems would also be significantly affected. We maintain information systems controls designed to protect against, among other things, unauthorized program changes and unauthorized access to data on our information systems. If our information systems controls do not function properly, we face increased risks of unexpected errors and unreliable financial data or theft of proprietary Company information.

The loss of third-party transportation providers upon whom we depend, or conditions negatively affecting the transportation industry, could increase our costs or cause a disruption in our operations.

We depend upon third-party transportation providers for delivery of products to our customers. Strikes, slowdowns, transportation disruptions or other conditions in the transportation industry, including, but not limited to, shortages of truck drivers, disruptions in rail service, increases in fuel prices and adverse weather conditions, could increase our costs and disrupt our operations and our ability to service our customers on a timely basis. We cannot predict whether or to what extent increases or anticipated increases in fuel prices may impact our costs or cause a disruption in our operations going forward.

We may need additional capital in the future, and it may not be available on acceptable terms, or at all.

We may require more capital in the future to:

- fund our operations;
- finance investments in equipment and infrastructure needed to maintain and expand our distribution capabilities;
- enhance and expand the range of products we offer; and
- respond to potential strategic opportunities, such as investments, acquisitions and international expansion.

We can give no assurance that additional financing will be available on terms favorable to us, or at all. The terms of available financing may place limits on our financial and operating flexibility. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. Moreover, even if we are able to continue our operations, the failure to obtain additional financing could reduce our competitiveness.

Adverse weather events or natural disasters could negatively affect our local economies or disrupt our operations.

Certain areas in which we operate are susceptible to adverse weather conditions or natural disasters, such as hurricanes, tornadoes, floods and earthquakes. These events can disrupt our operations, result in damage to our properties and negatively affect the local economies in which we operate. Additionally, we may experience communication disruptions with our customers, vendors and employees. These events can cause physical damage to our locations and require us to close locations. Additionally, our sales orders and shipments can experience a temporary decline immediately following these events.

We cannot predict whether or to what extent damage caused by these events will affect our operations or the economies in regions where we operate. These adverse events could result in disruption of our purchasing or distribution capabilities, interruption of our business that exceeds our insurance coverage, our inability to collect from customers and increased operating costs. Our business or results of operations may be adversely affected by these and other negative effects of these events.

We have a substantial amount of goodwill and other intangible assets recorded on our balance sheets. The amortization of acquired intangible assets may reduce our future reported earnings. Furthermore, if our goodwill or other intangible assets become impaired, we may be required to recognize charges that would reduce our income.

As of December 31, 2013, we had $333 million of goodwill and $68 million in other intangibles recorded on our balance sheet. Under generally accepted accounting principles in the U.S. ("GAAP"), goodwill is not amortized but must be reviewed for possible impairment annually, or more often in certain circumstances where events indicate that the asset values are not recoverable. These reviews could result in an earnings charge for impairment, which would reduce our net income even though there would be no impact on our underlying cash flow.

Additionally, under generally accepted accounting principles, goodwill must be reviewed for possible impairment annually, or more often in certain circumstances where events indicate that the asset values are not recoverable. These reviews could result in an earnings charge for impairment, which would reduce our net income even though there would be no impact on our underlying cash flow.

We face risks associated with conducting business in markets outside of the U.S. and Canada.

We currently conduct business in countries outside of the U.S. and Canada. We could be materially and adversely affected by economic, legal, political and regulatory developments in the countries in which we do business in the future or in which we expand our business, particularly those countries which have historically experienced a high degree of political or economic instability. Examples of risks inherent in such non-North American activities include:

- changes in the political and economic conditions in the countries in which we operate, including civil uprisings and terrorist acts;
- unexpected changes in regulatory requirements;
- changes in tariffs;
- the adoption of foreign or domestic laws limiting exports to or imports from certain foreign countries;
- fluctuations in currency exchange rates and the value of the U.S. dollar;
- restrictions on repatriation of earnings;
- expropriation of property without fair compensation;
- governmental actions that result in the deprivation of contract or proprietary rights; and
- the acceptance of business practices which are not consistent with or are antithetical to prevailing business practices we are accustomed to in North America including export compliance and anti-bribery practices and governmental sanctions.

If we begin doing business in a foreign country in which we do not presently operate, we may also face difficulties in operations and diversion of management time in connection with establishing our business there.

We are subject to U.S. and other anti-corruption laws, trade controls, economic sanctions, and similar laws and regulations, including those in the jurisdictions where we operate. Our failure to comply with these laws and regulations could subject us to civil, criminal and administrative penalties and harm our reputation.

Doing business on a worldwide basis requires us to comply with the laws and regulations of the U.S. government and various foreign jurisdictions. These laws and regulations place restrictions on our operations, trade practices, partners and investment decisions. In particular, our operations are subject to U.S. and foreign anti-corruption and trade control laws and regulations, such as the Foreign Corrupt Practices Act ("FCPA"), export controls and economic sanctions programs, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). As a result of doing business in foreign countries and with foreign partners, we are exposed to a heightened risk of violating anti-corruption and trade control laws and sanctions regulations.

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. It also requires us to keep books and records that accurately and fairly reflect the Company's transactions. As part of our business, we may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, the United Kingdom Bribery Act (the "Bribery Act") has been enacted and came into effect on July 1, 2011. The provisions of the Bribery Act extend beyond bribery of foreign public officials and also apply to transactions with individuals that a government does not employ. The provisions of the Bribery Act are also more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. Our continued expansion outside the U.S., including in developing countries, and our development of new partnerships and joint venture relationships worldwide, could increase the risk of FCPA, OFAC or Bribery Act violations in the future.

Economic sanctions programs restrict our business dealings with certain sanctioned countries, persons and entities. In addition, because we act as a distributor, we face the risk that our customers might further distribute our products to a sanctioned person or entity, or an ultimate end-user in a sanctioned country, which might subject us to an investigation concerning compliance with the OFAC or other sanctions regulations.

Violations of anti-corruption and trade control laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. We have established policies and procedures designed to assist our compliance with applicable U.S. and international anti-corruption and trade control laws and regulations, including the FCPA, the Bribery Act and trade controls and sanctions programs administered by the OFAC, and have trained our employees to comply with these laws and regulations. However, there can be no assurance that all of our employees, consultants, agents or other associated persons will not take actions in violation of our policies and these laws and regulations, and that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage or provide a defense to any alleged violation. In particular, we may be held liable for the actions that our local, strategic or joint venture partners take inside or outside of the United States, even though our partners may not be subject to these laws. Such a violation, even if our policies prohibit it, could have a material adverse effect on our reputation, business, financial condition and results of operations. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business with sanctioned countries, persons and entities, which could adversely affect the market for our common stock and other securities.

The occurrence of cyber incidents, or a deficiency in our cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information or damage to our Company's image, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event

that can include gaining unauthorized access to systems to disrupt operations, corrupt data or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. Our three primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our Company's image, and private data exposure. We have implemented solutions, processes, and procedures to help mitigate this risk, but these measures, as well as our organization's increased awareness of our risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident.

Compliance with and changes in laws and regulations in the countries in which we operate could have a significant financial impact and effect how and where we conduct our operations.

We have operations in the U.S. and in other countries that can be impacted by expected and unexpected changes in the business and legal environments in the countries in which we operate. Compliance with and changes in laws, regulations, and other legal and business issues could impact our ability to manage our costs and to meet our earnings goals. Compliance related matters could also limit our ability to do business in certain countries. Changes that could have a significant cost to us include new legislation, new regulations, or a differing interpretation of existing laws and regulations, changes in tax law or tax rates, the unfavorable resolution of tax assessments or audits by various taxing authorities, the expansion of currency exchange controls, export controls or additional restrictions on doing business in countries subject to sanctions in which we operate or intend to operate.

Risks Relating to Our Common Stock

There is no existing market for our common stock, and a trading market that will provide you with adequate liquidity may not develop for our common stock. In addition, once our common stock begins trading, the market price of our shares may fluctuate widely.

There is currently no public market for our common stock. Our common stock will trade on the NYSE under the ticker symbol "DNOW." It is anticipated that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a "when-issued" basis and will continue up to and including the distribution date. However, there can be no assurance that an active trading market for our common stock will develop as a result of the distribution or be sustained in the future.

We cannot predict the prices at which our common stock may trade after the distribution. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our business profile and market capitalization may not fit the investment objectives of NOV's current stockholders, and our common stock may not be included in some indices, causing certain holders to sell their shares, though some of this selling pressure may be offset to the extent our stock is purchased by other investors due to our inclusion in other indices;
- a shift in our investor base;
- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results;
- announcements by us or our competitors of significant acquisitions or dispositions;
- the failure of securities analysts to cover our common stock after the distribution;
- the failure of our operating results to meet the estimates of securities analysts or the expectations of our stockholders;
- changes in earnings estimates by securities analysts or our ability to meet our earnings guidance;
- the operating and stock price performance of other comparable companies;

- overall market fluctuations and general economic conditions; and
- the other factors described in these "Risk Factors" and elsewhere in this information statement.

Stock markets in general have also experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could negatively affect the trading price of our common stock.

If our common stock is not included in the Standard & Poor's 500 Index or other stock indices, significant amounts of our common stock could be sold in the open market where they may not meet with offsetting new demand.

A portion of NOV's outstanding common stock is held by index funds tied to the Standard & Poor's 500 Index or other stock indices. To the extent our common stock is not included in this or other stock indices at the time of the distribution, index funds currently holding shares of NOV common stock will be required to sell the shares of our common stock they receive in the distribution. There may not be sufficient new buying interest to offset sales by those index funds. Accordingly, our common stock could experience a high level of volatility immediately following the distribution and, as a result, the price of our common stock could be adversely affected.

Future sales or distributions of our common stock could depress the market price for shares of our common stock.

The shares of our common stock that NOV distributes to its stockholders generally may be sold immediately in the public market. It is possible that some stockholders of NOV, including possibly some of NOV's major stockholders and index fund investors, will sell NOV or our common stock received in the distribution for various reasons (for example, if our business profile or market capitalization as an independent company does not fit their investment objectives). The sales of significant amounts of our common stock or the perception in the market that this will occur may result in the lowering of the market price of our common stock. A prolonged, significant decline in our share price and market capitalization could provide evidence for a need to record a material impairment of the amount of goodwill on our balance sheet.

Your percentage ownership in us may be diluted in the future.

As with any publicly traded company, your percentage ownership in us may be diluted in the future because of equity issuances for acquisitions, capital market transactions or otherwise, including, without limitation, equity awards that we expect will be granted to our directors, officers and employees.

We cannot assure you that we will pay dividends on our common stock.

We do not currently anticipate paying dividends on our common stock. We currently intend to retain our future earnings to support the growth and development of our business. The payment of future cash dividends, if any, will be at the discretion of our Board of Directors and will depend upon, among other things, our financial condition, results of operations, capital requirements and development expenditures, future business prospects and any restrictions imposed by future debt instruments. For more information, see "Dividend Policy" included elsewhere in this information statement.

Certain provisions in our corporate documents and Delaware law may prevent or delay an acquisition of our company, even if that change may be considered beneficial by some of our stockholders.

The existence of some provisions of our certificate of incorporation and bylaws and Delaware law could discourage, delay or prevent a change in control of us that a stockholder may consider favorable. These include provisions:

- providing our Board of Directors with the right to issue preferred stock without stockholder approval;
- prohibiting stockholders from taking action by written consent;

- restricting the ability of our stockholders to call a special meeting;
- providing for a classified Board of Directors;
- providing that the number of directors will be filled by the Board of Directors and vacancies on the Board of Directors, including those resulting from an enlargement of the Board of Directors, will be filled by the Board of Directors;
- requiring cause and an affirmative vote of at least 80 percent of the voting power of the then-outstanding voting stock to remove directors;
- requiring the affirmative vote of at least 80 percent of the voting power of the then-outstanding voting stock to amend certain provisions of our certificate of incorporation and bylaws; and
- establishing advance notice requirements for nominations of candidates for election to our Board of Directors or for stockholder proposals.

In addition, following the distribution, we will be subject to Section 203 of the Delaware General Corporation Law (the "DGCL") which may have an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors, including discouraging takeover attempts that could have resulted in a premium over the market price for shares of our common stock.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of our company and our stockholders.

See "Description of Capital Stock" included elsewhere in this information statement for more information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Forward–Looking Statements

Some of the information in this document contains, or has incorporated by reference, forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements typically are identified by use of terms such as “may,” “expect,” “anticipate,” “estimate,” and similar words, although some forward-looking statements are expressed differently. Forward-looking statements also include statements about our business strategy, our industry, our future profitability, growth in the industry sectors we serve, our expectations, beliefs, plans, strategies, objectives, prospects and assumptions, and estimates and projections of future activity and trends in the oil and natural gas industry. These forward-looking statements are not guarantees of future performance. You should also consider carefully the statements under “Risk Factors” which address additional factors that could cause our actual results to differ from those set forth in the forward-looking statements. You should also be aware that our actual results could differ materially from results anticipated in the forward-looking statements due to a number of factors, including but not limited to:

- decreases in oil and natural gas prices;
- decreases in oil and natural gas industry expenditure levels;
- increased usage of alternative fuels, which may negatively affect oil and natural gas industry expenditure levels;
- U.S. and international general economic conditions;
- our ability to compete successfully with other companies in our industry;
- the risk that manufacturers of the products we distribute will sell a substantial amount of goods directly to end users in the industry sectors we serve;
- unexpected supply shortages;
- cost increases by our suppliers;
- our lack of long-term contracts with most of our suppliers;
- increases in customer, manufacturer and distributor inventory levels;
- suppliers’ price reductions of products that we sell, which could cause the value of our inventory to decline;
- our lack of long-term contracts with many of our customers and our lack of contracts with customers that require minimum purchase volumes;
- changes in our customer and product mix;
- risks related to our customers’ creditworthiness;
- the potential adverse effects associated with integrating acquisitions into our business and whether these acquisitions will yield their intended benefits;
- the success of our acquisition strategies;
- changes in our credit profile;
- a decline in demand for certain of the products we distribute if import restrictions on these products are lifted;
- environmental, health and safety laws and regulations and the interpretation or implementation thereof;
- the sufficiency of our insurance policies to cover losses, including liabilities arising from litigation;

- product liability claims against us;
- pending or future asbestos-related claims against us;
- the potential loss of key personnel;
- interruption in the proper functioning of our information systems;
- loss of third-party transportation providers;
- potential inability to obtain necessary capital;
- risks related to adverse weather events or natural disasters;
- changes in tax laws or adverse positions taken by taxing authorities in the countries in which we operate;
- exposure to U.S. and international laws and regulations, including the Foreign Corrupt Practices Act and the U.K. Bribery Act and other economic sanction programs;
- adverse changes in political or economic conditions in the countries in which we operate; and
- the occurrence of cybersecurity incidents.

Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward-looking statements. Although forward-looking statements reflect our good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to update any such factors or forward-looking statements to reflect future events or developments.

THE SEPARATION AND THE DISTRIBUTION

General

On September 24, 2013, NOV announced its intention to pursue the separation of NOV's distribution business.

The separation will be accomplished through a series of transactions in which the assets (including the equity interests of certain NOV subsidiaries) and liabilities associated with NOV's distribution business will be transferred to NOW Inc. or entities that are, or will become prior to the distribution, subsidiaries of NOW Inc. The transferred assets will include:

- real and personal property assets, including owned and leased sites;
- inventories;
- the NOW Inc. brands (including certain trade names and trademarks), certain other intellectual property and software used in the business;
- certain contracts;
- cash on hand related to the distribution business; and
- receivables related to the distribution business and other assets reflected on NOW Inc.'s combined balance sheet.

These assets will be transferred to NOW Inc. or entities that are, or will become prior to the distribution, subsidiaries of NOW Inc., either directly or by the transfer of equity interests in entities that hold such assets. The liabilities transferred to NOW Inc. will consist of liabilities related to the transferred assets described above and the liabilities reflected on NOW Inc.'s combined balance sheet. See "Business" and "Properties" included elsewhere in this information statement for information regarding some of the particular assets and liabilities of the distribution business, and "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV—Separation and Distribution Agreement" for information regarding the legal agreement pursuant to which the assets and liabilities of the distribution business will be transferred to NOW Inc.

Following the separation, the distribution will be effected on the distribution date by way of a pro rata distribution of all of the outstanding shares of NOW Inc. common stock to NOV's stockholders of record as of 5:00 p.m. Eastern Time on [—], 2014, the record date for the distribution.

Reasons for the Separation and the Distribution

The Board of Directors of NOV believes that the separation and the distribution are in the best interests of NOV and its stockholders and will provide NOV and NOW Inc. with a number of opportunities and benefits, including the following:

- *Strategic Focus and Operational Flexibility*—Position each company to pursue a more focused, industry-specific strategy, with NOW Inc. well-positioned to pursue value creation strategies in the distribution business and NOV well-positioned to focus on its remaining businesses, and create additional operational flexibility within each of NOW Inc. and NOV.
- *Management Focus*—Allow management of each company to concentrate that company's resources wholly on its particular market segments, customers and core businesses, with greater ability to anticipate and respond rapidly to changing markets and new opportunities. Management of each company will be able to focus on core operations, with greater focus on customized strategies that can deliver long-term shareholder value.
- *Recruiting and Retaining Employees*—Allow each company to recruit and retain employees with expertise directly applicable to its needs and pursuant to compensation policies that are appropriate for its specific lines of business. In particular, following the distribution, the value of equity-based incentive compensation arrangements offered by each company should be more closely aligned with

the performance of its businesses, and the employee benefits offered by each company should be better tailored to the nature of each company's business. The equity-based compensation arrangements following the distribution should provide enhanced incentives for employee performance and improve the ability of each company to attract, retain and motivate qualified personnel at all levels of the organization.

- *Access to Capital and Capital Structure*—Eliminate competition for capital between the business lines. Instead, both companies will have direct access to the debt and equity capital markets to fund their respective growth strategies and to establish a capital structure and dividend policy appropriate for their business needs. In addition, the separation will result in separately traded stock that will facilitate each company's growth strategy.
- *Acquisition Currency*—NOW Inc.'s common stock will become a valuable acquisition currency after the distribution. Financial advisers to NOW Inc. have advised that the distribution may result in a greater willingness of certain targets to accept the equity of NOW Inc. as merger consideration because of a more aligned investment profile and growth strategy. Accordingly, the distribution is anticipated to further drive NOW Inc.'s growth by enhancing its mergers and acquisitions program.
- *Investor Choice*—Provide investors with a more targeted investment opportunity in each company that offers different investment business characteristics, including different opportunities for growth, capital structure, business models and financial returns. This will allow investors to evaluate the separate and distinct merits, performance and future prospects of each company.

The NOV Board of Directors also considered a number of potentially negative factors in evaluating the separation and the distribution, including potential loss of synergies from operating as one company, increased costs, loss of joint purchasing power, disruptions to the business as a result of the separation, limitations placed on NOW Inc. as a result of the agreements it will enter into with NOV in connection with the separation, the risk of not being able to realize the expected benefits of the separation in a timely manner or at all, the risk that the separation might not be completed in a timely manner or at all and the one-time and ongoing costs of the separation. The NOV Board of Directors concluded that notwithstanding these potentially negative factors, the pursuit of the separation and the distribution would be in the best interests of NOV and its stockholders.

The Number of Shares You Will Receive

Each NOV stockholder of record will receive one share of NOW Inc. common stock for every [—] shares of NOV common stock held on the record date for the distribution.

Treatment of Fractional Shares

Fractional shares will not be distributed in connection with the distribution. Instead, the transfer agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds from the sales, net of brokerage fees and other costs, pro rata to each holder who would otherwise have been entitled to receive a fractional share in the distribution. NOV stockholders will not be entitled to interest on any cash payment made in lieu of fractional shares.

If you have any questions concerning the mechanics of the issuance of fractional shares of common stock held directly, we encourage you to contact AST using the contact information for AST set forth elsewhere in this information statement. If you have any questions concerning the mechanics of the issuance of fractional shares of common stock held in "street name," we encourage you to contact your bank or brokerage firm.

When and How You Will Receive the Distribution of NOW Inc. Shares

NOV will distribute the shares of NOW Inc. common stock on [—], 2014, the distribution date, to holders of record on the record date. The distribution is expected to occur at 12:01 a.m. Eastern Time on the distribution date. AST will serve as transfer agent and registrar for the NOW Inc. common stock. AST will serve as distribution agent in connection with the distribution.

If you own NOV common stock as of 5:00 p.m. Eastern Time on the record date, the shares of NOW Inc. common stock that you are entitled to receive in the distribution will be issued electronically, on the distribution date, to your account as follows:

- *Registered Stockholders*—If you own your shares of NOV stock directly, either in book-entry form through an account at NOV's transfer agent and/or if you hold paper stock certificates, you will receive your shares of NOW Inc. common stock by way of direct registration in book-entry form. Registration in book-entry form refers to a method of recording stock ownership in which no physical paper share certificates are issued to stockholders, as is the case in this distribution. Commencing on or shortly after the distribution date, the distribution agent will mail to you an account statement that indicates the number of shares of NOW Inc. common stock that have been registered in book-entry form in your name. If you have any questions concerning the mechanics of having shares of our common stock registered in book-entry form, we encourage you to contact AST using the contact information for AST set forth elsewhere in this information statement.
- *Beneficial Stockholders*—If you hold your shares of NOV common stock beneficially through a bank or brokerage firm, the bank or brokerage firm would be said to hold the stock in "street name" and ownership would be recorded on the bank or brokerage firm's books, and your bank or brokerage firm will credit your account for the shares of NOW Inc. common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares of common stock held in "street name," we encourage you to contact your bank or brokerage firm.

Treatment of Stock-Based Compensation

Following the distribution, each outstanding NOV stock option, restricted stock award and performance share award that is held by a continuing NOV employee or a continuing NOV non-employee director will continue as a NOV stock option, restricted stock award and performance share award, as applicable, each appropriately adjusted to generally preserve the intrinsic value of the original award. Each outstanding NOV stock option, restricted stock award and performance share award held by a NOV employee who will become a NOW Inc. employee after completion of the distribution (a "Transferred Employee") will be converted into a similar NOW Inc. stock option, restricted stock award and performance share award, as applicable, each appropriately adjusted to generally preserve the intrinsic value of the original award; provided, however, that the number of shares to be awarded under each then outstanding NOW Inc. performance based restricted stock award and performance share award held by a Transferred Employee shall be set at the target level of the original NOV award, such target level to be adjusted in connection with the conversion, and shall be subject only to time-based vesting requiring continued employment through the end of the award's original performance period. See also "Certain Relationships and Related-Party Transactions – Agreements Between Us and NOV – Employee Matters Agreement."

Treatment of 401(k) Shares

Shares of NOV common stock held in retirement plans maintained by NOV in the U.S. will be treated in the same manner as outstanding shares of NOV common stock on the record date for the distribution.

Results of the Separation and the Distribution

After the separation and the distribution, we will be an independent, publicly traded company. Immediately following the distribution, we expect to have approximately [•] stockholders of record, based on the number of registered stockholders of NOV common stock on [•], 2014, and approximately [•] million shares of NOW Inc. common stock outstanding. The actual number of shares to be distributed will be determined on the record date and will reflect any exercise or vesting of NOV equity-based awards prior to the record date for the distribution.

Before the distribution, we will enter into the Separation and Distribution Agreement and several other agreements with NOV to effect the separation and provide a framework for our relationship with NOV after the separation. These agreements will provide for the allocation between NOV and NOW Inc. of NOV's assets,

liabilities and obligations subsequent to the separation and distribution, including with respect to transition matters, employee matters, intellectual property matters, tax matters and other commercial relationships. For a description of these agreements, see "Certain Relationships and Related-Party Transactions—Agreements Between Us and NOV" included elsewhere in this information statement.

The distribution will not affect the number of outstanding shares of NOV common stock or any rights of NOV stockholders, except that the trading price of NOV shares will likely change as a result of the distribution.

Material U.S. Federal Income Tax Consequences of the Distribution

The following is a summary of the material U.S. federal income tax consequences of the distribution to U.S. Holders (as defined below) of NOV common stock that receive shares of NOW Inc. common stock in the distribution. This summary is based on the Code, the U.S. Treasury regulations promulgated thereunder and interpretations of the Code and the U.S. Treasury regulations by the courts and the IRS, in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not discuss all the tax considerations that may be relevant to NOV stockholders in light of their particular circumstances, and it does not address the consequences to NOV stockholders subject to special treatment under the U.S. federal income tax laws (such as holders other than U.S. Holders, insurance companies, dealers or brokers in securities or currencies, tax-exempt organizations, financial institutions, mutual funds, pass-through entities and investors in such entities, holders who hold their shares as a hedge or as part of a hedging, straddle, conversion, synthetic, security, integrated investment or other risk-reduction transaction or who are subject to alternative minimum tax or holders who acquired their shares upon the exercise of employee stock options or otherwise as compensation). In addition, this summary does not address the U.S. federal income tax consequences to those NOV stockholders who do not hold their NOV common stock as a capital asset. Finally, this summary does not address the tax consequences of the distribution under any foreign, state, local or other laws, other than U.S. federal income tax laws. The distribution may be taxable to NOV stockholders under any such foreign, state, local or other laws.

NOV STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS CONCERNING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM.

For purposes of this discussion, a U.S. Holder is a beneficial owner of NOV common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons has the authority to control all of the substantial decisions of such trust or (2) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable U.S. Treasury regulations.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds NOV common stock, the tax treatment of a partner will generally depend on the status of the partner and on the activities of the partnership. Partners in a partnership holding NOV common stock should consult their own tax advisers regarding the tax consequences of the distribution.

Distribution

NOV expects that the distribution will qualify as tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. NOV expects to receive an opinion from Locke Lord LLP, substantially to the effect that the distribution will so qualify.

Provided that the distribution so qualifies, in general, for U.S. federal income tax purposes: (i) the distribution will not result in any taxable income, gain or loss to NOV, except for taxable income or gain possibly arising as a result of certain intercompany transactions; (ii) no gain or loss will be recognized by (and no amount will be included in the income of) U.S. Holders of NOV common stock upon their receipt of shares of NOW Inc. common stock in the distribution, except with respect to cash received in lieu of fractional shares measured by the difference between the cash received for such fractional share and the U.S. Holder's basis in that fractional share, as determined below; (iii) the aggregate basis of the NOV common stock and the NOW Inc. common stock (including any fractional share interests in NOW Inc. common stock for which cash is received) in the hands of each U.S. Holder of NOV common stock after the distribution will equal the aggregate basis of NOV common stock held by the U.S. Holder immediately before the distribution, and will be allocated between the NOV common stock and the NOW Inc. common stock in proportion to the relative fair market value of each on the date of the distribution; and (iv) the holding period of the NOW Inc. common stock received by each U.S. Holder of NOV common stock (including any fractional share interests in NOW Inc. common stock for which cash is received) will include the holding period at the time of the distribution for the NOV common stock on which the distribution is made, provided that the NOV common stock is held as a capital asset on the date of the distribution.

NOV expects to obtain an opinion from Locke Lord LLP to the effect that the distribution, together with certain related transactions, will qualify as generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) (or other applicable sections) of the Code. The opinion will be based on, among other things, certain assumptions and representations made by NOV and us, which if incorrect or inaccurate in any material respect would jeopardize the conclusions reached by Locke Lord LLP in its opinion.

Notwithstanding receipt by NOV of the opinion from Locke Lord LLP, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking that position, NOV's stockholders and NOV could be subject to significant U.S. federal income tax liability. Each NOV stockholder who receives shares of NOW Inc. common stock in the distribution would generally be treated as receiving a taxable distribution in an amount equal to the fair market value of the NOW Inc. common stock received to the extent of NOV's current and accumulated earnings and profits. Any amount that exceeds NOV's earnings and profits would be treated first as a nontaxable return of capital to the extent of such stockholder's tax basis in its shares of NOV common stock, with any remaining amount being taxed as a capital gain. NOV (or its affiliates) would recognize a taxable gain equal to the excess of the fair market value of the NOW Inc. common stock distributed over NOV's adjusted tax basis in such stock.

In addition, even if the distribution was otherwise to qualify under Section 355 of the Code, it may be taxable to NOV (but not to NOV stockholders) under Section 355(e) of the Code, if the distribution was later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquires, directly or indirectly, stock representing a 50 percent or greater interest in NOV or us. For this purpose, any acquisitions of NOV stock or of our common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although we or NOV may be able to rebut that presumption.

A U.S. Holder of NOV common stock who receives cash in lieu of a fractional share of our common stock in connection with the distribution will generally recognize capital gain or loss measured by the difference between the cash received for such fractional share and the holder's tax basis in the fractional share. An individual U.S. Holder would generally be subject to U.S. federal income tax at a maximum rate of 23.8% on any such capital gain, assuming that the U.S. Holder had held all of its NOV common stock for more than one year.

U.S. Treasury regulations also generally provide that if a U.S. Holder of NOV common stock holds different blocks of NOV common stock (generally shares of NOV common stock purchased or acquired on different dates or at different prices), the aggregate basis for each block of NOV common stock purchased or acquired on the same date and at the same price will be allocated, to the greatest extent possible, between the shares of NOW Inc. common stock received in the distribution in respect of such block of NOV common stock and such block of

NOV common stock, in proportion to their respective fair market values. The holding period of the shares of NOW Inc. common stock received in the distribution in respect of such block of NOV common stock will include the holding period of such block of NOV common stock, provided that such block of NOV common stock was held as a capital asset on the distribution date. If a U.S. Holder of NOV common stock is not able to identify which particular shares of NOW Inc. common stock are received in the distribution with respect to a particular block of NOV common stock, for purposes of applying the rules described above, the U.S. Holder may designate which shares of NOW Inc. common stock are received in the distribution in respect of a particular block of NOV common stock, provided that such designation is consistent with the terms of the distribution. Holders of NOV common stock are urged to consult their own tax advisers regarding the application of these rules to their particular circumstances.

In connection with the distribution, we and NOV will enter into a Tax Matters Agreement. To the extent we are required to indemnify NOV (or its subsidiaries or other affiliates) or otherwise bear taxes under the Tax Matters Agreement, we may be subject to substantial liabilities. See "Certain Relationships and Related-Party Transactions – Agreements Between Us and NOV – Tax Matters Agreement."

Information Reporting and Backup Withholding

U.S. Treasury regulations require certain stockholders who receive stock in a distribution to attach to the stockholder's U.S. federal income tax return for the year in which the distribution occurs a detailed statement setting forth certain information relating to the tax-free nature of the distribution. In addition, payments of cash to a NOV stockholder in lieu of fractional shares of NOW Inc. common stock in the distribution may be subject to information reporting and backup withholding (currently at a rate of 28 percent), unless the stockholder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional tax, but merely an advance payment, which may be refunded or credited against a stockholder's U.S. federal income tax liability, provided the required information is timely supplied to the IRS.

THE FOREGOING IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND FOR GENERAL INFORMATION ONLY. THE FOREGOING DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF STOCKHOLDERS. EACH NOV STOCKHOLDER SHOULD CONSULT SUCH STOCKHOLDER'S OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO SUCH STOCKHOLDER, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

Market for Our Common Stock

There is not currently a public market for NOW Inc.'s common stock. Our common stock will trade on the NYSE under the ticker symbol "DNOW." We cannot predict the prices at which our common stock will trade.

Trading Between the Record Date and the Distribution Date

Beginning on, or shortly before, the record date and continuing up to and including the distribution date, we expect there will be two markets in NOV common stock: a "regular-way" market and an "ex-distribution" market. Shares of NOV common stock that trade on the "regular-way" market will trade with an entitlement to receive shares of NOW Inc. common stock in the distribution. Shares that trade on the "ex-distribution" market will trade without an entitlement to receive shares of NOW Inc. common stock in the distribution. Therefore, if you sell shares of NOV common stock in the "regular-way" market after 5:00 p.m. Eastern Time on the record date and up to and including through the distribution date, you will be selling your right to receive shares of NOW Inc. common stock in the distribution. If you own shares of NOV common stock at 5:00 p.m. Eastern Time on the record date and sell those shares in the "ex-distribution" market, up to and including through the distribution date, you will still receive the shares of NOW Inc. common stock that you would be entitled to receive in respect of your ownership, as of the record date, of the shares of NOV common stock that you sold.

Furthermore, beginning on or shortly before the record date and continuing up to and including the distribution date, we expect there will be a "when-issued" market in our common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for shares of NOW Inc. common stock that will be distributed to NOV stockholders on the distribution date. If you own shares of NOV common stock at 5:00 p.m. Eastern Time on the record date, you would be entitled to receive shares of our common stock in the distribution. You may trade this entitlement to receive shares of NOW Inc. common stock, without trading the shares of NOV common stock you own, in the "when-issued" market. On the first trading day following the distribution date, we expect "when-issued" trading with respect to NOW Inc. common stock will end and "regular-way" trading will begin.

Conditions to the Distribution

We expect that the distribution will be effective on [—], 2014, the distribution date, provided that, among other conditions set forth in the Separation and Distribution Agreement, the following conditions will have been satisfied or, if permissible under the Separation and Distribution Agreement, waived by NOV:

- The SEC will have declared effective our registration statement on Form 10, of which this information statement is a part, under the Exchange Act, with no order suspending the effectiveness of the registration statement in effect and no proceedings for such purposes pending before or threated by the SEC.
- Any required actions and filings with regard to state securities and blue sky laws of the U.S. (and any comparable laws under any foreign jurisdictions) will have been taken and, where applicable, will have become effective or been accepted.
- NOW Inc.'s common stock will have been authorized for listing on the NYSE, or another national securities exchange approved by NOV, subject to official notice of issuance.
- Prior to the distribution, this information statement will have been mailed to the holders of NOV common stock as of the record date for the distribution.
- NOV will have received an opinion from its legal counsel to the effect that the distribution will qualify as tax-free for the U.S. federal income tax purposes under Section 355 and 368(a)(1)(D) of the Code.
- No order, injunction, decree or regulation issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing completion of the distribution will be in effect.
- Any government approvals and other material consents necessary to consummate the distribution will have been obtained and be in full force and effect.
- The final approval of the Board of Directors of NOV of the distribution has been received.
- The Separation and Distribution Agreement will not have been terminated.

The fulfillment of the foregoing conditions does not create any obligations on NOV's part to effect the distribution, and the NOV Board of Directors has reserved the right, in its sole discretion, to abandon, modify or change the terms of the distribution, including by accelerating or delaying the timing of the completion of all or part of the distribution, at any time prior to the distribution date.

Transferability of Shares of Our Common Stock

The shares of our common stock that you will receive in the distribution will be freely transferable, unless you are considered an "affiliate" of ours under Rule 144 under the Securities Act of 1933, as amended ("the Securities Act"). Persons who can be considered our affiliates after the separation generally include individuals or entities that directly, or indirectly through one or more intermediaries, control, are controlled by or are under common control with us, and may include certain of our officers and directors. In addition, individuals who are affiliates of NOV on the distribution date may be deemed to be affiliates of ours. We estimate that our directors and officers, who may be considered "affiliates" for purposes of Rule 144, will beneficially own approximately [—] shares of our common stock immediately following the distribution. See "Security Ownership of Certain Beneficial Owners and Management" included elsewhere in this information statement for more information.

Our affiliates may sell shares of our common stock received in the distribution only:

- under a registration statement that the SEC has declared effective under the Securities Act; or
- under an exemption from registration under the Securities Act, such as the exemption afforded by Rule 144.

In general, under Rule 144 as currently in effect, an affiliate will be entitled to sell, within any three-month period commencing 180 days after the date the registration statement of which this information statement is a part is declared effective, a number of shares of our common stock that does not exceed the greater of:

- 1.0 percent of our common stock then outstanding; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 for the sale.

Rule 144 also includes restrictions governing the manner of sale. Sales may not be made under Rule 144 unless certain information about us is publicly available.

Reason for Furnishing This Information Statement

This information statement is being furnished solely to provide information to NOV stockholders who are entitled to receive shares of our common stock in the distribution. This information statement is not, and is not to be construed as, an inducement or encouragement to buy, hold or sell any of our securities. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date, and neither NOV nor we undertake any obligation to update such information except in the normal course of discharging our respective public disclosure obligations.

Manner of Effecting the Separation and the Distribution

The general terms and conditions relating to the separation and the distribution will be set forth in a Separation and Distribution Agreement that we will enter into with NOV. For a description of the terms of that agreement, see "Certain Relationships and Related-Party Transactions —Agreements Between Us and NOV—Separation and Distribution Agreement" included elsewhere in this information statement.

BUSINESS

General

NOW Inc., a Delaware Corporation incorporated in 2013, is a worldwide provider of products and supply chain solutions to the energy industry.

Our principal executive offices are located at 7402 North Eldridge Parkway, Houston, Texas 77041, our telephone number is (281) 823-4700, and our internet website address will be www.dnow.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and all amendments will be available free of charge on our internet website. These reports will be posted on our website as soon as reasonably practicable after such reports are electronically filed with the SEC. Our Code of Ethics will also be posted on our website. Our common stock is traded on the New York Stock Exchange under the symbol "DNOW."

We are a distributor of PVF, MRO and related products to the oil and gas industry on a worldwide basis, with a legacy of over one-hundred and fifty years operating in the oilfield. We operate primarily under the DistributionNOW and Wilson Export brands. Through our network of over 300 locations and over 5,000 employees worldwide, we stock and sell a comprehensive offering of energy products as well as an extensive selection of products for industrial applications. Our energy product offering is needed throughout all sectors of the oil and gas industry—from upstream drilling, completion and production to midstream infrastructure development to downstream petroleum refining—as well as in other industries, such as chemical processing, power generation and industrial manufacturing operations. The industrial distribution portion of our business targets a diverse range of manufacturing and other facilities across numerous industries and end markets. We also provide supply chain management to drilling contractors, exploration and production operators, pipeline operators, downstream energy and industrial manufacturing companies around the world. The addressable market of our core oil and gas industry offering is estimated to be approximately $20 billion in North America and significantly larger globally.

Our global product offering includes consumable MRO supplies, pipe, valves, fittings, flanges, line pipe, electrical, artificial lift solutions, mill tools, safety supplies and spare parts to support customers' operations. We provide a one-stop shop value proposition within the oil and gas E&P market and particularly in targeted areas of artificial lift, measurement and controls, valve actuation and flow optimization. We also offer warehouse management, vendor integration and various inventory management solutions. Through focused effort, we have built expertise in providing application systems and parts integration, optimization solutions and after-sales support.

Our supply chain solutions include outsourcing the functions of procurement, inventory and warehouse management, logistics, business process and performance metrics reporting. This solutions offering allows us to leverage the infrastructure of our SAP™ ERP system to streamline the purchasing process for customers, from requisition to procurement to payment, by digitally managing approval routing and workflow and by providing robust reporting functionality.

We support major land and offshore operations for all the major oil and gas producing regions around the world through our comprehensive network of more than 270 Energy Branch locations. Our key markets beyond North America include Latin America, the North Sea, the Middle East, the Commonwealth of Independent States and Southeast Asia. Products sold through our Energy Branch locations support greenfield and expansion plant capital projects, midstream infrastructure, MRO and manufacturing consumables used in day-to-day production. We provide upstream and downstream energy and industrial products for petroleum refining, chemical processing, power generation and industrial manufacturing operations through more than 60 Supply Chain and customer on-site locations.

We stock or sell more than 150,000 SKUs through our branch network. Our supplier network consists of thousands of vendors in approximately 40 countries. From our operations in over 20 countries, we sell to customers operating in over 90 countries. The supplies and equipment stocked by each of our branches is

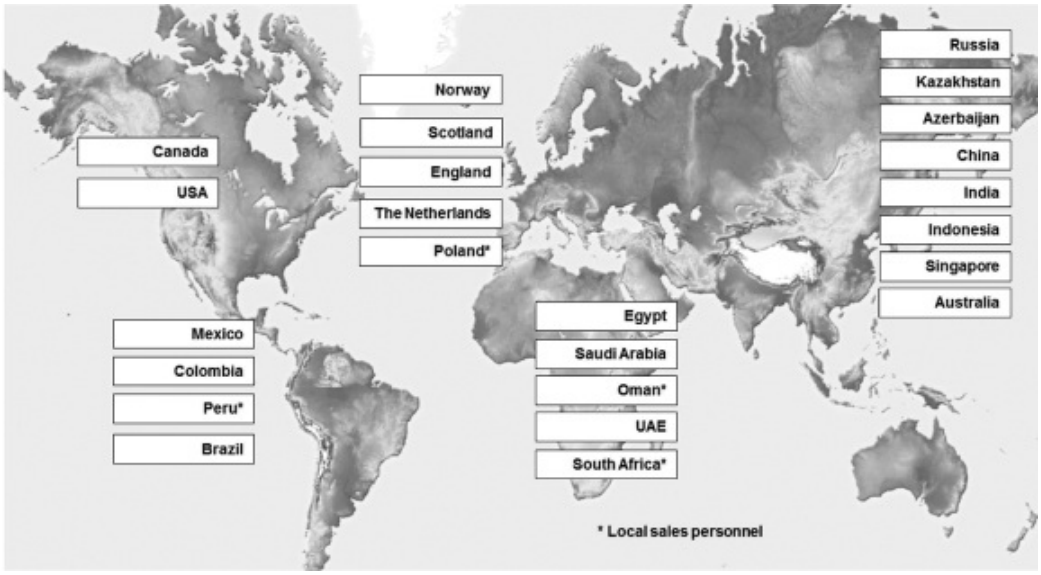
customized to meet varied and changing local customer demands. The breadth and scale of our offering enhances our value proposition to vendors, customers and shareholders.

We employ advanced information technologies, including the implementation of a common ERP platform across essentially all of our business, to provide complete procurement, materials management and logistics coordination to our customers around the globe. Having a common ERP platform allows immediate visibility into the financials and operations of essentially all branches worldwide, enhancing decision-making and efficiency. Over the past two years, we have devoted significant resources to this initiative and we plan to have almost all of our locations aligned on one ERP platform in 2014.

The following table sets forth the contribution to our total revenues of our three reportable segments (in millions):

	Years Ended December 31,		
	2013	2012	2011
Revenue:			
United States	$2,863	$2,257	$ 917
Canada	773	591	305
International	660	566	419
Total Revenue	$4,296	$ 3,414	$1,641

Global Operations



Demand for our products is driven primarily by the level of oil and gas drilling, servicing and production refining and petrochemical activities. It is also influenced by the global economy in general and by government policies. Several factors have driven the long-term growth in spending including investment in energy infrastructure, the North American shale plays and market expectations of future developments in the oil, natural gas, liquids, refined products, petrochemical, plant maintenance and other industrial and energy sectors. Approximately half of our sales are attributable to multi-year MRO arrangements. MRO arrangements are generally repetitive

activities that address recurring maintenance, repair, operational work, well hookups and drilling activities. Project activities, including facility expansions, exploration and new construction projects, are usually associated with customers' capital expenditure budgets sometimes in association with their construction partners. We mitigate our exposure to price volatility by limiting the length of price protection on such projects which allows us to adjust pricing depending on factors that influence our supply chain.

We have benefited from several strategic acquisitions during the past few years, including Wilson and CE Franklin Ltd., both of which were completed in 2012. We have also expanded through several other acquisitions and organic investments around the world, including the U.S., Canada, England, Scotland, the United Arab Emirates, Russia and Kazakhstan.

Summary of Reportable Segments

We operate through three reportable segments: U.S., Canada and International. The table below is a summary of our three reportable segments.

	U.S.	Canada	International
Overview	Distributor of PVF, MRO supplies and related products to the upstream, midstream and downstream energy and industrial sectors		
2013 Revenue	$2,863 million	$773 million	$660 million
Locations	Over 200	Over 70	Over 30
SKUs	More than 150,000 items		
Select Products	MRO supplies, electrical products, mill tool & safety products, PVF, original equipment manufacturer ("OEM") spare parts, artificial lift solutions, valve management solutions, fluid transfer products and supply chain solutions		
Value-added Solutions	Same-day delivery, customer training, inventory and warehouse management, logistics, business process and performance metrics reporting		
Representative Customers	Drilling contractors, E&P operators, well servicing companies, independent and national oil and gas companies, refineries, midstream operators, downstream energy processors and industrial manufacturers		

United States

We have more than 200 locations in the U.S., which are geographically positioned to best serve the upstream, midstream and downstream energy and industrial markets. Our U.S. branch network was significantly expanded with the locations added through the Wilson acquisition, which has enabled us to broaden our customer base, leverage our inventory and purchasing power and enhance our position in the midstream and downstream energy and industrial markets.

Approximately 75% of our U.S. locations are Energy Branches. Our Energy Branches primarily serve the upstream and midstream sectors of the oil and gas industry with locations in every major land and offshore area of the country. Within our branch network, we have a team of sales and operations professionals trained in the products, applications and customer service required to support our customers as they drill, explore, produce, transport and refine oil and gas products. Our locations offer a comprehensive line of products, including line pipe, valves, fittings and flanges, OEM spare parts, mill supplies, tools, safety supplies, personal protective equipment and miscellaneous expendable items. We also have a team of technical professionals who provide expertise in applied products and applications, such as artificial lift systems, coatings, electrical products, gas meter runs and valve actuation. The midstream segment is served through many of the same Energy Branches, including the locations added as part of the Wilson acquisition.

The balance of our U.S. locations are Supply Chain locations, which serve the upstream and downstream energy and industrial end markets and our customer on-site locations. Through our network of upstream, downstream and industrial facilities staffed by skilled personnel, we provide products primarily to refineries, chemical companies, utilities, manufacturers and engineering and construction companies in the areas of the country where these markets are situated. Our primary product offering for the upstream, downstream and industrial markets includes all grades of pipe, valves, fittings, mill supplies, tools and safety supplies. Additionally, our upstream, downstream and industrial branches offer safety equipment, repair and maintenance, and also provide planning, sourcing and expediting of orders throughout the lifecycle of large capital projects. Our Supply Chain locations serve many oil and gas operators and drilling contractors. Supply Chain customers outsource procurement functions to us, which brings our sizeable vendor network to their doorstep and enables them to benefit from on-site management of their warehouses, inventory, materials, projects, logistics and manufacturing tool cribs. Customers engage our Supply Chain solutions to improve their bottom lines and accelerate their time to market through the identification and implementation of measurable operational efficiencies. To achieve this, we partner with our customers to review their current operations, allowing us to make informed recommendations regarding the restructuring of processes and inventories. Our Supply Chain solutions result in long term partnerships because they are customized to each customer's requirements, guided by a strategic framework, and are not easily replicated.

We also have extensive one-stop shop specialty operations in the U.S. that provide our customers a unique way to purchase artificial lift, valves and valve actuation, measurement and controls, fluid transfer and flow optimization, which enables them to better focus on their core business. In these businesses, we provide additional value to our customers through the design, assembly, fabrication and optimization of products and equipment essential to the safe and efficient production of oil and gas.

Canada

We have a network of over 70 branches in the Canadian oilfield, predominantly in the oil rich provinces of Alberta and Saskatchewan in Western Canada. Our Canada segment primarily serves the energy exploration, production and drilling business, offering customers the same products and value-added solutions that we perform in the U.S. In Canada, we also provide training and supervise the installation of fiberglass pipe, supported by substantial inventory and product expertise on the ground to serve our customers.

International

We operate in over 20 countries and serve the needs of our international customers from more than 30 locations outside of the U.S. and Canada, all of which are strategically located in major oil and gas development areas. Our approach in these markets is similar to our approach in the U.S., as our customers look to us to provide inventory and support closer to their drilling and exploration activities. Our long legacy of operating in many international regions, combined with significant recent expansion into several new key markets, provides a significant competitive advantage as few of our competitors have a presence in all of these markets.

Distribution Industry Overview

The total addressable market for our core oil and gas industry offering is estimated to be approximately $20 billion in North America and significantly larger globally. The distribution industry is highly fragmented, comprised of a very small number of large players with global reach and a large number of small local and regional competitors. With thousands of smaller competitors, there are substantial opportunities for consolidation and product extensions.

Distribution companies act both as supply stores and supply chain management providers for their customers. Distributors deliver value to their customers by serving as a supply chain channel partner, managing vendor networks and carrying inventory of a wide range of products from numerous vendors at locations in close proximity to the end user.

Scale provides substantial advantages in the distribution industry, enhancing the value proposition for both vendors and customers. The ability to deliver predictable repeat business to the vendor network allows companies with scale the ability to purchase at competitive prices while also delivering value to those vendors and suppliers. In turn, distributors with scale are able to offer customers inventory at competitive prices and enable them to manage their own operations with lower inventory levels. Management believes that customers are increasingly centralizing purchasing operations and consolidating suppliers in an effort to reduce their procurement costs. This trend favors larger distributors with the product offering and geographic reach to supply customers across various geographies and industries.

Distribution companies with scale are thus able to extract economic rent from their businesses by offering a wide variety of SKUs at attractive volumes to vendors and prices to customers with minimal capital investment.

Our Market Sectors

We offer a diverse range of products across the energy and industrial markets in the U.S., Canada and internationally. There are thousands of manufacturers of the products used in the markets in which we operate and customers demand a high level of service, responsiveness and availability across a broad set of products from these vendors. These market dynamics make the distributor an essential element in the value chain. Our product offering is aligned to meet the needs of our customer base.

Energy Branches

Our Energy Branches are the legacy brick and mortar supply store operations that provide products to multiple upstream and midstream customers from a single location. These branches serve repeat account and walk-in retail customers, across a variety of pricing models. Products are inventoried in our branch warehouses based on local market needs and are delivered or available for pick-up as needed.

Supply Chain

Our Supply Chain group targets the upstream and downstream energy and industrial markets, in which our customers are generally contractually committed to source from us under a single business model that includes a fixed pricing structure. We are typically integrated into our customers' facilities; have on-site NOW Inc. branches and inventory committed to a specific customer; perform duties otherwise managed by our customers; reach a broader customer segment to include upstream, downstream, industrial and manufacturing; manage third party materials on behalf of our customers; employ vending machines and/or tool cribs to store and dispense materials on-demand; and have a much greater component of technology to enable e-commerce and key performance indicators to be measured and reported specifically to each customer.

	Energy Branches	Supply Chain
Target End Markets	Upstream and midstream energy	Upstream, downstream energy and industrial
Offering	Branch locations supporting delivery and customer pick-up of a comprehensive range of upstream and midstream products and supplies	Dedicated customer on-site locations providing a tailored mix of downstream and industrial products
Locations	Over 270	Over 60
2013 Revenue	$3,581 million	$715 million

Products

We distribute a complete line of PVF, mill, tool, safety, electrical and artificial lift products, rig spares and energy and industrial MRO supplies used in numerous applications by our customers. The products we distribute are used many times in extreme operating conditions such as high pressure, high/low temperature, highly corrosive and abrasive environments. We carry a broad range of products to meet rapid and critical deliveries that our customers require in remote areas of service, which are often the same day and 24/7. Our extensive inventory and branch network allows us to better fulfill customer needs than smaller regional companies can. In many cases, we provide solutions to the last mile for the customer and to remote locations.

Pipe—Core products include carbon line pipe and stainless and alloy pipe. Carbon line pipe is typically used in high yield, high stress applications such as gathering and transmission of oil, natural gas and liquids. Stainless and alloy pipe is used in high temperature or highly corrosive applications. We also carry tubing (used to extract oil or natural gas from wells), as well fiberglass and PVC pipe used in various oil and gas applications. We carry an extensive line of pipe coated with fusion bond epoxy. We offer threading, grooving, cutting and other various coatings for the pipe. While we also offer oil country tubular goods, they comprise a very small portion of our pipe sales and inventory.

Valves—Products include ball, butterfly, gate, globe, check, needle and plug valves manufactured from cast steel, forged steel, stainless/alloy steel, ductile iron and carbon steel. Valves are used in the refinery, petrochemical and oilfield industries to control flow, direction, velocity and pressure within transmission systems. Valve actuators used for regulating flow and on/off service, as well as specialty valves used in process and oilfield applications, are carried in our inventory.

Fittings & Flanges—Steel fittings and flanges in carbon, stainless, alloy, low temperature, and high-yield applications are used to connect piping and valve systems for the transmission of liquids and gasses. Products that complement the lines such as fasteners, gaskets and instrumentation products are also included. These products are used in all segments of our business.

Mill, Tool, Safety and Electrical Products—Includes a wide range of products, such as hand tools, cutting and power tools, abrasives, chemicals and lubricants, paints and coatings, paper and janitorial supplies, welding products, personal protection equipment, respirator protection products, environmental monitoring equipment, safety showers and eyewash, fire products, batteries and various other supplies used by our customers. We also offer on-site safety solutions, equipment rentals, and dispensing solutions. Electrical products include cable, wire, lighting, motors and other product lines used in onshore and offshore drilling, marine, oil & gas and production industries.

Energy MRO items—A comprehensive range of products including chain, chokes, rope, hoses and hose parts, stuffing boxes, couplings, unions, belts bushings and expendables. Artificial lift products include plunger lifts, rod pumps and parts, polish rod and progressive cavity pumps. We also sell the NOV line of rig aftermarket spare parts, Mission products, fiberglass systems, Robbins & Myers, Inc. products, Mono, and many other brands manufactured by NOV.

Other—We also help our customers to source and procure a variety of other products that we do not generally inventory.

Solutions—We provide our customers an extensive array of solutions including multiple, scheduled and unscheduled deliveries, hookup trailers, zone store management, kitting, tagging and bundling of products. We interface with our customers electronically with system interfaces than can directly feed our customers ERP systems. We use the SAP™ suite for our ERP systems which is fully integrated and comprehensive in scope. We offer supply chain solutions to our customers that may or may not include products such as warehouse and inventory management, re-deployment of inventory, integrated supply and customized solution models.

Customers

Our primary customers are companies active in the upstream, midstream, and downstream sectors of the energy industry, including drilling contractors, well servicing companies, independent and national oil and gas companies, refineries, midstream operators and downstream energy processors. We also serve a diverse range of industrial and manufacturing companies across a broad spectrum of industries and end markets. We build long term relationships with our customers in order to continually meet or exceed their expectations and add value as a supply chain partner in the locations where they operate. Our products are typically critical to our customers' operations, yet represent only a small fraction of the total project or facility cost. As a result, our customers seek suppliers with established qualifications and operational history to deliver high quality and reliable products that meet their requirements in a timely manner.

We believe our business will benefit from consolidation of purchasing among customers within the industry. As customers, particularly in the energy industry, increasingly aggregate purchases to improve efficiency and reduce costs, they increasingly partner with large distributors who can meet their needs for products in multiple locations around the world. In addition, we believe our business will benefit from consolidation among the energy companies we serve, as the larger resulting companies look to large distributors such as ourselves as their source of the products we represent.

No single customer represents more than 10% of our revenue. Our top 20 customers in aggregate represent approximately one-third of our revenue.

Competition

The distribution industries serving the energy and industrial end markets are competitive. These industries are highly fragmented, comprised of a limited number of large distributors, each with many locations, as well as numerous smaller regional and local players, many of which operate from a single location. While some large distributors, such as ourselves, compete in both markets, most players focus on either the energy or industrial end market. In the energy market, some of the larger companies against whom we compete include Apex Distribution Inc., Bell Supply Co., Edgen Group, Inc. (a subsidiary of Sumitomo Corp), Ferguson Enterprises, Inc. (a subsidiary of Wolseley, plc), MRC Global, Inc., Russell Metals, Inc. and Shale-Inland Holdings LLC. In the industrial end market, some of the larger companies against whom we compete include Ferguson Enterprises, Inc. (a subsidiary of Wolseley, plc), W.W. Grainger, Inc., HD Supply, Inc. and Fastenal Company.

Seasonal Nature of the Company's Business

Historically, a portion of our business has experienced seasonal trends to some degree, which have varied by geographic region. In the U.S., activity has historically been higher during the summer and fall months. In Canada, certain E&P activities have declined in the spring due to seasonal thaws and regulatory restrictions limiting the ability of drilling rigs and transportation to operate effectively and safely during these periods. However, these activities have typically rebounded during the third and fourth quarters.

Employees

At December 31, 2013, we had more than 5,000 employees in total, of which approximately 500 were temporary employees. Less than one percent of our employees in the U.S. are subject to collective bargaining agreements. Some of our employees in various foreign locations are subject to collective bargaining agreements. We offer market competitive benefits for employees and opportunities for growth and advancement. We believe our relationship with our employees is good.

Acquisitions and Other Investments

The Company made the following acquisitions while a business segment of NOV or through Wilson as indicated:

Date	Acquisition	Country
1998	Dominion Oilfield Supply	Canada
1999	Continental Emsco Company (Wilson)	United States, Canada
1999	Dupre Supply	United States
2000	Hart Sales Company	United States
2000	Republic Supply Company	United States
2000	Texas Mill Supply (Wilson)	United States
2001	AMTEX Pump & Supply	United States
2001	DEMIJ	Netherlands
2001	Rye Supply	United States
2001	Texas Oil Works Supply	United States
2001	Van Leeuwen Pipe & Tube (Wilson)	United States
2002	STS Supply	United States
2003	LSI Specialty Electrical Products	United States
2003	Neven Handelsonderneming	Netherlands
2003	WTM Sales	United States
2004	Roma General Welding Services	Australia
2008	Sakhalin Outfitters	Russia
2010	Group KZ	Kazakhstan
2010	PLT	United States
2011	Capital Valves	United Kingdom
2012	CE Franklin	Canada
2012	Engco	Canada
2012	Wilson	United States, Canada, International

Environmental Matters

We are subject to a variety of federal, state, local, foreign and provincial environmental, health and safety laws, regulations and permitting requirements, including those governing the discharge of pollutants or hazardous substances into the air, soil or water, the generation, handling, use, management, storage and disposal of, or exposure to, hazardous substances and wastes, the responsibility to investigate, remediate, monitor and clean up contamination and occupational health and safety. Fines and penalties may be imposed for non-compliance with applicable environmental, health and safety requirements and the failure to have or to comply with the terms and conditions of required permits. Historically, the costs to comply with environmental and health and safety requirements have not been material to our financial position, results of operations or cash flows. We are not aware of any pending environmental compliance or remediation matters that, in the opinion of management, are reasonably likely to have a material effect on our business, financial position or results of operations or cash flows.

Exchange Rate Information

In this report, unless otherwise indicated, foreign currency amounts are converted into U.S. dollar amounts at the exchange rates in effect on December 31, 2013 and 2012 for balance sheet figures. Income statement figures are converted on a monthly basis, using each month’s average conversion rate.

Legal Proceedings

We have various claims, lawsuits and administrative proceedings that are pending or threatened, all arising in the ordinary course of business, with respect to commercial, product liability and employee matters. Although no assurance can be given with respect to the outcome of these or any other pending legal and administrative proceedings and the effect such outcomes may have, we believe any ultimate liability resulting from the outcome of such claims, lawsuits or administrative proceedings will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. See “Index to Financial Statements” and the financial statements referenced therein.

PROPERTIES

As of December 31, 2013, we owned or leased over 300 facilities worldwide which totaled approximately 6 million square feet. Approximately 90% of our facilities worldwide are leased. Each location is comprised of offices, distribution centers and branches. The U.S. and Canada accounted for the majority of the total square footage. Owned facilities are not subject to any mortgages.

Location	Approximate number of facilities	Approximate size in square feet (in thousands)
United States	200	4,000
Canada	70	1,450
International	30	450

International locations include the following: Australia, Azerbaijan, Brazil, China, Colombia, Egypt, England, India, Indonesia, Kazakhstan, Mexico, Netherlands, Norway, Russia, Saudi Arabia, Scotland, Singapore and United Arab Emirates. We also have salespeople in Oman, Peru, Poland and South Africa.

DIVIDEND POLICY

We do not currently anticipate paying dividends on our common stock. We currently intend to retain our future earnings to support the growth and development of our business. The payment of future cash dividends, if any, will be at the discretion of our Board of Directors and will depend upon, among other things, our financial condition, results of operations, capital requirements and development expenditures, future business prospects and any restrictions imposed by future debt instruments. See “Risk Factors—Risks Relating to Our Common Stock—We cannot assure you that we will pay dividends on our common stock” included elsewhere in this information statement.

CAPITALIZATION

The following table sets forth (i) our historical capitalization as of December 31, 2013 and (ii) our adjusted capitalization assuming the separation and the distribution and the related transactions described in this information statement were effective December 31, 2013. The table should be read in conjunction with the audited combined financial statements and accompanying notes, the unaudited pro forma combined financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement.

We are providing the capitalization table below for information purposes only. The capitalization table below may not reflect the capitalization or financial condition that would have resulted had we been operating as a separate, independent entity on December 31, 2013 and is not necessarily indicative of our future capitalization or financial condition (in millions):

	December 31, 2013	
	Actual	As Adjusted
Net parent company investment / stockholders' equity:		
Common stock, at par value	—	[—]
Additional paid in capital	—	1,802
Net parent company investment	1,802	—
Accumulated other comprehensive income	—	—
Total net parent company investment / stockholders' equity	1,802	1,802
Total capitalization	$1,802	$ 1,802

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial data of NOW Inc. has been derived from our historical combined financial statements included in this information statement. The pro forma adjustments give effect to the separation of NOW Inc. businesses into an independent publicly traded company in the spin-off. The unaudited pro forma combined financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical combined financial statements and the notes to those statements included in this information statement.

The unaudited pro forma combined statements of income for the year ended December 31, 2013 has been prepared as though the spin-off occurred as of January 1, 2013. The unaudited pro forma combined balance sheet at December 31, 2013 has been prepared as of that date. The pro forma adjustments are based on available information and assumptions that our management believes are reasonable; however, such adjustments are subject to change as the costs of operating as a stand-alone public company are determined. In addition, such adjustments are estimates and may not prove to be accurate.

The pro forma adjustments include:

- The planned distribution of approximately [•] million shares of our common stock to NOV stockholders.

Our unaudited pro forma combined statements of income do not include adjustments for all of the costs of operating as a stand-alone public company, including possible higher information technology, tax, accounting, treasury, investor relations, insurance and other expenses related to being a stand-alone public company. Incremental costs and expenses associated with being a stand-alone public company, which are not reflected in the unaudited pro forma combined statements of income, are estimated to be approximately $45 million annually.

The unaudited pro forma combined financial data are for illustrative purposes only and do not reflect what our financial position and results of operations would have been had the spin-off occurred on the dates indicated and are not necessarily indicative of our future financial position and future results of operations.

The unaudited pro forma combined financial data constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Statement Regarding Forward-Looking Statements" in this information statement.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
(In millions, except share data)

	December 31, 2013		
	Historical	Pro Forma Adjustments	Pro Forma
ASSETS			
Current assets:			
Cash and cash equivalents	$ 101	$ —	$ 101
Receivables, net	661	—	661
Inventories, net	850	—	850
Deferred income taxes	21	—	21
Prepaid and other current assets	29	—	29
Total current assets	1,662	—	1,662
Property, plant and equipment, net	102	—	102
Deferred income taxes	15	—	15
Goodwill	333	—	333
Intangibles, net	68	—	68
Other assets	3	—	3
Total assets	$ 2,183	$ —	$ 2,183
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 264	$ —	$ 264
Accrued liabilities	99	—	99
Accrued income taxes	—	—	—
Total current liabilities	363	—	363
Deferred income taxes	16	—	16
Other liabilities	2	—	2
Total liabilities	381	—	381
Commitments and contingencies			
Stockholders' equity			
Common stock		— **(a)**	
Additional paid in capital	—	1,802**(a)**	1,802
Net parent company investment	1,802	(1,802)**(a)**	—
Accumulated other comprehensive income	—	—	—
Total net parent company investment/stockholders' equity	1,802	—	1,802
Total liabilities and net parent company investment/stockholders' equity	$ 2,183	$ —	$ 2,183

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
(In millions, except per share data)

	Years Ended December 31, 2013		
	Historical	Pro forma Adjustments	Pro Forma
Revenue	$4,296	$ —	$ 4,296
Operating expenses			
Cost of products	3,499	—	3,499
Operating and warehousing costs	412	–	412
Selling, general and administrative	161	—	161
Operating profit	224	—	224
Other income (expense), net	(2)	—	(2)
Income before income taxes	222	—	222
Provision for income taxes	75	—	75
Net income	$ 147	$ —	$ 147
Basic earnings per share			$ [—](b)
Diluted earnings per share			$ [—](c)
Weighted average shares outstanding:			
Basic			[—](b)
Diluted			[—](c)

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

(a) Represents the reclassification of NOV's net investment in us, which was recorded in parent company equity, as part of additional paid-in capital and the balancing entry to reflect the par value of approximately [—] million outstanding shares of common stock at a par value of $0.01 per share. We have assumed the number of outstanding shares of common stock based on approximately 428 million NOV common shares outstanding at December 31, 2013, which would result in approximately [—] million shares being distributed to holders of NOV common shares, at a distribution ratio of one share of NOW Inc. common stock for every [—] shares of NOV common share.

(b) Pro forma basic earnings per share and pro forma weighted average basic shares outstanding are based on the number of NOV common shares outstanding on December 31, 2013, adjusted for a distribution ratio of one share of NOW Inc. common stock for every [—] shares of NOV common stock.

(c) Pro forma diluted earnings per share and pro forma weighted-average diluted shares outstanding reflect potential common shares from NOV equity plans in which our employees participate based on the distribution ratio. While the actual impact on a go-forward basis will depend on various factors, including employees who may change employment from one company to another, we believe the estimate yields a reasonable approximation of the future dilutive impact of NOW Inc. equity plans.

SELECTED COMBINED FINANCIAL DATA

The following selected financial data reflect the combined operations of NOW Inc. We derived the selected combined income statement data for the years ended December 31, 2013, 2012 and 2011 and the selected combined balance sheet data as of December 31, 2013 and 2012, from the audited combined financial statements of NOW Inc., which are included elsewhere in this information statement. We derived the selected combined income statement data for the years ended December 31, 2010 and 2009 and the combined balance sheet data as of December 31, 2011, 2010 and 2009, from the underlying financial records of NOW Inc., which were derived from the financial records of NOV, and which are not included in this information statement.

To ensure a full understanding, you should read the selected combined financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the pro forma results of operations that include the effects of Wilson and CE Franklin as they were acquired at the beginning of 2011, and the audited combined financial statements and accompanying notes included elsewhere in this information statement.

	Years Ended December 31, 2013				
	2013	2012	2011	2010	2009
			(in millions)		
Operating Data:					
Revenue	$4,296	$ 3,414	$1,641	$1,414	$1,221
Operating profit	224	168	128	79	46
Net income	$ 147	$ 108	$ 85	$ 50	$ 29
Balance Sheet Data:					
Working capital	$1,299	$1,491	$ 534	$ 544	$ 424
Total assets	$ 2,183	$ 2,373	$ 829	$ 777	$ 602
Total net parent company investment	$ 1,802	$1,971	$ 669	$ 646	$ 479

The Company acquired Wilson in the second quarter of 2012 and CE Franklin in the third quarter of 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis is the analysis of our financial performance and it includes a discussion of significant trends that may affect our future performance. It should be read in conjunction with the audited combined financial statements and accompanying notes included elsewhere in this information statement. It contains forward-looking statements, including, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions. The words "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and similar expressions identify forward-looking statements. We do not undertake to update, revise or correct any of the forward-looking information unless required to do so under the federal securities laws. Readers are cautioned that such forward-looking statements should be read in conjunction with our disclosures under "Cautionary Statement Regarding Forward-Looking Statements" included elsewhere in this information statement.

Overview of the Separation from NOV

On September 24, 2013, NOV announced its intention to pursue the separation of its distribution business from its other businesses and create a stand-alone, publicly traded corporation. This separation will be completed in accordance with a Separation and Distribution Agreement between NOV and NOW Inc. On the basis that the distribution, together with certain related transactions, qualifies as a reorganization for U.S. federal income tax purposes, in general, we expect, for U.S. federal income tax purposes, that no gain or loss will be recognized by U.S. Holders of NOV common stock, and no amount will be included in their income, upon their receipt of shares of NOW Inc. common stock in the distribution, except with respect to any cash received in lieu of fractional shares. NOV will distribute all of the shares of NOW Inc. common stock to NOV stockholders as of the record date for the distribution. Upon completion of the separation, NOV and NOW Inc. will each be separate, publicly traded companies and have separate management. For additional information, see "The Separation and the Distribution" included elsewhere in this information statement.

General Overview

We are a distributor to the oil and gas industry with a legacy of over one-hundred and fifty years operating in the oilfield. We operate primarily under the DistributionNOW and Wilson Export brands. Through our network of over 300 locations and over 5,000 employees worldwide, we stock and sell a comprehensive offering of energy products as well as an extensive selection of products for industrial applications. Our energy product offering is needed throughout all sectors of the oil and gas industry—from upstream drilling, completion and production to midstream infrastructure development to downstream petroleum refining—as well as in other industries, such as chemical processing, power generation and industrial manufacturing operations. The industrial distribution portion of our business targets a diverse range of manufacturing and other facilities across numerous industries and end markets. We also provide supply chain management to drilling contractors, exploration and production operators, pipeline operators, downstream energy and industrial manufacturing companies around the world. The addressable market of our core oil and gas industry offering is estimated to be approximately $20 billion in North America and significantly larger globally.

Our global product offering includes consumable MRO supplies, pipe, valves, fittings, flanges, line pipe, electrical, artificial lift solutions, mill tools, safety supplies and spare parts to support customers' operations. We provide a one-stop shop value proposition within the oil and gas E&P market and particularly in targeted areas of artificial lift, measurement and controls, valve actuation and flow optimization. We also offer warehouse management, vendor integration and various inventory management solutions. Through focused effort, we have built expertise in providing application systems and parts integration, optimization solutions and after-sales support.

Our supply chain solutions include outsourcing the functions of procurement, inventory and warehouse management, logistics, business process and performance metrics reporting. This solutions offering allows us to leverage the infrastructure of our SAP™ ERP system to streamline the purchasing process for customers, from requisition to procurement to payment, by digitally managing approval routing and workflow and by providing robust reporting functionality.

We support major land and offshore operations for all the major oil and gas producing regions around the world through our comprehensive network of more than 270 Energy Branch locations. Our key markets beyond North America include Latin America, the North Sea, the Middle East, the Commonwealth of Independent States and Southeast Asia. Products sold through our Energy Branch locations support greenfield and expansion plant capital projects, midstream infrastructure, MRO and manufacturing consumables used in day-to-day production. We provide upstream and downstream energy and industrial products for petroleum refining, chemical processing, power generation and industrial manufacturing operations through more than 60 Supply Chain and customer on-site locations.

We stock or sell more than 150,000 SKUs through our branch network. Our supplier network consists of thousands of vendors in approximately 40 countries. From our operations in over 20 countries, we sell to customers operating in over 90 countries. The supplies and equipment stocked by each of our branches is customized to meet varied and changing local customer demands. The breadth and scale of our offering enhances our value proposition to vendors, customers and shareholders.

We employ advanced information technologies, including the implementation of a common ERP platform across essentially all of our business, to provide complete procurement, materials management and logistics coordination to our customers around the globe. Having a common ERP platform allows immediate visibility into the financials and operations of essentially all branches worldwide, enhancing decision-making and efficiency. Over the past two years, we have devoted significant resources to this initiative and we plan to have almost all of our locations aligned on one ERP platform in 2014.

Our revenues and operating results are related to the level of worldwide oil and gas drilling and production activities and the profitability and cash flow of oil and gas companies and drilling contractors, which in turn are affected by current and anticipated prices of oil and gas. Oil and gas prices have been and are likely to continue to be volatile. See “Risk Factors.” We conduct our operations through three business segments: United States, Canada and International. See “Business—Summary of Reportable Segments” for a discussion of each of these business segments.

Unless indicated otherwise, results of operations data are presented in accordance with GAAP. In an effort to provide investors with additional information regarding our results of operations, certain non-GAAP financial measures, including operating profit excluding other costs, operating profit percentage excluding other costs and diluted earnings per share excluding other costs, are provided. See “Non-GAAP Financial Measures and Reconciliations” in Results of Operations for an explanation of our use of non-GAAP financial measures and reconciliations to their corresponding measures calculated in accordance with GAAP.

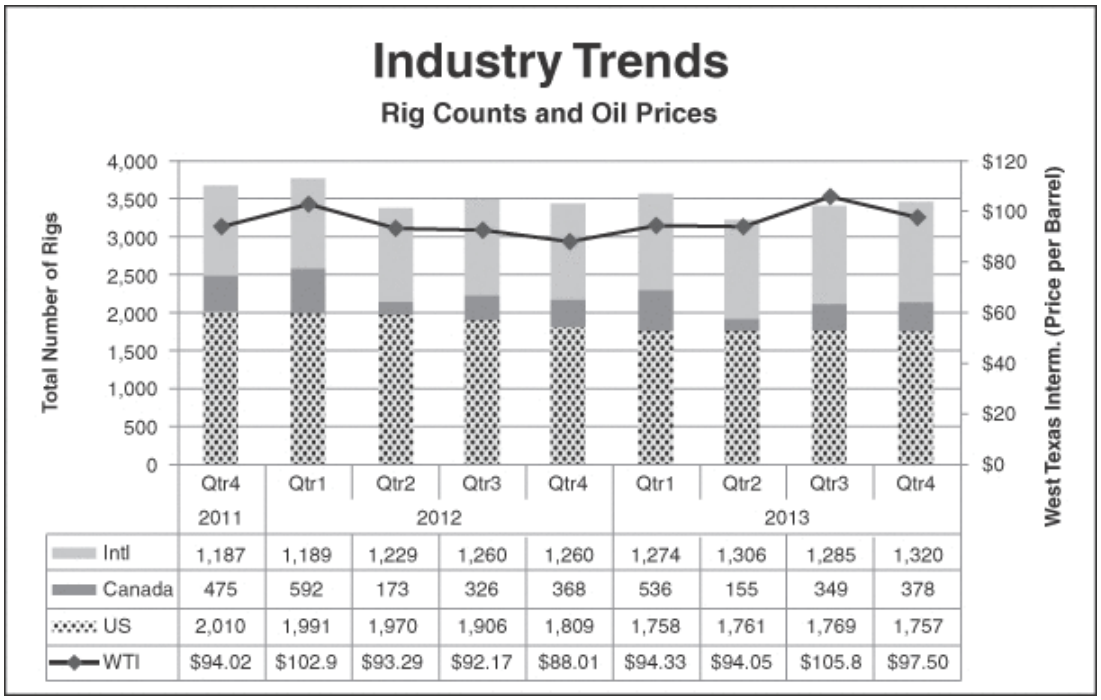
Operating Environment Overview

Our results are dependent on, among other things, the level of worldwide oil and gas drilling, well remediation activity, the price of crude oil and natural gas, steel tubular prices, capital spending by other oilfield service companies and drilling contractors, and oil and gas inventory levels. Key industry indicators for the past three years include the following:

	2013*	2012*	2011*	% 2013 v 2012	% 2013 v 2011
Active Drilling Rigs:					
U.S.	1,761	1,919	1,875	(8.2%)	(6.1%)
Canada	354	365	423	(3.0%)	(16.3%)
International	1,296	1,234	1,167	5.0%	11.1%
Worldwide	3,411	3,518	3,466	(3.0%)	(1.6%)
West Texas Intermediate Crude Prices (per barrel)	$ 97.91	$ 94.11	$ 94.90	4.0%	3.2%
Natural Gas Prices ($/mmbtu)	$ 3.72	$ 2.75	$ 4.00	35.3%	(7.0%)
Hot-Rolled Coil Prices (steel) ($/short ton)	$631.56	$658.68	$748.17	(4.1%)	(15.6%)

* Averages for the years indicated. See sources below.

The following table details the U.S., Canadian, and international rig activity and West Texas Intermediate Oil prices for the past nine quarters ended December 31, 2013 on a quarterly basis:



	Qtr4 2011	Qtr1 2012	Qtr2 2012	Qtr3 2012	Qtr4 2012	Qtr1 2013	Qtr2 2013	Qtr3 2013	Qtr4 2013
Intl	1,187	1,189	1,229	1,260	1,260	1,274	1,306	1,285	1,320
Canada	475	592	173	326	368	536	155	349	378
US	2,010	1,991	1,970	1,906	1,809	1,758	1,761	1,769	1,757
WTI	$94.02	$102.9	$93.29	$92.17	$88.01	$94.33	$94.05	$105.8	$97.50

Source: Rig count: Baker Hughes, Inc. (www.bakerhughes.com); West Texas Intermediate Crude Price: Department of Energy, Energy Information Administration (www.eia.doe.gov).

The average price per barrel of West Texas Intermediate Crude was $97.91 per barrel in 2013, an increase of 4% over the average price for 2012 of $94.11 per barrel. The average natural gas price was $3.72 per mmbtu, an

increase of 35% compared to the 2012 average of $2.75 per mmbtu. Average rig activity worldwide decreased 3% for the full year in 2013 compared to 2012. The average crude oil price for the fourth quarter of 2013 was $97.34 per barrel and natural gas was $3.84 per mmbtu.

At February 7, 2014, there were 2,392 rigs actively drilling in the U.S. and Canada, compared to 2,020 rigs at December 31, 2013; an increase of 18.4% from year end 2013 levels. The price of oil increased to $99.98 per barrel and gas increased to $4.78 per mmbtu at February 7, 2014, representing a 1.8% increase in oil prices and an 11.9% increase in gas prices from the end of 2013.

Executive Summary

Following the credit market downturn, global recession, and lower commodity prices of 2009, we saw signs of recovery and stabilization in many of our markets beginning in 2010 and continuing through the end of 2011. In 2012, market activity diminished, with 2013 remaining flat through the year, but down as compared to the full year 2012. Excluding other costs, operating profit percentages were 5.3% of revenue compared to 6.0% in 2012. This decrease was primarily due to the contraction in the market and the inclusion of Wilson and CE Franklin, which traditionally produced lower operating margins.

The Company remains closely tied to rig count, particularly in the United States. In 2013, domestic rig counts declined, resulting in an average U.S. rig count in 2013 that was down 8.1% from the average U.S. rig count in 2012, and an average Canadian rig count in 2013 that was down 2.7% from the same period in 2012. As a result, pricing and sales volumes were under pressure as drilling contractors, oil companies, industrial manufacturers and processors reduced operating and capital expenditures and were more conscientious about pricing. Additionally, economic weakness may pressure oil prices, which could lead to further activity declines, particularly among North American operators who may rely on cash flows from gas production and/or external financing to fund their drilling operations. Internationally, rig count increased by 5.0% during the period.

Outlook

We are an organization with a strong financial position and the spin-off creates new opportunities for us to grow market share, expand product lines, markets and geographies and reinvest in our business in ways that could only be accomplished as a pure play, supply chain provider to the energy and industrial markets.

We believe we are well positioned and should benefit from our global infrastructure, broad product offering, diverse customer base, strong balance sheet and capitalization and access to credit. In the event of a market downturn, we also believe that our long history of cost control and downsizing in response to slowing market conditions, and of executing strategic acquisitions will enable us to capitalize on new opportunities to effect new organic growth and acquisition initiatives.

To dramatically enhance operational and back-office performance, we are migrating substantially all of our business onto one ERP platform in 2014. Our ERP standardization improves supply chain visibility, enables global inventory redeployment and expedites the movement of goods through the system while maximizing value to our customers.

The recovery of the world economy continues to move forward slowly and with a great deal of uncertainty amid regional economic worries. If such global economic uncertainties develop adversely, world oil and gas prices could be impacted which in turn could negatively impact the worldwide rig count and our future financial results.

Results of Operations

Years Ended December 31, 2013 and December 31, 2012

The following table summarizes the Company's revenue and operating profit by operating segment in 2013 and 2012 (in millions):

	Years Ended December 31,		Variance	
	2013	2012	$	%
Revenue:				
United States	$ 2,863	$ 2,257	$606	26.8%
Canada	773	591	182	30.8%
International	660	566	94	16.6%
Total Revenue	$ 4,296	$ 3,414	$882	25.8%
Operating Profit:				
United States	$ 134	$ 94	$ 40	42.6%
Canada	47	37	10	27.0%
International	43	37	6	16.2%
Total Operating Profit	$ 224	$ 168	$ 56	33.3%
Operating Profit %:				
United States	4.7%	4.2%		
Canada	6.1%	6.3%		
International	6.5%	6.5%		
Total Operating Profit %	5.2%	4.9%		

United States

Revenue was $2,863 million for the year ended December 31, 2013, an increase of $606 million (26.8%) compared to the year ended December 31, 2012. This increase was primarily attributable to the acquisition of Wilson during the second quarter of 2012 which contributed approximately $680 million in incremental revenue from a full year 2013 compared to seven months of activity in 2012, offset by a slow-down in U.S. rig activity where the average rig count was down 8.2% which negatively affected revenues.

Operating profit was $134 million (which included $3 million in other costs related to acquisitions) for the year ended December 31, 2013, an increase of $40 million (42.6%) compared to $94 million for the year ended December 31, 2012. Operating profit percentage increased to 4.7%, from 4.2% in 2012. Excluding other costs for both periods, operating profit percentages were 4.8% and 5.5% for the years ended December 31, 2013 and 2012, respectively. The decrease primarily resulted from full period results from the Wilson acquisition, which included lower margins compared to the existing business.

Canada

Revenue was $773 million for the year ended December 31, 2013, an increase of $182 million (30.8%) compared to the year ended December 31, 2012. This increase was primarily attributable to the acquisition of CE Franklin during the third quarter of 2012 contributing approximately $195 million in incremental revenue associated with a full year in 2013 offset with a contracting market as evidenced by the declining active drilling rig count.

Operating profit was $47 million (which included $2 million in other costs related to acquisitions) for the year ended December 31, 2013, an increase of $10 million (27.0%) compared to $37 million for the year ended

December 31, 2012. Operating profit percentage decreased to 6.1% from 6.3% in 2012. Excluding other costs for both periods, operating profit percentages were 6.3% and 7.4% for the years ended December 31, 2013 and 2012, respectively. Increased volume was offset by the dilutive effect of combining the historically lower operating profit percentages produced by CE Franklin.

International

Revenue was $660 million for the year ended December 31, 2013, an increase of $94 million (16.6%) compared to the year ended December 31, 2012. An increase of $36 million was due to a full year of activity in 2013 compared to seven months of activity in 2012 associated with the acquisition of Wilson. The remainder is primarily due to strong growth in drilling activity as evidenced by the 5% increase in rig count.

Operating profit was $43 million for the year ended December 31, 2013, an increase of $6 million (16.2%) compared to $37 million for the year ended December 31, 2012. Operating profit percentage remained constant at 6.5% from 2012 to 2013. The dollar increase primarily resulted from the volume gains discussed above.

Cost of products

Cost of products was $3,499 million for the year ended December 31, 2013 compared to $2,803 million for the year ended December 31, 2012, an increase of $696 million. The increase was primarily related to approximately $600 million in costs associated with the Wilson and CE Franklin acquisitions in 2012, and greater costs associated with a change in product mix. Cost of products includes the cost of inventory sold and related items, such as vendor consideration, inventory allowances and inbound and outbound freight.

Operating and warehousing costs

Operating and warehousing costs were $412 million for the year ended December 31, 2013 compared to $315 million for the year ended December 31, 2012, an increase of $97 million. The increase was primarily related to the Wilson and CE Franklin acquisitions based on a full year impact compared to a partial year in 2012. Operating and warehousing costs include branch location and distribution center expenses (including costs such as compensation, benefits and rent).

Selling, general and administrative expenses

Selling, general and administrative expenses were $161 million for the year ended December 31, 2013 compared to $128 million for the year ended December 31, 2012. The Wilson and CE Franklin acquisitions contributed approximately $37 million to selling, general and administrative expenses based on a full year compared to a partial year in 2012. The costs slightly were offset by reduced administrative redundancies. Selling, general and administrative expenses include regional and corporate expenses (including costs such as compensation, benefits and rent).

Other income (expense), net

Other income (expense), net were expenses of $2 million for the year ended December 31, 2013 compared to $3 million for the year ended December 31, 2012. This decrease was primarily due to lower foreign exchange losses.

Provision for income taxes

The effective tax rate for the year ended December 31, 2013 was 33.8% compared to 34.5% for 2012. Compared to the U.S. statutory rate, the effective tax rate was positively impacted in the period by the release of an uncertain tax position related to transfer pricing in Canada. The effective tax rate during both periods was impacted by lower tax rates on income earned in foreign jurisdictions that is permanently reinvested, offset by nondeductible expenses and state income tax.

Years Ended December 31, 2012 and December 31, 2011

The following table summarizes the Company's revenue and operating profit by operating segment in 2012 and 2011 (in millions):

	Years Ended December 31,		Variance	
	2012	2011	$	%
Revenue:				
United States	$ 2,257	$ 917	$ 1,340	146.1%
Canada	591	305	286	93.8%
International	566	419	147	35.1%
Total Revenue	$ 3,414	$ 1,641	$1,773	108.0%
Operating Profit:				
United States	$ 94	$ 73	$ 21	28.8%
Canada	37	30	7	23.3%
International	37	25	12	48.0%
Total Operating Profit	$ 168	$ 128	$ 40	31.3%
Operating Profit %:				
United States	4.2%	8.0%		
Canada	6.3%	9.8%		
International	6.5%	6.0%		
Total Operating Profit %	4.9%	7.8%		

United States

Revenue was $2,257 million for the year ended December 31, 2012, an increase of $1,340 million (146.1%) compared to the year ended December 31, 2011. The acquisition of Wilson during the second quarter of 2012 contributed approximately $1,195 million in incremental revenue paired with the U.S. experiencing increased activity in the shale plays during 2012.

Operating profit was $94 million (which included $30 million in other costs related to acquisitions) for the year ended December 31, 2012, an increase of $21 million (28.8%) compared to $73 million for the year ended December 31, 2011. Operating profit percentage decreased to 4.2%, from 8.0% in 2011 due to the impact of the lower-margin businesses acquired paired with the $30 million other costs incurred for the cost of inventory that was stepped up to fair value related to purchase accounting.

Canada

Revenue was $591 million for the year ended December 31, 2012, an increase of $286 million (93.8%) compared to the year ended December 31, 2011. This increase was primarily attributable to the acquisition of CE Franklin during the third quarter of 2012 contributing approximately $242 million in incremental revenue paired with the execution of a large new customer contract in the beginning of 2012.

Operating profit was $37 million (which included $7 million in other costs related to acquisitions) for the year ended December 31, 2012, an increase of $7 million (23.3%) compared to $30 million for the year ended December 31, 2011. Operating profit percentage decreased to 6.3% from 9.8% in 2011. The operating profit percentage decline was primarily due to the effect of combining the historically lower operating margins produced by CE Franklin.

International

Revenue was $566 million for the year ended December 31, 2012, an increase of $147 million (35.1%) compared to the year ended December 31, 2011. This increase was attributable to the acquisition of Wilson during the second quarter of 2012 adding approximately $70 million of revenue with the remainder attributed to increased drilling activity.

Operating profit was $37 million for the year ended December 31, 2012, an increase of $12 million (48.0%) compared to $25 million for the year ended December 31, 2011. Operating profit percentage increased to 6.5%, from 6.0% in 2011. In 2012, synergies realized in the business, primarily facility consolidations, drove operating profit percentage gains.

Cost of products

Cost of products was $2,803 million for the year ended December 31, 2012 compared to $1,283 million for the year ended December 31, 2011, an increase of $1,520 million. The Wilson and CE Franklin acquisitions, in 2012, contributed approximately $1,260 million of the increase, with the remaining increase due to greater sales in 2012. Cost of products includes the cost of inventory sold and related items, such as vendor consideration, inventory allowances and inbound and outbound freight.

Operating and warehousing costs

Operating and warehousing costs were $315 million for the year ended December 31, 2012 compared to $157 million for the year ended December 31, 2011, an increase of 101%. The Wilson and CE Franklin acquisitions, in 2012, contributed approximately $130 million. Operating and warehousing costs include branch location and distribution center expenses (including costs such as compensation, benefits and rent).

Selling, general and administrative expenses

Selling, general and administrative expenses were $128 million for the year ended December 31, 2012 compared to $73 million for the year ended December 31, 2011. This increase was primarily attributed to the Wilson and CE Franklin acquisitions contributing approximately $60 million of the increase. Selling, general and administrative expenses include regional and corporate expenses (including costs such as compensation, benefits and rent).

Other income (expense), net

Other income (expense), net were expenses of $3 million for the year ended December 31, 2012 compared to nil for the year ended December 31, 2011. This increase was primarily due to increased foreign exchange losses.

Provision for income taxes

The effective tax rate for the year ended December 31, 2012 was 34.5% compared to 33.6% for 2011. Compared to the U.S. statutory rate, the effective tax rate was positively impacted in the period by the effect of lower tax rates on income earned in foreign jurisdictions. The effective tax rate was negatively impacted by foreign dividends net of foreign tax credits, nondeductible expenses, and state income tax.

Pro Forma Results of Operations

The pro forma financial information is presented for informational purposes only to present the results of operations that would have been achieved if the acquisitions had taken place at the beginning of each of the periods presented. The information presented may not be indicative of future operations. The pro forma financial information for all periods presented includes the business combination accounting effect on historical Wilson and CE Franklin revenues, adjustments to depreciation on acquired property, amortization charges from acquired intangible assets and related tax effects. Pro forma revenue adjustments added $1,199 million and $2,619 million of revenue in 2012 and 2011, respectively. Pro forma operating profit adjustments added $85 million (includes adding back $30 million in post-acquisition transaction costs) and $96 million in operating profit in 2012 and 2011, respectively. These amounts are estimates and may not reflect future operations of the acquired entities.

Years Ended December 31, 2013 and December 31, 2012 — Pro Forma

The following table summarizes the Company's revenue and operating profit by operating segment in 2013 and 2012 (in millions):

	Years Ended December 31,		Variance	
	2013	2012	$	%
Revenue:				
United States	$ 2,863	$ 3,109	$(246)	(7.9%)
Canada	773	893	(120)	(13.4%)
International	660	611	49	8.0%
Total Revenue	$ 4,296	$ 4,613	$ (317)	(6.9%)
Operating Profit:				
United States	$ 134	$ 158	$ (24)	(15.2%)
Canada	47	60	(13)	(21.7%)
International	43	35	8	22.9%
Total Operating Profit	$ 224	$ 253	$ (29)	(11.5%)
Operating Profit %:				
United States	4.7%	5.1%		
Canada	6.1%	6.7%		
International	6.5%	5.7%		
Total Operating Profit %	5.2%	5.5%		

United States

Revenue was $2,863 million for the year ended December 31, 2013, a decrease of $246 million (7.9%) compared to the year ended December 31, 2012. The decrease was caused primarily by a slow-down in U.S. rig activity where the average rig count was down 8.2% from an average of 1,761 active rigs in 2013.

Operating profit was $134 million for the year ended December 31, 2013, a decrease of $24 million (15.2%) compared to the year ended December 31, 2012. Operating profit percentage decreased to 4.7%, from 5.1% in 2012. The decrease primarily resulted from the contraction in the U.S. market, resulting in competitive pricing pressure.

Canada

Revenue was $773 million for the year ended December 31, 2013, a decrease of $120 million (13.4%) compared to the year ended December 31, 2012. This was primarily caused by a contracting market.

Operating profit was $47 million for the year ended December 31, 2013, a decrease of $13 million (21.7%) compared to the year ended December 31, 2012. Operating profit percentage decreased to 6.1%, from 6.7% in 2012. The decline resulted from reduced volumes with competitive pricing pressure.

International

Revenue was $660 million for the year ended December 31, 2013, increase of $49 million (8.0%) compared to the year ended December 31, 2012. The increase was primarily due to strong growth in international drilling activity.

Operating profit was $43 million for the year ended December 31, 2013, an increase of $8 million (22.9%) compared to the year ended December 31, 2012. Operating profit percentage increased to 6.5%, from 5.7% in 2012. Increased volume and synergies realized in the business (facility consolidations) drove operating profit percentage gains.

Pro Forma Results of Operations

Years Ended December 31, 2012 and December 31, 2011 — Pro Forma

The following table summarizes the Company's revenue and operating profit by operating segment in 2012 and 2011 (in millions):

	Years Ended December 31,		Variance	
	2012	2011	$	%
Revenue:				
United States	$ 3,109	$ 2,888	$221	7.7%
Canada	893	858	35	4.1%
International	611	514	97	18.9%
Total Revenue	$ 4,613	$ 4,260	$ 353	8.3%
Operating Profit:				
United States	$ 158	$ 148	$ 10	6.8%
Canada	60	48	12	25.0%
International	35	27	8	29.6%
Total Operating Profit	$ 253	$ 223	$ 30	13.5%
Operating Profit %:				
United States	5.1%	5.1%		
Canada	6.7%	5.6%		
International	5.7%	5.3%		
Total Operating Profit %	5.5%	5.2%		

United States

Revenue was $3,109 million for the year ended December 31, 2012, an increase of $221 million (7.7%) compared to the year ended December 31, 2011. The growth in the United States segment during 2012 resulted primarily from increased shale play activities during 2012.

Operating profit was $158 million for the year ended December 31, 2012, an increase of $10 million (6.8%) compared to 2011. Operating profit percentage remained constant at 5.1%, from 2011 to 2012. Operating profit improved from 2011 due to increased volume as discussed above.

Canada

Revenue was $893 million for the year ended December 31, 2012, an increase of $35 million (4.1%) compared to the year ended December 31, 2011. Advances in the Canada segment during 2012 resulted primarily from the execution of a large new customer contract.

Operating profit was $60 million for the year ended December 31, 2012, an increase of $12 million (25.0%) compared to 2011. Operating profit gains resulted from additional volumes at a more favorable mix.

International

Revenue was $611 million for the year ended December 31, 2012, an increase of $97 million (18.9%) compared to the year ended December 31, 2011. The growth in the International segment revenues during 2012 was driven by increased drilling activity.

Operating profit was $35 million for the year ended December 31, 2012, an increase of $8 million (29.6%) compared to 2011. This increase was primarily driven by increased volume at comparable operating profit percent.

Non-GAAP Financial Measures and Reconciliations

In an effort to provide investors with additional information regarding our results as determined by GAAP, we disclose various non-GAAP financial measures. The primary non-GAAP financial measures we focus on are: (i) operating profit excluding other costs and (ii) operating profit percentage excluding other costs. Each of these financial measures excludes the impact of certain nonrecurring items and therefore has not been calculated in accordance with GAAP. A reconciliation of each of these non-GAAP financial measures to its most comparable GAAP financial measure is included below.

We use these non-GAAP financial measures internally to evaluate and manage the Company's operations because we believe it provides useful supplemental information regarding the Company's on-going economic performance. We have 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.

The following tables set forth the reconciliations of these non-GAAP financial measures to their most comparable GAAP financial measures (in millions):

	Years Ended December 31,		
	2013	2012	2011
Reconciliation of operating profit:			
GAAP operating profit	$ 224	$168	$ 128
Other costs:			
United States	3	30	—
Canada	2	7	—
International	—	—	1
Operating profit excluding other costs	$ 229	$205	$ 129

	Years Ended December 31,		
	2013	2012	2011
Reconciliation of operating profit %:			
GAAP operating profit %			
United States	4.7%	4.2%	8.0%
Canada	6.1%	6.3%	9.8%
International	6.5%	6.5%	6.0%
Operating profit %	5.2%	4.9%	7.8%
Other costs %:			
United States	0.1%	1.3%	0.0%
Canada	0.2%	1.1%	0.0%
International	0.0%	0.0%	0.2%
Other costs %	0.1%	1.1%	0.1%
Operating profit excluding other costs %			
United States	4.8%	5.5%	8.0%
Canada	6.3%	7.4%	9.8%
International	6.5%	6.5%	6.2%
Operating profit excluding other costs %	5.3%	6.0%	7.9%

Other costs primarily include the cost of inventory that was stepped up to fair value during purchase accounting related to the acquisitions of Wilson in May of 2012 and CE Franklin in July of 2012.

Liquidity and Capital Resources

We assesses liquidity in terms of our ability to generate cash to fund operating, investing and financing activities. We remain in a strong financial position, with resources available to reinvest in existing businesses, strategic acquisitions and capital expenditures to meet short- and long-term objectives. We believe that cash on hand, cash generated from expected results of operations and amounts available under our revolving credit facility will be sufficient to fund operations, anticipated working capital needs and other cash requirements such as capital expenditures. We estimate our capital expenditures in 2014 to be in the range of $40 to $50 million and are expected to be financed primarily by internally generated funds, cash on hand and proceeds from our credit facility.

As of December 31, 2013 and 2012, we had cash and cash equivalents of $101 million and $138 million, respectively. For both December 31, 2013 and 2012, $86 million of our cash and cash equivalents was maintained in the accounts of our various foreign subsidiaries and, if such amounts were transferred among countries or repatriated to the U.S., such amounts may be subject to additional tax liabilities, which would be recognized in our financial statements in the period during which such decision was made. We currently have the intent and ability to permanently reinvest the cash held by our foreign subsidiaries and there are currently no plans for the repatriation of such amounts.

The following table summarizes our net cash flows provided by (used in) operating activities, net cash used in investing activities and net cash provided by (used in) financing activities for the periods presented (in millions):

	Years Ended December 31,		
	2013	2012	2011
Net cash provided by (used in) operating activities	$ 317	$ (12)	$ (3)
Net cash used in investing activities	(54)	(1,127)	(34)
Net cash provided by (used in) financing activities	(299)	1,184	(38)

Fiscal year 2013 compared to fiscal year 2012

Net cash provided by operating activities served as the primary source of liquidity. Net cash flows provided by operating activities in 2013 were $317 million, up from $12 million used in 2012. Net income increased to $147 million in 2013 compared to $108 million in 2012 primarily due to the full year impact from 2012 acquisitions. Net changes in operating assets and liabilities, net of acquisitions, provided $138 million in 2013 compared to deficit of $132 million in 2012. The improvement was primarily due to a $23 million reduction in receivables as a result of improved collections and a decrease of $158 million in inventory as management actively reduced inventory levels in line with lower market volumes. Adjustments to reconcile net income to net cash provided by operating activities was $32 million in 2013 compared to $12 million in 2012 driven by higher depreciation and amortization combined with a favorable change in deferred income taxes.

Net cash used in investing activities in 2013 was $54 million compared to cash used in 2012 at $1,127 million. Cash used in 2013 was mainly due to $55 million of capital expenditures primarily related to warehouse and office facilities necessitated by consolidating facilities. Cash used in 2012 was mainly related to $1,113 million in business acquisitions related to Wilson and CE Franklin.

Net cash used in financing activities for 2013 was $299 million, compared to $1,184 million provided by financing activities in 2012 associated with net contributions to the parent company.

Fiscal year 2012 compared to fiscal year 2011

Net cash used in operating activities was $12 million in 2012 compared to net cash used in operating activities of $3 million in 2011. The 2012 results included net income of $108 million compared to $85 million in 2011 primarily due to higher revenues associated with the Wilson acquisition. Net changes in operating assets and liabilities, net of acquisitions, used $132 million in 2012 compared to deficit of $87 million in 2011 mainly due to a $25 million growth in receivables as a result of higher revenues and an $87 million increase in inventory

related to increased customers demand. Adjustments to reconcile net income to net cash provided by operating activities was $12 million compared to a use of $1 million in 2011 mainly due to higher depreciation and amortization partially offset by favorable change in deferred income taxes.

Net cash used in investing activities in 2012 was $1,127 million, up $1,093 million from 2011, driven by 2012 acquisition activity.

Net cash provided by financing activities for 2012 was $1,184 million, compared to $38 million used in financing activities in 2011 associated with net distributions from parent company.

Other

The effect of the change in exchange rates on cash flows was a decrease of $1 million, an increase of $2 million and an increase of $3 million for the years ended December 31, 2013, 2012 and 2011, respectively.

We believe that cash on hand, cash generated from operations and amounts available under our credit facility and from other sources of debt will be sufficient to fund operations, working capital needs, capital expenditure requirements and financing obligations.

A summary of the Company's outstanding contractual obligations at December 31, 2013 is as follows (in millions):

		Payment Due by Period			
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Contractual Obligations:					
Operating leases	230	62	71	45	52
Total Contractual Obligations	$230	$ 62	$ 71	$ 45	$ 52

New Accounting Policies

The adoption of certain new financial accounting pronouncements has not had, and is not expected to have, a material effect on our financial statements.

Critical Accounting Policies and Estimates

In preparing the financial statements, we make assumptions, estimates and judgments that affect the amounts reported. We periodically evaluate our estimates and judgments that are most critical in nature which are related to allowance for doubtful accounts; inventory reserves; goodwill; purchase price allocation of acquisitions; vendor consideration and income taxes. Our estimates are based on historical experience and on our future expectations that we believe are reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from our current estimates and those differences may be material.

Allowance for Doubtful Accounts

We grant credit to our customers, which operate primarily in the oil and gas industry. Concentrations of credit risk are limited because we have a large number of geographically diverse customers, thus spreading trade credit risk. We control credit risk through credit evaluations, credit limits and monitoring procedures. We perform periodic credit evaluations of our customers' financial condition and generally do not require collateral, but may require letters of credit for certain international sales. Credit losses are provided for in the financial statements. Allowances for doubtful accounts are determined based on a continuous process of assessing the Company's portfolio on an individual customer basis taking into account current market conditions and trends. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts, and financial condition of the Company's customers. Based on a review of these factors, the Company will establish or adjust allowances for specific customers. At December 31, 2013 and 2012, allowance for doubtful accounts totaled $22 million and $15 million, or 3.2% and 2.1% of gross accounts receivable, respectively.

Historically, the Company's charge-offs and provisions for the allowance for doubtful accounts have been immaterial to the Company's combined financial statements. However, changes in estimates could become material in future periods.

Inventory Reserves

Inventories consist of oilfield and industrial finished goods. Inventories are stated at the lower of cost or market and using average cost methods. Allowances for excess and obsolete inventories are determined based on our historical usage of inventory on-hand as well as our future expectations. The Company's estimated carrying value of inventory therefore depends upon demand driven by oil and gas drilling and well remediation activity, which depends in turn upon oil and gas prices, the general outlook for economic growth worldwide, available financing for the Company's customers, political stability in major oil and gas producing areas, and the potential obsolescence of various types of products we stock, among other factors. At December 31, 2013 and 2012, inventory reserves totaled $31 million and $32 million, or 3.5% and 3.1% of gross inventory, respectively.

Changes in our estimates could be material under weaker market conditions or outlook.

Goodwill

The Company has approximately $333 million of goodwill as of December 31, 2013. Generally accepted accounting principles require the Company to test goodwill for impairment at least annually or more frequently whenever events or circumstances occur indicating that might be impaired. Events or circumstances which could indicate a potential impairment include, but not limited to: further sustained declines in worldwide rig counts below current analysts' forecasts, collapse of spot and futures prices for oil and gas, significant deterioration of external financing for our customers, higher risk premiums or higher cost of equity. The annual impairment test is performed during the fourth quarter of each year. Based on its analysis, the Company did not report any impairment of goodwill for the years ended December 31, 2013, 2012 and 2011.

Purchase Price Allocation of Acquisitions

The Company allocates the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. The Company uses all available information to estimate fair values including quoted market prices, the carrying value of acquired assets, and widely accepted valuation techniques such as discounted cash flows. The Company engages third-party appraisal firms to assist in fair value determination of inventories, identifiable intangible assets, and any other significant assets or liabilities when appropriate. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, could materially impact the Company's results of operations.

Vendor Consideration

The Company receives funds from vendors in the normal course of business, principally as a result of purchase volumes. Generally, these vendor funds do not represent the reimbursement of specific, incremental and identifiable costs incurred by the Company to sell the vendor's product. Therefore, the Company treats these funds as a reduction of inventory when purchased and once these goods are sold to third parties the associated amount is credited to cost of sales. The Company develops accrual rates for vendor consideration based on the provisions of the arrangements in place, historical trends, purchases and future expectations. Due to the complexity and diversity of the individual vendor agreements, the Company performs analyses and reviews historical trends throughout the year and confirms actual amounts with select vendors to ensure the amounts earned are appropriately recorded. Amounts accrued throughout the year could be impacted if actual purchase volumes differ from projected annual purchase volumes, especially in the case of programs that provide for increased funding when graduated purchase volumes are met.

Income Taxes

The Company is a U.S. registered company and is subject to income taxes in the U.S. The Company operates through various subsidiaries in a number of countries throughout the world. Income taxes have been provided based upon the tax laws and rates of the countries in which the Company operates and income is earned.

The Company's annual tax provision is based on taxable income, statutory rates and tax planning opportunities available in the various jurisdictions in which it operates. The determination and evaluation of the annual tax provision and tax positions involves the interpretation of the tax laws in the various jurisdictions in which the Company operates. It requires significant judgment and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of income, deductions and tax credits. Changes in tax laws, regulations, and treaties, foreign currency exchange restrictions or the Company's level of operations or profitability in each jurisdiction could impact the tax liability in any given year. The Company also operates in many jurisdictions where the tax laws relating to the pricing of transactions between related parties are open to interpretation, which could potentially result in aggressive tax authorities asserting additional tax liabilities with no offsetting tax recovery in other countries.

The Company maintains liabilities for estimated tax exposures in jurisdictions of operation. The annual tax provision includes the impact of income tax provisions and benefits for changes to liabilities that the Company considers appropriate, as well as related interest. Tax exposure items primarily include potential challenges to intercompany pricing and certain operating expenses that may not be deductible in foreign jurisdictions. These exposures are resolved primarily through the settlement of audits within these tax jurisdictions or by judicial means. The Company is subject to audits by federal, state and foreign jurisdictions which may result in proposed assessments. The Company believes that an appropriate liability has been established for estimated exposures under the guidance in ASC Topic 740 "Income Taxes". However, actual results may differ materially from these estimates. The Company reviews these liabilities quarterly and to the extent audits or other events result in an adjustment to the liability accrued for a prior year, the effect will be recognized in the period of the event.

The Company has not provided for deferred taxes on the unremitted earnings of certain subsidiaries that are permanently reinvested. Should the Company make a distribution from the unremitted earnings of these subsidiaries, the Company may be required to record additional taxes. Unremitted earnings of these subsidiaries were $87 million and $97 million at December 31, 2013 and 2012, respectively. The Company makes a determination each period whether to permanently reinvest these earnings. If, as a result of these reassessments, the Company distributes these earnings in the future, additional tax liabilities would result, offset by any available foreign tax credits.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

The Company's business is sensitive to steel tubular prices, which can impact our product pricing. While we cannot predict steel prices, we manage this risk by managing our inventory levels, including maintaining sufficient quantity on hand to meet demand, while reducing the risk of overstocking.

Foreign Currency Risk

The Company has operations in foreign countries. The net assets and liabilities of these operations are exposed to changes in foreign currency exchange rates, although such fluctuations generally do not affect income since their functional currency is typically the local currency. These operations also have net assets and liabilities not denominated in the functional currency, which exposes the Company to changes in foreign currency exchange rates that impact income. During the years ended December 31, 2013, 2012 and 2011, the Company reported foreign currency losses of $2 million, $3 million and nil, respectively. Gains and losses are primarily due to exchange rate fluctuations related to monetary asset balances denominated in currencies other than the functional currency and adjustments to hedged positions as a result of changes in foreign currency exchange rates. Strengthening of currencies against the U.S. dollar may create losses in future periods to the extent the Company maintains net assets and liabilities not denominated in the functional currency of the countries using the local currency as its functional currency.

Some of the Company's revenues in foreign countries are denominated in U.S. dollars, and therefore, changes in foreign currency exchange rates impact earnings to the extent that costs associated with those U.S. dollar revenues are denominated in the local currency. Similarly some of the Company's revenues are denominated in foreign currencies, but have associated U.S. dollar costs, which also give rise to foreign currency exchange rate exposure. In order to mitigate that risk, the Company may utilize foreign currency forward contracts to better match the currency of its revenues and associated costs.

Executive Officers Following the Distribution

The following table sets forth information as of April [—], 2014 regarding the individuals who are expected to serve as executive officers following the distribution. After the distribution, none of these individuals will continue to be employees of NOV.

Name	Position(s)	Age
Merrill A. Miller, Jr.	Executive Chairman	63
Robert R. Workman	President and Chief Executive Officer	45
Daniel L. Molinaro	Senior Vice President and Chief Financial Officer	67
Raymond W. Chang	Vice President and General Counsel	43
David A. Cherechinsky	Vice President, Corporate Controller and Chief Accounting Officer	50

There are no family relationships among any of the executive officers named above. Each executive officer of NOW Inc. will hold office from the date of election until a successor is elected.

Mr. Miller was elected Executive Chairman of NOW Inc. on February 20, 2014. Mr. Miller has been a Director of NOV since May 2001 and Chairman of the Board since July 22, 2005. He also served as Chairman of the Board from May 2002 through March 11, 2005. Mr. Miller has served as Executive Chairman of NOV since February 2014. He served as Chief Executive Officer from May 2001 until February 2014. He served as President from November 2000 until December 2012. He also served as NOV's Chief Operating Officer from November 2000 through March 11, 2005. He has served in various senior executive positions with National Oilwell since February 1996. Mr. Miller also serves as a director of Chesapeake Energy Corporation, a company engaged in the development, acquisition, production, exploration, and marketing of onshore oil and natural gas properties in the United States.

Mr. Workman was elected President and Chief Executive Officer of NOW Inc. on February 20, 2014. Mr. Workman has served as NOV's President —Distribution Services since January 2001. He previously served NOV starting in 1991 in various managerial positions with the distribution business group. He also previously served as the Chairman of the Petroleum Equipment Suppliers Association.

Mr. Molinaro was elected Senior Vice President and Chief Financial Officer of NOW Inc. on February 20, 2014. Mr. Molinaro has served as NOV's Vice President since 2003 and has served as NOV's Treasurer since 1987. Prior to that, he was Controller of the Oilwell Division of U.S. Steel Corporation ("USX"). He started with USX in 1968, and has held various managerial positions in auditing, accounting and finance.

Mr. Chang was elected Vice President and General Counsel of NOW Inc. on February 20, 2014. Mr. Chang has served as NOV's Vice President, Assistant General Counsel and Assistant Secretary since 2009. He previously served NOV starting in 2001 in various positions within its legal department. Prior to joining NOV, he was an associate at the law firm of Baker & McKenzie from 1997 until 2001.

Mr. Cherechinsky was elected Vice President, Corporate Controller and Chief Accounting Officer of NOW Inc. on February 20, 2014. Mr. Cherechinsky has served as Vice President—Finance for NOV's distribution business group since 2003, and as Vice President—Finance for NOV's Distribution & Transmission business segment since 2011. He previously served NOV starting in 1989 in various corporate roles, including internal auditor, credit management and business analyst.

Board of Directors Following the Distribution

The following table sets forth information, as of April 23, 2014, regarding certain individuals who are expected to serve as members of our Board of Directors following the distribution. After the distribution, none of these

individuals will continue to be directors or employees of NOV. In each case, such appointments are expected to become effective on or prior to the distribution date.

Name	Age
Merrill A. Miller, Jr.	63
Robert R. Workman	45
Rodney W. Eads	63
J. Wayne Richards	54

Set forth below is biographical information about the expected directors identified above, as well as a description of the specific skills and qualifications such candidates are expected to provide to our Board of Directors.

Mr. Miller was elected Executive Chairman of NOW Inc. on February 20, 2014. Mr. Miller has been a Director of NOV since May 2001 and Chairman of the Board since July 22, 2005. He also served as Chairman of the Board from May 2002 through March 11, 2005. Mr. Miller has served as Executive Chairman of NOV since February 2014. He served as Chief Executive Officer from May 2001 until February 2014. He served as President from November 2000 until December 2012. He also served as NOV's Chief Operating Officer from November 2000 through March 11, 2005. He has served in various senior executive positions with National Oilwell since February 1996. Mr. Miller also serves as a director of Chesapeake Energy Corporation, a company engaged in the development, acquisition, production, exploration, and marketing of onshore oil and natural gas properties in the United States.

Skills and Qualifications: Mr. Miller has been an officer of a publicly traded company since 1996, occupying positions of increasing importance from business group president, to COO, to CEO. Mr. Miller has extensive experience with the distribution business and the oil service industry. Mr. Miller has an MBA degree, and is a graduate of the US Military Academy, West Point. Mr. Miller has also gained valuable outside board experience from his previous tenure as a director of Penn Virginia Corporation and his current tenure as a director of Chesapeake Energy Corporation.

Mr. Workman was elected President and Chief Executive Officer of NOW Inc. on February 20, 2014. Mr. Workman has served as NOV's President —Distribution Services since January 2001. He previously served NOV starting in 1991 in various managerial positions with the distribution business group. He also previously served as the Chairman of the Petroleum Equipment Suppliers Association.

Skills and Qualifications: Mr. Workman's 23-year career in the distribution business and, following the distribution, as President and CEO of NOW Inc., makes him uniquely and well qualified to serve as a director. Mr. Workman's extensive experience in the industry makes his service as a director invaluable to the company.

Mr. Eads currently serves as President of Eads Holdings, LLC, a wholly owned private investment firm. Mr. Eads previously served as Chief Operating Officer and Executive Vice President of Pride International Inc. from 2006 to 2009, where he was responsible for its worldwide offshore operations and South American and Eastern hemisphere land assets. He served as Senior Vice President of Worldwide Operations for Diamond Offshore Drilling Inc. from 1997 to 2006. From 1977 to 1997, he served in several engineering and operations management positions with Exxon Corporation, primarily in international assignments.

Skills and Qualifications: Mr. Eads' 40 years of experience in the energy business, with significant international experience and deep expertise in drilling, supply chain management and construction projects, together with his twelve years of experience as an executive officer of two public companies, makes him well qualified to serve as a director of the company.

Mr. Richards has served as President and Chief Executive Officer of GR Energy Services, Inc., an oilfield products and services company focused primarily on onshore production and downhole completion services in North America, since 2013. Previously, he served as President and Chief Executive Officer of Global Oilfield Services, a privately held oilfield products and services company focused on the artificial lift sector, from 2008 to 2011, until it was purchased by Halliburton. Mr. Richards served as Vice President of Artificial Lift for Halliburton from 2011 to 2013. Earlier in his career, Mr. Richards spent 25 years in various senior operational and sales and marketing positions at Schlumberger.

Skills and Qualifications: Mr. Richards' 30 years of experience in the oilfield products and services industry, together with his experience growing energy companies organically and through acquisitions, makes him well qualified to serve as a director of the company.

Qualification of Directors

We expect our Board of Directors to consist of individuals with appropriate skills and experiences to meet board governance responsibilities and contribute effectively to our Company. Under its charter, the Nominating/Corporate Governance Committee will seek to ensure the Board of Directors reflects a range of talents, ages, skills, diversity and expertise, particularly in the areas of accounting and finance, management, domestic and international markets, governmental/regulatory, leadership and distribution-related industries, sufficient to provide sound and prudent guidance with respect to our operations and interests. Our Board of Directors will seek to maintain a diverse membership, but will not have a separate policy on diversity at the time of our separation from NOV.

Composition of the Board of Directors

We currently expect that, following the separation, our Board of Directors will consist of nine members, a majority of whom we expect to satisfy the independence standards established by the Sarbanes-Oxley Act of 2002 and the applicable rules of the SEC and the NYSE. We are in the process of identifying the individuals, in addition to the persons named above, who will be our directors following the distribution.

Committees of the Board of Directors Following the Distribution

Our Board of Directors will establish several standing committees in connection with the discharge of its responsibilities. Effective upon the distribution, our Board of Directors will have the following committees:

Audit Committee

The principal functions of the Audit Committee will include:

- monitoring the integrity of the Company's financial statements, financial reporting processes, systems of internal controls regarding finance, and disclosure controls and procedures;
- selecting and appointing the Company's independent auditors, pre-approving all audit and non-audit services to be provided, consistent with all applicable laws, to the Company by the Company's independent auditors, and establishing the fees and other compensation to be paid to the independent auditors;
- monitoring the independence and performance of the Company's independent auditors and internal audit function;
- establishing procedures for the receipt, retention, response to and treatment of complaints, including confidential, anonymous submissions by the Company's employees, regarding accounting, internal controls, disclosure or auditing matters, and providing an avenue of communication among the independent auditors, management, the internal audit function and the Board of Directors;

- preparing an audit committee report as required by the SEC to be included in the Company's annual proxy statement; and
- monitoring the Company's compliance with legal and regulatory requirements.

The size and composition of the Audit Committee will meet the independence requirements set forth in the applicable listing standards of the SEC and the NYSE and the requirements set forth in the Audit Committee charter. At least one member of the Audit Committee will qualify as a financial expert within the meaning of applicable SEC rules. The initial members of the Audit Committee will be determined prior to the distribution.

A more detailed discussion of the committee's mission, composition and responsibilities is contained in the Audit Committee charter, which will be available on our website: www.dnow.com.

Compensation Committee

The principal functions of the Compensation Committee will include:

- discharging the Board of Director's responsibilities relating to compensation of the Company's directors and executive officers;
- approving and evaluating all compensation of directors and executive officers, including salaries, bonuses, and compensation plans, policies and programs of the Company; and
- administering all plans of the Company under which shares of common stock may be acquired by directors or executive officers of the Company.

The Compensation Committee will meet the independence requirements set forth in the applicable listing standards of the SEC and the NYSE and the requirements set forth in the Compensation Committee charter. The initial members of the Compensation Committee will be determined prior to the distribution.

In carrying out its duties, the Compensation Committee will have direct access to outside advisers, independent compensation consultants and others for assistance.

A more detailed discussion of the committee's mission, composition and responsibilities is contained in the Compensation Committee charter, which will be available on our website: www.dnow.com.

Nominating/Corporate Governance Committee

The principal functions of the Nominating/Corporate Governance Committee will include:

- ensuring that the Board of Directors and its committees are appropriately constituted so that the Board and directors may effectively meet their fiduciary obligations to stockholders and the Company;
- identifying individuals qualified to become Board members and recommending to the Board director nominees for each annual meeting of stockholders and candidates to fill vacancies in the Board of Directors;
- recommending to the Board of Directors annually the directors to be appointed to Board committees;
- monitoring, reviewing, and recommending, when necessary, any changes to the Corporate Governance Guidelines of the Company; and
- monitoring and evaluating annually the effectiveness of the Board of Directors and management of the Company, including their effectiveness in implementing the policies and principles of the Corporate Governance Guidelines of the Company.

The Nominating/Corporate Governance Committee will meet the independence requirements set forth in the applicable listing standards of the SEC and the NYSE and requirements set forth in the Nominating/Corporate Governance Committee charter. The initial members of the Nominating/Corporate Governance Committee will be determined prior to the distribution.

A more detailed discussion of the committee's mission, composition and responsibilities is contained in the Nominating/Corporate Governance Committee charter, which will be available on our website: www.dnow.com.

Selection of Nominees for Directors

One of the principal functions of the Nominating/Corporate Governance Committee will be selecting and recommending director candidates to the Board of Directors to be submitted for election at the annual meeting of stockholders and to fill any vacancies on the Board of Directors. We expect that the Nominating/Corporate Governance Committee will identify, investigate and recommend director candidates to the Board of Directors with the goal of creating balance of knowledge, experience and diversity. Generally, the Nominating/Corporate Governance Committee is expected to identify candidates through business and organizational contacts of the directors and management. NOW Inc.'s bylaws to be in effect at the time of the distribution will address the process by which stockholders may nominate candidates for director election at a meeting of stockholders whether or not such nominee is submitted to and evaluated by the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee will consider and evaluate director candidates recommended by stockholders on the same basis as candidates recommended by our directors, Chief Executive Officer, other executive officers, third-party search firms or other sources.

Decision-Making Process to Determine Director Compensation

Director compensation will be reviewed annually by the Compensation Committee with the assistance of such third-party consultants as the committee deems advisable, and set by action of the NOW Inc. Board of Directors.

Board Risk Oversight

While NOW Inc.'s management team will be responsible for the day-to-day management of risks to the Company, NOW Inc.'s Board of Directors will have broad oversight responsibility for our risk management programs following the separation from NOV. In this oversight role, our Board of Directors will be responsible for satisfying itself that the risk management processes designed and implemented by management are functioning as intended, and necessary steps are taken to foster a culture of risk-adjusted decision-making throughout the organization. In carrying out its oversight responsibility, the NOW Inc. Board of Directors is expected to delegate to individual Board committees certain elements of its oversight function. In this context, the Board of Directors is expected to delegate authority to the Audit Committee to facilitate coordination among the Board's committees with respect to oversight of our risk management programs. As part of this authority, the Audit Committee regularly will discuss NOW Inc.'s risk assessment and risk management policies to ensure that our risk management programs are functioning properly. Our Board of Directors will receive regular updates from its committees on individual areas of risk, such as updates on financial risks from the Audit Committee and compensation program risks from the Compensation Committee.

Communications with the Board of Directors

Upon our separation from NOV, our Board of Directors will maintain a process for stockholders and interested parties to communicate with the NOW Inc. Board of Directors. Stockholders and interested parties may write or call our Board of Directors by contacting our Corporate Secretary as provided below:

- Mailing Address: Corporate Secretary, 7402 North Eldridge Parkway, Houston, Texas 77041
- Phone Number: (281) 823-4700

Relevant communications will be distributed to the Board of Directors or to any individual director or directors, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, certain items unrelated to the duties and responsibilities of the Board of Directors will be excluded, such as: business solicitations or advertisements; junk mail and mass mailings; new product suggestions; product complaints; product inquiries; resumes and other forms of job inquiries; spam; and surveys. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded. Any communication that is filtered out will be made available to any outside director upon request.

Non-Employee Director Compensation

The compensation program for our non-employee directors is described in "Non-Employee Director Compensation" included elsewhere in this information statement.

Executive Compensation

Our executive compensation programs are described in "Executive Compensation" and "Compensation Discussion and Analysis" included elsewhere in this information statement.

Stock Ownership and Retention Guidelines for Directors and Officers

Any guidelines we adopt imposing certain obligations on our directors and officers with respect to the ownership and retention of our common stock will be available on our website: www.dnow.com.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2013, NOV's distribution business was operated by NOV and its subsidiaries and not through an independent company and therefore did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who will serve as NOW Inc.'s executive officers were made by NOV. See "Compensation Discussion and Analysis" included elsewhere in this information statement.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis discusses the anticipated compensation structure for NOW Inc.'s named executive officers following the distribution, as well as NOV's 2013 historical compensation practices for its named executive officers. NOW Inc.'s anticipated compensation programs and policies remain subject to review and approval by the NOW Inc. Compensation Committee, which has not yet been constituted.

This Compensation Discussion and Analysis has three main parts:

- *NOW Inc. Compensation Programs*—This section discusses the anticipated executive compensation programs at NOW Inc.
- *Effects of the Separation on Outstanding Compensation Awards*—This section discusses the effect of the separation on outstanding compensation awards for our named executive officers.
- *NOV 2013 Executive Compensation*—This section describes and analyzes the executive compensation programs at NOV in 2013.

NOW Inc. Compensation Programs

General

We expect our compensation program and policies to be similar to those employed at NOV immediately prior to the distribution. However, after the distribution, our Compensation Committee will review our compensation program and policies and make appropriate adjustments to reflect our business strategies and to ensure that we can effectively retain and motivate our employees.

NOW Inc. Long-Term Incentive Plan

In anticipation of the distribution, NOV, as our sole stockholder, and NOV's board of directors will approve the NOW Inc. Long-Term Incentive Plan (the "Plan"). The Plan is similar to NOV's Long-Term Incentive Plan.

The following is a summary of the material terms of the Plan. The summary does not purport to be complete and is subject to and qualified in its entirety by reference to the complete text of the Plan.

General Terms

The purpose of the Plan is to promote the long-term financial interests of the Company, including its growth and performance, by encouraging directors, officers and employees of the Company and its affiliates to acquire an ownership position in the Company, by enhancing the ability of the Company to attract and retain directors, officers and key employees of outstanding ability, and by providing directors, officers and key employees with an interest in the Company aligned with that of the Company's stockholders. It is not possible to determine at this time the number of shares of Company common stock covered by options or restricted stock awards that may be granted in the future under the Plan to any employee.

Administration

Generally, the Plan will be administered by the Compensation Committee, which will be composed of independent directors of the Company. The Board will administer the Plan as to awards to members of the Board.

In addition, the Compensation Committee has the authority to delegate to one or more members of the Board or one or more officers of the Company the power to administer the plan as to employees, other than persons subject to Section 16 of the Act or Section 162(m) of the Code.

The Compensation Committee will have full authority, subject to the terms of the Plan, to establish rules and regulations for the proper administration of the Plan, to select the employees, consultants and directors to whom awards are granted, and to set the date of grant, the type of award that shall be made and the other terms of the awards.

Eligibility

All employees, consultants and directors of the Company and its affiliates are eligible to participate in the Plan. The selection of those employees, consultants and directors, from among those eligible, who will receive awards is within the discretion of the Compensation Committee.

Term of the Plan

The Plan will terminate on [], after which time no additional awards may be made or options granted under the Plan.

Number of Shares Subject to the Plan and Award Limits

A total of [—] shares are available for issuance of awards under the Plan.

To the extent that an award terminates, expires, lapses, is settled in cash or repurchased for any reason, any shares subject to the award may be used again for new grants under the Plan. In addition, shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation may be used for grants under the Plan.

No participant may receive awards with respect to more than [] shares in any calendar year; provided, however, to the extent the [] share limit is not awarded to any participant with respect to any calendar year, the amount not so awarded but permitted for such participant shall be available for award to such participant during any subsequent calendar year. The limitation described in the preceding sentence may be adjusted upon a reorganization, stock split, recapitalization or other change in the Company's capital structure. The maximum amount of awards denominated in cash that may be granted to any participant during any calendar year may not exceed [—].

Types of Awards

The Plan permits the granting of any or all of the following types of awards ("Awards"): (1) stock options, (2) restricted stock, (3) performance awards, (4) phantom shares, (5) stock appreciation rights, (6) stock payments, and (7) substitute awards.

Stock Options

The term of each option will be as specified by the Compensation Committee at the date of grant (but not more than ten years). The effect of the termination of an optionee's employment, consulting relationship, or membership on the Board will be specified in the Award agreement that evidences each option grant. The Compensation Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an option may vest and be exercised. The period during which an option is exercisable shall be set forth in the Award agreement. No portion of an option which is unexercisable at termination of the participant's employment or service, as applicable, shall thereafter become exercisable, except as may be otherwise provided by the Compensation Committee either in the Award agreement or by action following the grant of the option.

The option price will be determined by the Compensation Committee and will be no less than the fair market value of the shares on the date that the option is granted, except for adjustments for certain changes in the Company's common stock.

The Compensation Committee may determine the method by which the option price may be paid upon exercise, including in cash, check, other shares of Company common stock owned by the optionee for at least six months prior to exercise (unless waived by the Compensation Committee), shares issuable upon option exercise, other securities or property, a note, withholding of shares, or by a combination thereof. The Plan also allows the Compensation Committee, in its discretion, to establish procedures pursuant to which an optionee may affect a cashless broker exercise of an option. No participant who is a member of the board of directors or an executive officer shall be permitted to pay the exercise price or tax withholding obligation of an option or any other Award in any method that would violate Section 13(k) of the Act.

Restricted Stock

Awards may be granted in the form of restricted stock ("Restricted Stock Award"). Restricted Stock Awards may be awarded in such numbers and at such times as the Compensation Committee may determine. Restricted Stock Awards will be subject to certain terms, conditions or restrictions, including vesting terms that may be linked to performance criteria or other specified criteria including passage of time.

The Compensation Committee may, in its discretion, waive any restrictions on any outstanding Restricted Stock Award as of a date determined by the Compensation Committee, but the Compensation Committee may not in general take any action to waive restrictions on a Restricted Stock Award that has been granted to a covered employee (within the meaning of Section 162(m) of the Code) if such award has been designed to meet the exception for performance-based compensation under Section 162(m) of the Code.

Performance Awards

The Compensation Committee may, in its sole discretion, grant Performance Awards under the Plan that may be paid in cash, Company common stock, or a combination thereof as determined by the Compensation Committee. At the time of the grant, the Compensation Committee will establish the maximum dollar amount of each Performance Award, the performance goals which may be linked to performance criteria or other specified criteria, including passage of time, and the performance period over which the performance goals will be measured.

Following the end of the performance period, the Compensation Committee will determine and certify in writing the amount payable to the holder of the Performance Award based on the achievement of the performance goals for such performance period. Payment shall be made in cash and/or in shares of Company common stock, in a lump sum or in installments, following the close of the performance period or at such later deferral date elected by the participant, each as prescribed by the Compensation Committee.

Phantom Shares

Phantom Shares under the Plan are awards of, or rights to receive amounts equal to, a specified number of shares of Company common stock over or following a specific period of time. Such awards may be subject to fulfillment of conditions, which may be linked to performance criteria or other specified criteria, including the passage of time, if any, as the Compensation Committee may specify.

Payment of Phantom Shares may be made in cash, Company common stock, or a combination thereof and shall be paid in a lump sum or installments, following the close of the performance period or at such later deferral date elected by the participant each as prescribed by the Compensation Committee. Any payment to be made in cash will be based on the fair market value of the Company common stock on the payment date.

SARs

The Compensation Committee may grant to employees, consultants and directors Stock Appreciation Rights ("SAR"), which consist of a right to receive amounts equal to the share appreciation in the Company's common stock over a specified period of time. The payment may be made in shares of Company common stock, cash or both. A SAR may be granted (1) in connection and simultaneously with the grant of an option, (2) with respect to a previously granted option, or (3) independent of an option.

Stock Payments

Stock Payments may be awarded in such number of shares of Company common stock and may be based upon performance criteria or other specific criteria, if any, as determined appropriate by the Compensation Committee, determined on the date such Stock Payment is made or on any date thereafter. Stock Payments may be made as part of any bonus, deferred compensation or other arrangement, in lieu of all or any portion of such compensation.

Substitute Awards

The Compensation Committee may also grant to individuals who become employees, consultants or directors of the Company or its subsidiaries in connection with a merger or other corporate transaction awards under the Plan in substitution of an award such person may have held under his or her prior employer's plan. It is expected that a substitute award will have substantially the same terms as the award it replaces.

Dividend Treatment for Performance Based Awards

Distributions on shares of Company common stock underlying performance awards or awards with performance criteria, including dividends and dividend equivalents, will accrue and be held by the Company without interest until the award with respect to which the distribution was made becomes vested or is forfeited and then paid to the award recipient or forfeited, as the case may be.

Federal Income Tax Consequences

The following is a brief summary of the U.S. federal income tax consequences of the grant, vesting and exercise of stock options under the Plan. This summary is not intended to be exhaustive, and, among other things, does not describe state, local or non-United States tax consequences, or the effect of gift, estate or inheritance taxes. References to the "Company" in this summary mean NOW Inc., or any affiliate of NOW Inc. that employs or receives the services of a recipient of an award under the Plan. Individuals receiving option awards under the Plan should rely upon their own tax advisors for advice concerning the specific tax consequences applicable to them, including the applicability and effect of state, local and foreign tax laws.

Options granted under the Plan may be either incentive stock options, which satisfy the requirements of Section 422 of the Code, or non-statutory stock options, which are not intended to meet such requirements. The federal income tax treatment for the two types of options differs, as described below.

Incentive Stock Options

An optionee will not recognize any taxable income at the time of the award of an incentive stock option. In addition, an optionee will not recognize any taxable income at the time of the exercise of an incentive stock option (although taxable income may arise at the time of exercise for alternative minimum tax purposes) if the optionee has been an employee of the Company at all times beginning with the option award date and ending three months before the date of exercise (or twelve months in the case of termination of employment due to disability). If the optionee has not been so employed during that time, the optionee will be taxed as described

below for non-statutory stock options. If the optionee disposes of the shares purchased through the exercise of an incentive stock option more than two years after the option was granted and more than one year after the option was exercised, then the optionee will recognize any gain or loss upon disposition of those shares as capital gain or loss. However, if the optionee disposes of the shares prior to satisfying these holding periods (known as a "disqualifying disposition"), the optionee will be obligated to report as taxable ordinary income for the year in which that disposition occurs the excess, with certain adjustments, of (i) the fair market value of the shares disposed of on the date of exercise over (ii) the exercise price paid for those shares. Any additional gain realized by the optionee on the disqualifying disposition would be capital gain. If the total amount realized in a disqualifying disposition is less than the exercise price of the incentive stock option, the difference would be a capital loss for the optionee. The Company will generally be entitled at the time of the disqualifying disposition to a tax deduction equal to that amount of ordinary income reported by the optionee.

Non-Statutory Options

An optionee will not recognize any taxable income at the time of the award of a non-statutory option. The optionee will recognize ordinary income in the year in which the optionee exercises the option equal to the excess of the fair market value of the purchased shares on the exercise date over the exercise price paid for the shares, and the optionee will be required at that time to satisfy the tax withholding requirements applicable to such income. Any appreciation or depreciation in the fair market value of those shares after the exercise date will generally result in a capital gain or loss to the optionee at the time he or she disposes of those shares. The Company will generally be entitled to an income tax deduction at the time of exercise equal to the amount of ordinary income recognized by the optionee at that time.

Deductibility of Executive Compensation

Section 162(m) of the Code places a limit of $1,000,000 on the amount of compensation that the Company may deduct in any taxable year with respect to each "covered employee" within the meaning of Section 162(m) of the Code. Compensation paid under certain qualified performance-based compensation arrangements, which (among other things) provide for compensation based on pre-established performance goals established by the

Compensation Committee, is not considered in determining whether a covered employee's compensation exceeds $1,000,000.

The Plan's terms allow the Compensation Committee to designate that an award shall be subject to performance criteria that will permit the award to satisfy the requirements of Section 162(m) of the Code. For this purpose, the "performance criteria" shall include one or more of the following business criteria with respect to the Company, any subsidiary or any division, operating unit or product line: (1) net earnings (either before or after interest, taxes, depreciation and/or amortization), (2) sales, (3) revenue, (4) net income (either before or after taxes), (5) operating profit, (6) earnings, (7) cash flow (including, but not limited to, operating cash flow and free cash flow), (8) cash flow, (9) return on capital, (10) return on net assets, (11) return on stockholders' equity, (12) return on assets, (13) return on capital, (14) stockholder returns, (15) return on sales, (16) gross or net profit margin, (17) customer or sales channel revenue or profitability, (18) productivity, (19) expense, (20) margins, (21) cost reductions, (22) controls or savings, (23) operating efficiency, (24) customer satisfaction, (25) corporate value measures (including, but not limited to, compliance, safety, environmental and personnel matters), (26) working capital, (27) strategic initiatives, (28) economic value added, (29) earnings per share, (30) earnings per share from operations, (31) price per share of stock, and (32) market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Compensation Committee will determine whether the foregoing criteria will be computed without recognition of (i) unusual or nonrecurring events affecting the Company or its financial statements or (ii) changes in applicable laws, regulations or accounting principles. Our stock option and performance-based restricted stock award grants are designed to be "performance-based compensation."

Miscellaneous

The Compensation Committee may amend or modify the Plan at any time; provided, however, that stockholder approval will be obtained for any amendment (1) to the extent necessary and desirable to comply with any applicable law, regulation or stock exchange rule, (2) to increase the number of shares available, or (3) to permit the exercise price of any outstanding option or SAR be reduced or for an "underwater" option or SAR to be cancelled and replaced with a new Award or cash. The Company's Corporate Governance Guidelines do not permit the repricing of options.

Effects of Separation on Outstanding Compensation Awards

Following the distribution, each outstanding NOV stock option, restricted stock award and performance share award that is held by a continuing NOV employee or a continuing NOV non-employee director will continue as a NOV stock option, restricted stock award and performance share award, as applicable, each appropriately adjusted to generally preserve the intrinsic value of the original award. Each outstanding NOV stock option, restricted stock award and performance share award held by a NOV employee who will become a NOW Inc. employee after completion of the distribution (a "Transferred Employee") will be converted into a similar NOW Inc. stock option, restricted stock award and performance share award, as applicable, each appropriately adjusted to generally preserve the intrinsic value of the original award; provided, however, that the number of shares to be awarded under each then outstanding NOW Inc. performance based restricted stock award and performance share award held by a Transferred Employee shall be set at the target level of the original NOV award, such target level to be adjusted in connection with the conversion, and shall be subject only to time-based vesting requiring continued employment through the end of the award's original performance period. See also "Certain Relationships and Related-Party Transactions – Agreements Between Us and NOV – Employee Matters Agreement."

NOV 2013 Executive Compensation

General Overview

NOV's executive compensation program is administered by the Compensation Committee of NOV's Board of Directors (the "NOV Compensation Committee"). The NOV Compensation Committee establishes specific compensation levels for NOV's executive officers and administers NOV's long-term incentive award plans. The NOV Compensation Committee's objective regarding executive compensation is to design and implement a compensation program that will attract and retain the best available individuals to serve on NOV's executive team and properly incentivize those executives to achieve NOV's short-term and long-term financial and operational goals. To this end, the NOV Compensation Committee strives to provide compensation packages for key executives that generally offer compensation opportunities in the median range of oilfield service companies described below. Data sources reviewed by the NOV Compensation Committee and its independent compensation consultants include industry survey groups, national survey databases, proxy disclosures and general trend data, which are updated annually. The NOV Compensation Committee reviews all elements of executive compensation both separately and in the aggregate.

Major components of the executive compensation program for 2013 were base salary, participation in NOV's annual cash incentive (bonus) plan and the grant of non-qualified stock options and performance share awards (long-term incentives).

NOV's compensation program and policies include key features that are designed to align the interests of NOV's executives and stockholders and to mitigate compensation-related risks:

- Stock ownership guidelines for executives and directors;
- Annual cash incentive and long-term incentive compensation subject to clawback policy;
- No significant compensation in the form of perquisites;

- Bonus payments to executives under the annual cash incentive program are capped at a certain percentage of the executive's base salary; and
- Long-term incentives linked to stock price appreciation and company performance.

Compensation Philosophy

NOV believes it is important for each executive to have a fixed amount of cash compensation, in the form of base salary, that is not dependent on the performance or results of NOV. NOV recognizes that a certain amount of financial certainty must be provided to its executives as part of their compensation.

While NOV believes a competitive base salary is needed to attract and retain talented executives, NOV's compensation program also places a strong emphasis on performance driven annual and long-term incentives to align the executive's interests with stockholder value. The annual and long-term incentives are calculated and paid based primarily on financial measures of profitability and stockholder value creation. Executives of NOV are incentivized to increase NOV's profitability and stockholder return in order to earn a major portion of their compensation package.

NOV seeks to structure a balance between achieving strong short-term annual results and ensuring NOV's long-term success and viability. NOV wants each of its executives to balance his or her focus between NOV's day-to-day operational performance and NOV's long-term goals and strategies. To reinforce the importance of balancing these perspectives, NOV's executives are provided both short and long-term incentives.

Base salary is designed to compensate the executive for his or her performance of normal, everyday job functions. NOV's annual cash incentive (bonus) plan and long-term incentives are designed to reward the executive for executing business plans that will benefit NOV in the short and long-term. NOV believes that the mix of short and long-term incentives allows NOV to deliver results aligned with the interests of stockholders. Stock options create a focus on share price appreciation, while the annual cash incentive (bonus) and performance share awards emphasize financial performance, both absolute and relative.

Given the inherent nature of these forms of compensation and the cyclical nature of the industry in which NOV operates, NOV understands that its annual cash incentives and long-term compensation will result in varying compensation for its executives each year. Because of this, NOV has tried to design its annual cash incentives and long-term compensation program in such a way to provide meaningful financial rewards to its executives during times when NOV's financial and operational performance is strong, while motivating executives to stay with NOV during more challenging economic times when NOV's performance may not be as strong.

There are no compensation policy differences among the individual executives, except that the more senior officers, such as the chief executive officer, receive higher compensation consistent with their increased responsibilities. These differences are reviewed and considered in connection with the compensation analysis performed by the NOV Compensation Committee.

Competitive Positioning

Because of these goals and objectives for executive compensation, NOV believes each element of compensation should be properly designed, as well as competitive with the marketplace, to incentivize its executives in the manner stated above.

As part of its process to establish compensation levels for NOV's named executive officers, the NOV Compensation Committee compares each of the major elements of compensation (base salary, annual bonus and long-term incentives) for each of its named executive officers against the median compensation provided to comparable executive officers at companies in a designated peer group. When analyzing peer group data, the

NOV Compensation Committee does not establish a specific numeric range around the median data points, which it considers reasonable or acceptable. Rather, in setting compensation for any particular named executive officer, the NOV Compensation Committee considers any variance from the median, taking into account other factors as discussed below, and determines whether such variance is appropriate. If the NOV Compensation Committee determines that any variance is unwarranted, the NOV Compensation Committee will make appropriate adjustments to the compensation levels.

NOV's peer group is as follows:

Anadarko Petroleum Corporation	Apache Corporation	Baker Hughes, Inc.
Cameron International Corporation	Cummins Inc.	Danaher Corporation
Devon Energy Corporation	Dresser-Rand Group, Inc.	FMC Technologies Inc.
Halliburton Co.	Illinois Tool Works Inc.	Schlumberger Ltd.
Transocean Ltd.	Weatherford International Ltd.	The Williams Companies, Inc.

The NOV Compensation Committee engaged Frederic Cook & Co. ("Frederic Cook") to conduct its annual competitive review of executive compensation for NOV's top five executives relative to its peer companies in November 2013, as well as to analyze internal pay equity and share usage and dilution, based on the previously approved peer group by the NOV Compensation Committee. Frederic Cook analyzed and compared each position's responsibilities and job title to develop competitive market data based on data from proxy statements. Frederic Cook's proxy analysis focused on the top five executives. Its executive compensation review covered the following elements of compensation: base salaries, annual bonuses, and equity compensation. Frederic Cook generated data on the components of NOV's compensation program compared to the market 25 th percentile, market 50th percentile, and market 75th percentile of the designated peer group.

The long term equity incentives for NOV's named executive officers were closely aligned with the peer median for all positions. The pay mix (both target total direct compensation and long term incentives mix) was more performance-oriented than NOV's peers on average.

NOV's share overhang from outstanding equity grants is near the median, and total overhang, which includes shares for future grants, is between the 25th percentile and the median. NOV's three-year average annual share usage from 2010 to 2012 and 2011 to 2013 is slightly above median, and NOV's three-year average fair value transfer is generally near the 25th percentile of the peers from 2010 to 2012 and 2011 to 2013 relative to both market capitalization and revenue.

Components of Compensation

The following describes the elements of NOV's compensation program for 2013, why they were selected, and how the amounts of each element were determined.

Base Salary

Base salaries provide executives with a fixed level of monthly cash income. While the NOV Compensation Committee is aware of competitive levels, actual salary levels are based on factors including tenure, individual performance and level and scope of responsibility. NOV does not give specific weights to these factors. The NOV Compensation Committee determines median base salary levels by having Frederic Cook conduct a comprehensive review of information provided in proxy statements filed by NOV's peer companies. Generally, each executive is reviewed by the NOV Compensation Committee individually on an annual basis. Salary adjustments are based on the individual's experience and background, the individual's performance during the prior year, the general movement of salaries in the marketplace, NOV's financial position and, for each executive other than the chief executive officer, the recommendations of NOV's chief executive officer. The NOV Compensation Committee does not establish specific, individual goals for NOV's named executive officers,

other than the chief executive officer. The NOV Compensation Committee's analysis of the individual performance of any particular named executive officer is subjective in nature and takes into account the recommendations of the chief executive officer (other than with respect to him). As a result of these factors, an executive's base salary may be above or below the targeted median at any point in time.

Annual Incentive Award

The objectives of NOV's annual cash incentive plan are to incent performance to achieve NOV's corporate growth and profitability goals, encourage smart investments and prudent employment of capital, and provide competitive compensation packages to attract and retain management talent.

Substantially all exempt employees, including executive officers, participated in NOV's annual incentive plan in 2013, aligning a portion of each employee's cash compensation with company performance against a predetermined operating profit target. As in prior years, the incentive plan provided for cash awards if objectives related to NOV's achievement of a certain specified operating profit target based on NOV's financial plan were met. NOV's annual financial plan, including NOV's target operating profit level, is established through a comprehensive budget and financial planning process, which includes a detailed analysis of NOV's market outlook and available strategic alternatives, and is approved by the Board each year.

The designated performance objective under the 2013 incentive plan is NOV's operating profit. Each participant is assigned a target level percentage bonus, which ranges from 5% to 150% of salary, depending on the level of the participant. There are three multiplier levels of the target level percentage bonus set under the incentive plan using this single performance metric – minimum (10%), target (100%) and maximum (200%). Based on NOV's annual financial plan, each level is assigned a specified operating profit net of the bonus expense. Entry level is the "minimum" level of operating profit for which NOV provides an annual incentive payout. If NOV's operating profit is less than the entry level threshold, then there is no payout in that fiscal year. If NOV achieves the entry level threshold, the "minimum" level payout of 10% of the target level percentage bonus is earned. The target multiplier level (100% of the participant's applicable percentage of base salary) is earned when the target operating profit is reached by NOV. For the "maximum" level multiplier of 200% of the target level percentage bonus to occur, NOV's operating profit must equal or exceed the maximum operating profit goal that was set for the incentive plan. Results falling between the stated thresholds of minimum, target and maximum will result in an interpolated, or sliding scale payout.

The NOV Compensation Committee believes the use of operating profit as the designated performance objective under the annual incentive plan best aligns the interests of NOV's stockholders and NOV's executive officers. The "target" objective is set at the target operating profit level provided under NOV's annual financial plan approved by the Board. The "target" objective is set at a level that NOV believes is challenging to meet but achievable if NOV properly executes its operational plan and market conditions are as forecasted by NOV at the beginning of the year. The "minimum" and "maximum" level of operating profit under the incentive plan are set based off of the "target" objective, so that the "minimum" objective is 80% of the "target" objective and the "maximum" objective is 110% of the "target" objective. The NOV Compensation Committee believes this objective, formulaic measure allows the "minimum" objective to be set at a level that NOV can achieve even if forecasted market conditions are not as favorable as anticipated and/or NOV's operational plan is not executed as efficiently as planned. The "minimum" objective serves to motivate NOV's executives to continue to work towards executing NOV's operational plan if market conditions, which are generally outside the control of NOV, are not as favorable as forecasted. The NOV Compensation Committee believes this objective, formulaic measure allows the "maximum" objective to be set at a level that would be very challenging for NOV to achieve. The NOV Compensation Committee believes that, for the "maximum" objective to be achieved, a combination of market conditions being more favorable than initially forecasted and NOV executing its operational plan in a highly efficient manner would need to occur.

All participants in the incentive plan have a minimum of 25% of their bonus awards tied to NOV's consolidated corporate operating profit, while senior executives, including business unit heads, have a minimum of 50% of their bonus awards tied to NOV's consolidated corporate operating profit, with the remainder of their bonus awards, if applicable, tied to their business unit performance. 100% of each named executive officer's annual bonus award is tied to the operating profit of NOV. Participant award opportunities will vary depending upon individual levels of participation in the incentive plan (participation level). NOV designed the incentive plan with the idea that a portion of each executive's cash compensation should be tied to the financial and operating performance of NOV.

Payouts are calculated by multiplying (A) the performance result multiplier which can be anywhere from 10% (minimum) to 100% (target) to 200% (maximum), depending on operating profit performance by (B) the participant's base salary by (C) the participant's designated target percentage of base salary (participation level).

NOV's annual incentive plan is designed to reward its executives in line with the financial performance of NOV on an annual basis. When NOV is achieving strong financial results, its executives will be rewarded well through its annual incentive plan. NOV believes this structure helps keep the executives properly motivated to continue helping NOV achieve these strong results. While the executives' financial benefit is reduced during times when NOV's performance is not as strong, other forms of NOV's compensation program, namely its long-term incentive compensation as well as base salary, help motivate its executives to remain with NOV to help it achieve strong financial and operational results, thereby benefiting the executive, NOV and its stockholders.

Long-Term Incentive Compensation

The primary purpose of NOV's long-term incentive compensation is to focus its executive officers on a longer-term perspective in their managerial responsibilities. This component of an executive officer's compensation directly links the officers' interests with those of NOV's stockholders. In addition, long-term incentives encourage management to focus on NOV's long-term development and prosperity in addition to annual operating profits. This program helps balance long-term versus short-term business objectives, reinforcing that one should not be achieved at the expense of the other. NOV's Corporate Governance Guidelines encourage its directors and executive officers to own shares of NOV's stock and increase their ownership of those shares over time. The NOV Board has adopted stock ownership guidelines for NOV's directors and adopted stock ownership guidelines for its senior executives (see "Stock Ownership Guidelines for NOV Executives" below for further information).

NOV's long-term incentive compensation granted in 2013 to its named executive officers consisted of stock options and, new for 2013, performance share awards.

The goal of the stock option program is to provide a compensation program that is competitive within the industry while directly linking a significant portion of the executive's compensation to the enhancement of stockholder value. The ultimate value of any stock option is based solely on the increase in value of the shares of NOV's common stock over the grant price. Accordingly, stock options have value only if NOV's stock price appreciates from the date of grant. Additionally, the option holder must remain employed during the period required for the option to "vest", thus providing an incentive for an option holder to remain employed by NOV. This at-risk component of compensation focuses executives on the creation of stockholder value over the long-term and is therefore inherently performance-based compensation.

In March 2013, the NOV Compensation Committee implemented a new performance share award structure to provide for long-term incentives more comparable to those awards used by NOV's peers, as well as to improve certain features in the past design of the performance awards for NOV's executive officers, such as:

- Making award payouts based on two measures instead of one measure;
- Avoiding challenges with using a small comparator group in determining whether an award should vest (limited number of companies, some of which are considerably smaller in size than NOV); and

- Eliminating an earn-out structure that reflects an “all or nothing” approach with no ability to provide limited payouts for a threshold amount of performance and above-target payouts for superior performance.

NOV grants stock options and performance share awards to NOV’s key executives based on competitive grants within the industry and based on the level of long-term incentives appropriate for the competitive long-term compensation component of total compensation. Such executives are eligible to receive stock options and performance share awards annually with other key managers being eligible on a discretionary basis. Eligibility for an award does not ensure receipt of an award. Option grants and performance share award grants must be reviewed and approved by the NOV Compensation Committee.

Options are granted with an exercise price per share equal to the fair market value of NOV’s common stock on the date of grant and generally vest in equal annual installments over a three-year period, and have a ten-year term subject to earlier termination.

The performance share awards can be earned by the executives only by performance against established goals and vest three years from the grant date. The performance share awards are divided into two equal, independent parts that are subject to two separate performance metrics: 50% with a TSR (total shareholder return) goal and 50% with an internal ROC goal (return on capital).

Performance against the TSR goal is determined by comparing the performance of NOV’s TSR with the TSR performance of the members of the OSX index for the three year performance period of the performance share awards. The NOV Compensation Committee believes that the members of the OSX index are an appropriate benchmark against which to compare NOV’s TSR performance. The following table summarizes the relationship between NOV’s TSR performance when compared with the TSR performance of the members of the OSX index and the associated payout levels for the performance achieved for the TSR portion of the award:

Level	Payout%	Percentile Rank vs. OSX Comparator Group
Maximum	200%	200% earned when NOV is at the 75th percentile or greater
Target	100%	100% earned when NOV is at the 50th percentile
Minimum	50%	50% earned when NOV is at the 25th percentile
No Payout	0%	0% earned when NOV is below the 25th percentile

Results falling between the stated thresholds of minimum, target and maximum will result in an interpolated, or sliding scale payout.

Performance against the ROC goal is determined by comparing the performance of NOV’s actual ROC performance average for each of the three years of the performance period against the ROC goal set by the NOV Compensation Committee. The following table summarizes the payout levels on the ROC portion of the award based on NOV’s ROC performance against the ROC goal:

Level	Payout%	Actual ROC Performance
Maximum	200%	200% earned when ROC achievement is 18.15% or higher
Target	100%	100% earned when ROC achievement is 16.5%
Minimum	50%	50% earned when ROC achievement is 13.2%
No Payout	0%	0% earned when ROC achievement is less than 13.2%

Results falling between the stated thresholds of minimum, target and maximum will result in an interpolated, or sliding scale payout.

NOV recognizes that its stock price fluctuates over time, and in certain cases quite significantly. As stock option grants have historically been granted on an annual basis during the first quarter of the calendar year, executives

who have been employed with NOV for some time have received grants with varying exercise prices. The 10 year term of the options also helps reward its executives who remain with NOV, as it provides the executives time, so long as they continue employment with NOV, to realize financial benefits from their option grants after vesting.

The addition of performance share award grants to its executives helps reduce NOV's long-term incentive compensation reliance on stock price movements and allows for focus on key operational measures. The performance share awards also link NOV's performance to key financial metrics that over the long-term should result in shareholder value creation.

NOV believes that its equity incentive grants must be sufficient in size and duration to provide a long-term performance and retention incentive for executives and to increase their interest in the appreciation of NOV's stock and achievement of positive financial results relative to its peers. NOV believes that stock option and performance share award grants at a competitive level, with certain vesting requirements, are an effective way of promoting the long-term nature of its business.

Retirement, Health and Welfare Benefits

NOV offers retirement, health and welfare programs to all eligible employees. NOV's executive officers generally are eligible for the same benefit programs on the same basis as the rest of NOV's employees. The health and welfare programs cover medical, pharmacy, dental, vision, life, accidental death and dismemberment and disability insurance.

NOV offers retirement programs that are intended to supplement the employee's personal savings. The programs include the National Oilwell Varco, Inc. 401(k) and Retirement Savings Plan ("NOV 401k Plan") and National Oilwell Varco, Inc. Supplemental Savings Plan ("NOV Supplemental Plan"). NOV's U.S. employees, including its executives, are generally eligible to participate in the NOV 401k Plan. Employees of NOV whose base salary meets or exceeds a certain dollar threshold established by NOV's benefits plan administrative committee are generally eligible to participate in the Supplemental Plan. Participation in the NOV 401k Plan and NOV Supplemental Plan are voluntary.

NOV established the NOV 401k Plan to allow employees to save for retirement through a tax-advantaged combination of employee and company contributions and to provide employees the opportunity to directly manage their retirement plan assets through a variety of investment options. The NOV 401k Plan allows eligible employees to elect to contribute a portion of their eligible compensation into the NOV 401k Plan. Wages and salaries from NOV are generally considered eligible compensation. After one year of service, employee contributions are matched in cash by NOV at the rate of $1.00 per $1.00 employee contribution for the first 4% of the employee's salary. In addition, NOV makes cash contributions for all eligible employees between 2.5% and 5.5% of their salary depending on the employee's full years of service with NOV. Such contributions vest immediately. The NOV 401k Plan offers 25 different investment options, for which the participant has sole discretion in determining how both the employer and employee contributions are invested. The NOV 401k Plan provides NOV's employees the option to invest directly in NOV's stock. The NOV 401k Plan offers in-service withdrawals, loans and hardship distributions.

NOV established the NOV Supplemental Plan, a non-qualified plan, to

- allow NOV Supplemental Plan participants to continue saving towards retirement when, due to compensation and contribution ceilings established under the Internal Revenue Code, they can no longer contribute to the NOV 401k Plan; and
- provide company contributions that cannot be contributed to the NOV 401k Plan due to compensation and contribution ceilings established under the Internal Revenue Code.

Compensation which may be deferred into the NOV Supplemental Plan includes wages and salaries from NOV and bonus payments made under NOV's annual incentive plan. NOV Supplemental Plan participants may elect to defer a percentage of their base pay and bonus payments received under NOV's incentive plan into the NOV Supplemental Plan. Contributions in the NOV Supplemental Plan vest immediately. The investment options offered in the NOV Supplemental Plan are similar to the investment options offered in the NOV 401k Plan.

U.S. Income Tax Limits on Deductibility

Section 162(m) of the Internal Revenue Code imposes a $1 million limitation on the deductibility of certain compensation paid to NOV's chief executive officer and the next four highest paid NOV executives excluding the chief financial officer ("covered employees"). Excluded from the limitation is compensation that is qualified as "performance based." For compensation to be performance based, it must meet certain criteria, including being based on predetermined objective standards approved by stockholders. Although the NOV Compensation Committee takes the requirements of Section 162(m) into account in designing executive compensation, there may be circumstances when it is appropriate to pay compensation to NOV's covered employees that does not qualify as "performance based compensation" and thus is not deductible by us for federal income tax purposes. NOV's stock option and performance-based restricted stock award grants are designed to be "performance based compensation." Bonus payments to NOV's executives under NOV's Annual Incentive Plan should also qualify as performance based and therefore be excluded from this limitation.

Option Grant Practices

Historically, NOV has granted stock options to its key employees, including executives, in the first quarter of the year. NOV does not have any program, plan or practice to time its option grants to its executives in coordination with the release of material non-public information, and has not timed its release of material non-public information for the purposes of affecting the value of executive compensation. NOV does not set the grant date of its stock option grants to new executives in coordination with the release of material non-public information.

The NOV Compensation Committee has the responsibility of approving any NOV stock option grants. The NOV Compensation Committee does not delegate material aspects of long-term incentive plan administration to any other person. NOV's senior executives in coordination with the NOV Compensation Committee set a time for the Committee to meet during the first quarter of the year to review and approve stock option grants proposed by the senior executives. The specific timing of the meeting during the quarter is dependent on committee member schedules and availability and NOV finalizing its stock option grant proposal. If approved by the NOV Compensation Committee, the grant date for the stock option grants is the date the Committee meets and approves the grant, with the exercise price for the option grant being based on NOV's closing stock price on the date of grant.

Recoupment Policy

On February 15, 2013, the NOV Compensation Committee approved an amendment to NOV's Long-Term Incentive Plan to allow the NOV Compensation Committee, at its sole discretion, to terminate any award of stock options and/or restricted stock if it determines that the recipient of such award has engaged in material misconduct. For purposes of this provision, material misconduct includes conduct adversely affecting NOV's financial condition or results of operations, or conduct which constitutes fraud or theft of Company assets, any of which require NOV to make a restatement of its reported financial statements. If any material misconduct results in any error in financial information used in the determination of compensation paid to the recipient of any equity award and the effect of such error is to increase the payment amount pursuant to such award, the NOV Compensation Committee may also require the recipient to reimburse NOV for all or a portion of such increase in compensation provided in connection with any such award. In addition, if there is a material restatement of NOV's financial statements that affects the financial information used to determine the compensation paid to the recipient of an award, then the NOV Compensation Committee may take whatever action it deems appropriate to adjust such compensation.

On such date, the NOV Compensation Committee also approved a similar clawback type provision be added to NOV's Annual Incentive Plan.

Stock Ownership Guidelines for NOV Executives

NOV adopted stock ownership guidelines for its executive officers in February 2013. NOV's stock ownership guidelines for its executive officers are intended to align the interests of NOV's executive officers and NOV's stockholders by requiring NOV executives to accumulate and retain a meaningful level of NOV's stock. Under NOV's guidelines, the executive NOV officers must comply with the following ownership requirements:

Title	Multiple of Base Salary
Chairman & CEO	6X
President & COO	3X
Other executive officers	2X

NOV's executive officers must attain the applicable stock ownership level within five years after first becoming subject to the guidelines. The following shares of NOV any stock count towards compliance with the guidelines: shares owned by the executive; shares owned jointly by the executive and his or her spouse; shares held in a trust established by the executive for the benefit of the executive and his or her family members; shares equal to the number of vested deferred stock units credited to the executive; shares equal to the in-the-money portion of any vested, unexercised options; unvested shares of time-based restricted stock or restricted stock units; and shares credited to the executive's NOV 401(k) plan account. Unvested and unearned performance shares or units and unvested stock options do not count towards compliance guidelines. All of NOV's named executive officers are currently in compliance with NOV's stock ownership guidelines.

EXECUTIVE COMPENSATION

The following table sets forth for the year ended December 31, 2013 the compensation paid by NOV to the persons who we expect will be our "named executive officers" on the distribution date.

Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($)(1) (d)	Stock Awards ($)(2) (e)	Option Awards ($)(3) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Nonqual-ified Deferred Compen-sation Earnings ($) (h)	All Other Compen-sation ($)(4) (i)	Total ($) (j)
Merrill A. Miller, Jr.	2013	$975,000	—	$5,167,465	$ 4,711,550	$ 1,384,366	—	$ 49,200	$12,287,581
Executive Chairman	2012	$975,000	$355,000	$ 3,806,100	$3,886,295	$1,065,405	—	$ 48,981	$ 10,136,781
	2011	$975,000	—	$ 3,271,800	$ 3,282,470	$ 2,280,000	—	$ 47,800	$ 9,832,070
Robert R. Workman	2013	$ 500,000	—	$ 901,290	$ 771,514	$ 239,359	—	$ 22,500	$ 2,434,663
President & Chief Executive	2012	$ 500,000	—	$ 854,258	$ 870,351	$ 750,000	—	$ 22,422	$ 2,997,031
Officer	2011	$ 410,000	—	$ 718,200	$ 718,595	$ 615,000	—	$ 18,450	$ 2,480,245
Daniel L. Molinaro	2013	$295,000	—	$ 152,526	$ 305,555	$ 167,544	—	$ 28,026	$ 948,651
Senior VP & Chief	2012	$295,000	—	$ 169,160	$ 344,539	$ 214,902	—	$27,979	$ 1,051,580
Financial Officer	2011	$ 270,000	—	$ 115,710	$ 347,321	$ 324,000	—	$26,650	$ 1,083,681
Raymond W. Chang	2013	$ 200,000	—	$ 53,384	$ 106,936	$ 94,658	—	$ 14,077	$ 469,055
VP and General Counsel	2012	$ 200,000	—	$ 59,206	$ 120,589	$ 121,414	—	$ 13,898	$ 515,107
	2011	$ 180,000	—	$ 47,880	$ 143,719	$ 180,000	—	$ 12,946	$ 564,545
David A. Cherechinsky									
VP, Corporate	2013	$ 220,000	—	$ 53,384	$ 106,936	$ 46,674	—	$ 18,244	$ 445,238
Controller & Chief	2012	$ 200,090	—	$ 59,206	$ 120,589	$ 200,090	—	$ 16,392	$ 596,367
Accounting Officer	2011	$ 200,090	—	$ 47,880	$ 143,719	$ 200,090	—	$15,767	$ 607,546

(1) Reflects a discretionary bonus payout.

(2) The amounts reported in this column represent the aggregate grant date fair value of stock awards granted in the relevant year compiled in accordance with FASB Topic 718, excluding forfeiture estimates. Refer to NOV's 2013 Annual Report, Financial Report to Stockholders for all relevant valuation assumptions used to determine the grant date fair value of the stock awards included in this column.

(3) The amounts reported in this column represent the aggregate grant date fair value of option awards granted in the relevant year compiled in accordance with FASB Topic 718, excluding forfeiture estimates. Refer to

NOV's 2013 Annual Report, Financial Report to Stockholders for all relevant valuation assumptions used to determine the grant date fair value of option awards included in this column.

(4) The amounts include:

(a) NOV's cash contributions for 2013 under the NOV 401(k) and Retirement Savings Plan, a defined contribution plan, on behalf of Mr. Miller - $20,400; Mr. Workman - $11,475; Mr. Molinaro - $23,261; Mr. Chang - $14,077; and Mr. Cherechinsky - $16,769.

(b) NOV's cash contributions for 2013 under the NOV Supplemental Savings Plan, a defined contribution plan, on behalf of Mr. Miller - $28,800; Mr. Workman - $11,025; Mr. Molinaro - $4,765; Mr. Chang - $0; and Mr. Cherechinsky - $1,475.

Grants of Plan Based Awards

The following table provides information concerning stock options, restricted stock awards and performance share awards granted to our expected named executive officers during the fiscal year ended December 31, 2013. NOV has granted no stock appreciation rights.

Grants of Plan-Based Awards

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards (4)
Name (a)	Grant Date (b)	Threshold ($)(1) (c)	Target ($)(1) (d)	Maximum ($)(1) (e)	Threshold (#)(2) (f)	Target (#)(2) (g)	Maximum (#)(2) (h)	(#)(3) (i)	(#) (j)	($/Sh) (k)	(l)
Merrill A. Miller, Jr.	2013	$ 146,250	$ 1,462,500	$ 2,925,000	0	70,320	140,640		197,500	$ 69.33	$ 9,879,015
Robert R. Workman	2013	$ 40,000	$ 400,000	$ 800,000	0	11,236	22,472	13,000	32,019	$ 69.33	$ 1,672,804
Daniel L. Molinaro	2013	$ 17,700	$ 177,000	$ 354,000	2,200	2,200	2,200		12,681	$ 69.33	$ 458,081
Raymond W. Chang	2013	$ 10,000	$ 100,000	$ 200,000	770	770	770		4,438	$ 69.33	$ 160,320
David A. Cherechinsky	2013	$ 11,000	$ 110,000	$ 220,000	770	770	770		4,438	$ 69.33	$ 160,320

(1) Represents the range of possible payouts under the NOV annual incentive compensation plan.

(2) On March 22, 2013, each of Mr. Miller and Mr. Workman was granted shares of performance share awards, which are reflected in the "Estimated Future Payouts Under Equity Incentive Plan Awards" column in the table above. The performance share awards can be earned by the executives only by performance against established goals and vest three years from the grant date. The performance share awards are divided into two equal, independent parts that are subject to two separate performance metrics: 50% with a TSR (total shareholder return) goal and 50% with an internal ROC goal (return on capital). Performance against the TSR goal is determined by comparing the performance of NOV's TSR with the TSR performance of the members of the OSX index for the three year performance period of the performance share awards. Performance against the ROC goal is determined by comparing the performance of NOV's actual ROC performance average for each of the three years of the performance period against the ROC goal set by the NOV Compensation Committee. Each of Mr. Miller and Mr. Workman can earn, in shares of National Oilwell Varco common stock, from 0 percent to 200 percent of the number of performance shares that are vesting, based upon achievement of the designated performance metrics. See "Compensation Discussion and Analysis – Components of Compensation – Long-Term Incentive Compensation" for further information.

(3) On February 15, 2013, the Compensation Committee of NOV approved a special grant of restricted stock awards to its executive officers. The restricted stock award granted by NOV to Mr. Workman vests 100% on the third anniversary of the date of grant, provided that such executive officer remains continuously employed with NOV during such time period. Mr. Miller declined receiving such grant.

(4) Assumptions made in calculating the value of option and restricted stock awards are further discussed in Item 15. Exhibits and Financial Statement Schedules – Notes to Consolidated Financial Statements, Note 13, of NOV's Form 10-K for the fiscal year ended December 31, 2013. The grant date fair value of the restricted stock and performance awards are as follows: Mr. Miller - $5,167,465;

Mr. Workman - $901,290; Mr. Molinaro - $152,526; Mr. Chang - $53,384; and Mr. Cherechinsky - $53,384. The grant date fair value of the option awards are as follows: Mr. Miller - $4,711,550; Mr. Workman - $771,514; Mr. Molinaro - $305,555; Mr. Chang - $106,936; and Mr. Cherechinsky - $106,936.

Exercises and Holdings of Previously-Awarded Equity Disclosure

The following table provides information regarding outstanding awards that have been granted to our expected named executive officers where the ultimate outcomes of such awards have not been realized, as of December 31, 2013.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1) (j)
Merrill A. Miller, Jr.		197,500(2)		$69.33	2/16/23				
	43,166	86,334(3)		$84.58	2/22/22				
	74,000	37,000(4)		$79.80	2/23/21				
								41,000(5)	$ 3,260,730
								45,000(6)	$ 3,578,850
								70,320(7)	$5,592,550
Robert R. Workman		32,019(2)		$69.33	2/16/23				
	9,666	19,334(3)		$84.58	2/22/22				
	16,200	8,100(4)		$79.80	2/23/21				
	11,295			$ 44.07	2/17/20				
								9,000(5)	$ 715,770
								10,100(6)	$ 803,253
								11,236(7)	$ 893,599
								13,000(8)	$ 1,033,890
Daniel L. Molinaro		12,681(2)		$69.33	2/16/23				
	3,826	7,654(3)		$84.58	2/22/22				
	7,830	3,915(4)		$79.80	2/23/21				
								1,450(10)	$ 115,319
								2,000(9)	$ 159,060
								2,200(8)	$ 174,966
Raymond W. Chang		4,438(2)		$69.33	2/16/23				
	1,339	2,679(3)		$84.58	2/22/22				
	3,240	1,620(4)		$79.80	2/23/21				
								600(10)	$ 47,718
								700(9)	$ 55,671
								770(8)	$ 61,238

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1) (j)
David A. Cherechinsky		4,438(2)		$ 69.33	2/16/23				
	1,339	2,679(3)		$ 84.58	2/22/22				
	3,240	1,620(4)		$ 79.80	2/23/21				
	4,895			$ 44.07	2/17/20				
	1,600			$25.96	2/21/19				
								600(10)	$ 47,718
								700(9)	$ 55,671
								770(8)	$ 61,238

(1) Calculations based upon the closing price ($79.53) of NOV's common stock on December 31, 2013, the last trading day of the year.

(2) 2013 Stock Option Grant - Stock options vest at the rate of 33 1/3%/year, with vesting dates of 2/15/14, 2/15/15 and 2/15/16.

(3) 2012 Stock Option Grant - Stock options vest at the rate of 33 1/3%/year, with vesting dates of 2/21/13, 2/21/14 and 2/21/15.

(4) 2011 Stock Option Grant - Stock options vest at the rate of 33 1/3%/year, with vesting dates of 2/22/12, 2/22/13 and 2/22/14.

(5) 2011 Performance-Vesting Restricted Stock Grant - The grant vests 100% on the third anniversary of the date of grant, contingent on NOV's operating income growth, measured on a percentage basis, from January 1, 2011 to December 31, 2013 exceeding the median operating income growth for a designated peer group over the same period. One-time, non-recurring, non-operational gains or charges to income taken by NOV or any member of the designated peer group that are publicly reported would be excluded from the income calculation and comparison set forth above. If NOV's operating income growth does not exceed the median operating income growth of the designated peer group over the designated period, the applicable restricted stock award grant for the executives will not vest and would be forfeited.

(6) 2012 Performance-Vesting Restricted Stock Grant - The grant vests 100% on the third anniversary of the date of grant, contingent on NOV's operating income growth, measured on a percentage basis, from January 1, 2012 to December 31, 2014 exceeding the median operating income growth for a designated peer group over the same period. One-time, non-recurring, non-operational gains or charges to income taken by NOV or any member of the designated peer group that are publicly reported would be excluded from the income calculation and comparison set forth above. If NOV's operating income growth does not exceed the median operating income growth of the designated peer group over the designated period, the applicable restricted stock award grant for the executives will not vest and would be forfeited.

(7) 2013 Performance Share Award Grant - The performance share awards can be earned by the executives only by performance against established goals and vest three years from the grant date. The performance share awards are divided into two equal, independent parts that are subject to two separate performance metrics: 50% with a TSR (total shareholder return) goal and 50% with an internal ROC goal (return on capital). Performance against the TSR goal is determined by comparing the performance of NOV's TSR with the TSR performance of the members of the OSX index for the three year performance period of the performance share awards. Performance against the ROC goal is determined by comparing the performance of NOV's actual ROC performance average for each of the three years of the performance period against the

ROC goal set by the NOV Compensation Committee. Executive officer can earn, in shares of NOV common stock, from 0 percent to 200 percent of the number of performance shares that are vesting, based upon achievement of the designated performance metrics.

(8) 2013 Restricted Stock Grant - The grant vests 100% on the third anniversary of the date of grant, provided that such executive officer remains continuously employed with NOV during such time period.

(9) 2012 Restricted Stock Grant - The grant vests 100% on the third anniversary of the date of grant, provided that such executive officer remains continuously employed with NOV during such time period.

(10) 2011 Restricted Stock Grant - The grant vests 100% on the third anniversary of the date of grant, provided that such executive officer remains continuously employed with NOV during such time period.

The following table provides information on the amounts received by our expected named executive officers upon exercise of stock options or vesting of stock awards.

Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Merrill A. Miller, Jr.	195,000	$5,167,655	0	$ 0
Robert R. Workman	0	$ 0	0	$ 0
Daniel L. Molinaro	6,526	$ 170,414	1,888	$ 130,895
Raymond W. Chang	5,272	$ 171,904	769	$ 53,315
David A. Cherechinsky	0	$ 0	472	$ 32,724

Post-Employment Compensation

The following table provides information on nonqualified deferred compensation provided under the NOV Supplemental Plan to our expected named executive officers during the fiscal year ended December 31, 2013. For a more detailed discussion, see the section titled “Compensation Discussion and Analysis – Retirement, Health and Welfare Benefits”.

Nonqualifed Deferred Compensation

Name (a)	Executive Contributions in Last FY ($)(1) (b)	Registrant Contributions in Last FY ($)(2) (c)	Aggregate Earnings in Last FY ($)(3) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
Merrill A. Miller, Jr.	$ 0	$ 28,800	$ 51,443	—	$ 353,803
Robert R. Workman	$ 0	$ 11,025	$ 74	—	$208,069
Daniel L. Molinaro	$ 103,876	$ 4,765	$176,682	—	$908,806
Raymond W. Chang	$ 0	$ 0	$ 0	—	$ 0
David A. Cherechinsky	$ 10,732	$ 1,475	$ 1	—	$ 12,202

(1) Executive contributions were from the executive’s salary and are included in the Summary Compensation Table under the “Salary” column.

(2) Registrant contributions are included in the Summary Compensation Table under the “All Other Compensation” column.

(3) Aggregate earnings reflect the returns of the investment funds selected by the executives and are not included in the Summary Compensation Table.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Miller and Workman

NOV entered into an employment agreement on January 1, 2002 with Mr. Miller, which was amended on December 22, 2008 and on December 31, 2009. Under the employment agreement, Mr. Miller is provided a base salary, currently set at $975,000. The employment agreement also entitles him to receive an annual bonus and to participate in NOV's incentive, savings and retirement plans. The agreement has a term of three years and is automatically extended on an annual basis. The agreement provides for a base salary, participation in employee incentive plans, and employee benefits as generally provided to all employees.

In addition, the agreement contains certain termination provisions. If the employment relationship is terminated by NOV for any reason other than

- voluntary termination;
- termination for cause (as defined);
- death; or
- long-term disability;

or if the employment relationship is terminated by the employee for Good Reason, as defined below, Mr. Miller is entitled to receive 3.5 times the amount of his current base salary, three times the amount equal to the total of the employer matching contributions under NOV's 401(k) Plan and Supplemental Plan, and three years participation in NOV's welfare and medical benefit plans. Mr. Miller will have the right, during the 60-day period after such termination, to elect to surrender all or part of any stock options held by him at the time of termination, whether or not exercisable, for a cash payment equal to the spread between the exercise price of the option and the highest reported per share sales price during the 60-day period prior to the date of termination. Any option not so surrendered will remain exercisable until the earlier of one year after the date of termination or the stated expiration date of the specific option grant.

Under the agreement, termination by Mr. Miller for "Good Reason" means

- the assignment to him of any duties inconsistent with his current position or any action by NOV that results in a diminution in his position, authority, duties or responsibilities;
- a failure by NOV to comply with the terms of the agreement; or
- requiring Mr. Miller to relocate or to travel to a substantially greater extent than required at the date of the agreement.

In addition, compensation will be "grossed up" for any excise tax imposed under Section 4999 of the Internal Revenue Code as a result of any payment or benefit provided to Mr. Miller under the employment agreement. The agreement also contains restrictions on competitive activities and solicitation of our employees for three years following the date of termination. After any such termination of employment, Mr. Miller will also have the option to participate in NOV's welfare and medical benefit plans at employee rates and will be entitled to receive outplacement services valued at not more than 15% of base salary.

NOV entered into an employment agreement on January 1, 2002 with Mr. Workman (which was amended on December 22, 2008 and on December 31, 2009) that contain certain termination provisions. Under the employment agreement, Mr. Workman is provided base salary. The agreement has a one-year term and is automatically extended on an annual basis. The agreement also provides for participation in employee incentive plans, and employee benefits as generally provided to all employees. If the employment relationship is terminated by NOV for any reason other than

- voluntary termination;
- termination for cause (as defined);

- death; or
- long-term disability;

or if the employment relationship is terminated by the employee for Good Reason, the employee is entitled to receive 1.5 times his current base salary and an amount equal to the total of the employer matching contributions under NOV's 401(k) Plan and Supplemental Plan, and one year's participation in NOV's welfare and medical benefit plans.

In addition, compensation will be "grossed up" for any excise tax imposed under Section 4999 of the Internal Revenue Code as a result of any payment or benefit provided to the executive under his employment agreement. The agreement also contains restrictions on competitive activities and solicitation of our employees for one year following the date of termination. After any such termination of employment, the executive will also have the option to participate in NOV's welfare and medical benefit plans at employee rates and will be entitled to receive outplacement services valued at not more than 15% of the executive's base salary.

Additionally, NOV's stock option agreements and restricted stock agreements provide for full vesting of unvested outstanding options and restricted stock, respectively, in the event of a change of control of NOV and a change in the holder's responsibilities following a change of control.

Molinaro, Chang and Cherechinsky

Each of Mr. Molinaro, Mr. Chang and Mr. Cherechinsky does not have an employment agreement with NOV.

Potential Payments Upon Termination or Change in Control

NOV has entered into certain agreements and maintains certain plans that will require NOV to provide compensation to certain of its executive officers in the event of a termination of employment or change in control of NOV. The separation of NOV's distribution business will not trigger change in control payments to any executive officers.

NOV's Compensation Committee believes the payment and benefit levels provided to such executive officers under their employment agreements and/or change of control plans upon termination or change of control should correspond to the level of responsibility and risk assumed by such executive officer. Thus, the payment and benefit levels for Mr. Miller and Mr. Workman are based on their levels of responsibility and market considerations at the time NOV entered into the relevant agreements. Mr. Molinaro, Mr. Chang and Mr. Cherechinsky do not have any employment agreements with NOV. The NOV Compensation Committee recognizes that it is not likely that certain of NOV's executive officers would be retained by an acquiror in the event of a change of control. As a result, the NOV Compensation Committee believes that a certain amount of cash compensation, along with immediate vesting of all unvested equity compensation, is an appropriate and sufficient incentive for such executive officers to remain employed with NOV, even if a change of control were imminent. It is believed that these benefit levels should provide NOV's executive officers with reasonable financial security so that they could continue to make strategic decisions that impact the future of NOV.

The amount of compensation payable to each of NOW's expected named executive officers in each situation is listed in the tables below.

The following table describes the potential payments upon termination or change in control of NOV as of December 31, 2013 for Merrill A. Miller, Jr.

Executive Benefits and Payments Upon Termination (1)	Involuntary Not for Cause Termination (2)
Base Salary (3.5 times)	$ 3,412,500
Continuing medical benefits	$ 288,809
Retirement Contribution and Matching	$ 234,000
Value of Unvested Stock Options	$ 2,014,500
Value of Unvested Restricted Stock	$ 12,432,130
Outplacement Services (3)	$ 146,250
Estimated Tax Gross Up	$ 0
Total:	$18,528,189

(1) For purposes of this analysis, we assumed the Executive's compensation is as follows: base salary as of December 31, 2013 of $975,000. Unvested stock options include 37,000 options from 2011 grant at $79.80/share, 86,334 options from 2012 grant at $84.58/share and 197,500 options from 2013 grant at $69.33/share. Unvested restricted stock includes 41,000 shares from 2011 grant and 45,000 shares from 2012 grant, and 70,320 performance share awards from 2013 grant. Value of unvested stock options, restricted stock and performance share awards based on a share price of $79.53, NOV's closing stock price on December 31, 2013.

(2) Assumes the employment relationship is terminated by NOV for any reason other than voluntary termination, termination for cause, death, or disability, or if the employment relationship is terminated by the executive for "Good Reason", as of December 31, 2013. Termination by the executive for "Good Reason" means the assignment to the employee of any duties inconsistent with his current position or any action by NOV that results in a diminution in the executive's position, authority, duties or responsibilities; a failure by NOV to comply with the terms of the executive's employment agreement; or the requirement of the executive to relocate or to travel to a substantially greater extent than required at the date of the employment agreement.

(3) Executive also entitled to outplacement services valued at not more than 15% of base salary. For purposes of this analysis, we valued the outplacement services at 15% of base salary.

In the event of:

- a NOV termination of Mr. Miller's employment for cause;
- Mr. Miller's voluntary termination of his employment with NOV (not for "Good Reason"); or
- Mr. Miller's employment with NOV is terminated due to his death or disability,

no extra benefits are payable by NOV to Mr. Miller as a result of any such events, other than accrued obligations and benefits owed by NOV to Mr. Miller (such as base salary through the date of termination and his outstanding balance in NOV's 401k Plan). In the event termination is not for cause, Mr. Miller would also be entitled to receive an amount equal to 50% of his base salary.

The following table describes the potential payments upon termination or change in control of NOV as of December 31, 2013 for Robert R. Workman.

Executive Benefits and Payments Upon Termination (1)	Involuntary Not for Cause Termination (2)
Base Salary (1.5 times)	$ 750,000
Continuing medical benefits	$ 423,098
Retirement Contribution and Matching	$ 42,500
Value of Unvested Stock Options	$ 326,594
Value of Unvested Restricted Stock	$ 3,446,512
Outplacement Services (3)	$ 75,000
Estimated Tax Gross Up	$ 0
Total:	$ 5,063,704

(1) For purposes of this analysis, we assumed the Executive's compensation is as follows: base salary as of December 31, 2013 of $500,000. Unvested stock options include 8,100 options from 2011 grant at $79.80/share, 19,334 options from 2012 grant at $84.58/share and 32,019 options from 2013 grant at $69.33/share. Unvested restricted stock includes 9,000 shares from 2011 grant, 10,100 shares from 2012 grant and 13,000 shares from 2013 grant, and 11,236 performance share awards from 2013 grant. Value of unvested stock options and restricted stock based on a share price of $79.53, NOV's closing stock price on December 31, 2013.

(2) Assumes the employment relationship is terminated by NOV for any reason other than voluntary termination, termination for cause, death, or disability, or if the employment relationship is terminated by the executive for "Good Reason", as of December 31, 2013. Termination by the executive for "Good Reason" means the assignment to the employee of any duties inconsistent with his current position or any action by NOV that results in a diminution in the executive's position, authority, duties or responsibilities; a failure by NOV to comply with the terms of the executive's employment agreement; or the requirement of the executive to relocate or to travel to a substantially greater extent than required at the date of the employment agreement.

(3) Executive also entitled to outplacement services valued at not more than 15% of base salary. For purposes of this analysis, we valued the outplacement services at 15% of base salary.

In the event of:

- a NOV termination of Mr. Workman's employment for cause;
- Mr. Workman's voluntary termination of his employment with NOV (not for "Good Reason"); or
- Mr. Workman's employment with NOV is terminated due to his death or disability,

no extra benefits are payable by NOV to Mr. Workman as a result of any such events, other than accrued obligations and benefits owed by NOV to Mr. Workman (such as base salary through the date of termination and his outstanding balance in NOV's 401k Plan). In the event termination is not for cause, Mr. Workman would also be entitled to receive an amount equal to 50% of his base salary.

The following table describes the potential payments upon termination or change in control of NOV as of December 31, 2013 for Daniel Molinaro.

Executive Benefits and Payments Upon Termination (1)	Involuntary Not for Cause Termination (2)
Base Salary	$ 0
Continuing medical benefits	$ 0
Retirement Contribution and Matching	$ 0
Value of Unvested Stock Options	$ 129,346
Value of Unvested Restricted Stock	$ 449,345
Outplacement Services	$ 0
Estimated Tax Gross Up	$ 0
Total:	$ 578,691

(1) Unvested stock options include 3,915 options from 2011 grant at $79.80/share, 7,654 options from 2012 grant at $84.58/share and 12,681 options from 2013 grant at $69.33/share. Unvested restricted stock includes 1,450 shares from 2011 grant, 2,000 shares from 2012 grant, and 2,200 shares from 2013 grant. Value of unvested stock options and restricted stock based on a share price of $79.53, NOV's closing stock price on December 31, 2013.

(2) Assumes an "Involuntary Termination" as of December 31, 2013. "Involuntary Termination" means termination from employment with NOV on or within twelve months following a Change of Control that is either (i) initiated by NOV for reasons other than (a) the employee's gross negligence or willful misconduct in the performance of his duties with NOV or (b) the employee's final conviction of a felony or a misdemeanor involving moral turpitude, or (ii) initiated by employee after (a) a reduction by NOV of his authority, duties or responsibilities immediately prior to the Change of Control, (b) a reduction of his base salary or total compensation as in effect immediately prior to the Change of Control, or (c) his transfer, without his express written consent, to a location which is outside the general metropolitan area in which his principal place of business immediately prior to the Change of Control may be located or NOV's requiring him to travel on NOV business to a substantially greater extent than required immediately prior to the Change of Control. The term "Change of Control" shall mean: (i) NOV completes the sale of assets having a gross sales price which exceeds 50% of the consolidated total capitalization of NOV (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 (ii) 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 NOV representing more than 30% of the total votes eligible to be cast at any election of directors of NOV.

The following table describes the potential payments upon termination or change in control of NOV as of December 31, 2013 for Raymond Chang.

Executive Benefits and Payments Upon Termination (1)	Involuntary Not for Cause Termination (2)
Base Salary	$ 0
Continuing medical benefits	$ 0
Retirement Contribution and Matching	$ 0
Value of Unvested Stock Options	$ 45,268
Value of Unvested Restricted Stock	$ 164,627
Outplacement Services	$ 0
Estimated Tax Gross Up	$ 0
Total:	$ 209,895

(1) Unvested stock options include 1,620 options from 2011 grant at $79.80/share, 2,679 options from 2012 grant at $84.58/share and 4,438 options from 2013 grant at $69.33/share. Unvested restricted stock includes 600 shares from 2011 grant, 700 shares from 2012 grant, and 770 shares from 2013 grant. Value of unvested stock options and restricted stock based on a share price of $79.53, NOV's closing stock price on December 31, 2013.

(2) Assumes an "Involuntary Termination" as of December 31, 2013. "Involuntary Termination" means termination from employment with NOV on or within twelve months following a Change of Control that is either (i) initiated by NOV for reasons other than (a) the employee's gross negligence or willful misconduct in the performance of his duties with NOV or (b) the employee's final conviction of a felony or a misdemeanor involving moral turpitude, or (ii) initiated by employee after (a) a reduction by NOV of his authority, duties or responsibilities immediately prior to the Change of Control, (b) a reduction of his base salary or total compensation as in effect immediately prior to the Change of Control, or (c) his transfer, without his express written consent, to a location which is outside the general metropolitan area in which his principal place of business immediately prior to the Change of Control may be located or NOV's requiring him to travel on NOV business to a substantially greater extent than required immediately prior to the Change of Control. The term "Change of Control" shall mean: (i) NOV completes the sale of assets having a gross sales price which exceeds 50% of the consolidated total capitalization of NOV (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 (ii) 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 NOV representing more than 30% of the total votes eligible to be cast at any election of directors of NOV.

The following table describes the potential payments upon termination or change in control of NOV as of December 31, 2013 for David Cherechinsky.

Executive Benefits and Payments Upon Termination (1)	Involuntary Not for Cause Termination (2)
Base Salary	$ 0
Continuing medical benefits	$ 0
Retirement Contribution and Matching	$ 0
Value of Unvested Stock Options	$ 45,268
Value of Unvested Restricted Stock	$ 164,627
Outplacement Services	$ 0
Estimated Tax Gross Up	$ 0
Total:	$ 209,895

(1) Unvested stock options include 1,620 options from 2011 grant at $79.80/share, 2,679 options from 2012 grant at $84.58/share and 4,438 options from 2013 grant at $69.33/share. Unvested restricted stock includes 600 shares from 2011 grant, 700 shares from 2012 grant, and 770 shares from 2013 grant. Value of unvested stock options and restricted stock based on a share price of $79.53, NOV's closing stock price on December 31, 2013.

(2) Assumes an "Involuntary Termination" as of December 31, 2013. "Involuntary Termination" means termination from employment with NOV on or within twelve months following a Change of Control that is either (i) initiated by NOV for reasons other than (a) the employee's gross negligence or willful misconduct in the performance of his duties with NOV or (b) the employee's final conviction of a felony or a misdemeanor involving moral turpitude, or (ii) initiated by employee after (a) a reduction by NOV of his authority, duties or responsibilities immediately prior to the Change of Control, (b) a reduction of his base salary or total compensation as in effect immediately prior to the Change of Control, or (c) his transfer, without his express written consent, to a location which is outside the general metropolitan area in which his principal place of business immediately prior to the Change of Control may be located or NOV's requiring him to travel on NOV business to a substantially greater extent than required immediately prior to the Change of Control. The term "Change of Control" shall mean: (i) NOV completes the sale of assets having a gross sales price which exceeds 50% of the consolidated total capitalization of NOV (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 (ii) 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 NOV representing more than 30% of the total votes eligible to be cast at any election of directors of NOV.

NON-EMPLOYEE DIRECTOR COMPENSATION

Members of our Board of Directors who are not full-time employees will receive the following cash compensation:

- For service on the Board of Directors – an annual retainer of $60,000, paid quarterly;
- For service as chairperson of the audit committee of the Board of Directors – an annual retainer of $20,000, paid quarterly;
- For service as chairperson of the compensation committee of the Board of Directors – an annual retainer of $15,000, paid quarterly;
- For service as chairperson of the nominating/corporate governance committee of the Board of Directors – an annual retainer of $15,000, 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 the compensation committee of the Board of Directors – an annual retainer of $5,000, paid quarterly;
- For service as a member of the nominating/corporate governance committee of the Board of Directors – an annual retainer of $5,000, paid quarterly; and
- $2,000 for each Board meeting and each committee meeting attended.

The Lead Director shall receive an annual retainer of $20,000, paid quarterly.

Directors of the Board who are also employees will not receive any compensation for their service as directors.

Members of the Board are also eligible to receive stock options and awards, including restricted stock, performance awards, phantom shares, stock payments, or SARs, under the NOW Inc. Long-Term Incentive Plan.

Members of the Board will receive a grant of restricted stock annually, to be granted on the date of each annual stockholders meeting, in an amount determined by dividing $120,000 by the closing stock price of our common stock on the New York Stock Exchange as of the date of our annual stockholders meeting. The restricted stock award shares will vest in three equal annual installments beginning on the first anniversary of the date of the grant.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

The Separation from NOV

The separation will be accomplished by means of the pro rata distribution by NOV of all of the outstanding shares of NOW Inc. common stock to holders of NOV common stock entitled to such distribution, as described under "The Separation and the Distribution" included elsewhere in this information statement. Completion of the distribution will be subject to satisfaction, or waiver by NOV, of the conditions to the separation and distribution described under "The Separation and the Distribution—Conditions to the Distribution."

Related-Party Transactions

As a current subsidiary of NOV, we engage in related-party transactions with NOV. Those transactions are described in more detail in Note 3 of Notes to Combined Financial Statements that accompany our audited combined financial statements included elsewhere in this information statement.

From and after the distribution date, we expect to have in effect a Code of Business Conduct and Ethics, which will require all directors and executive officers to promptly bring to the attention of the General Counsel and, in the case of directors, the Chairman of the Nominating/Corporate Governance Committee or, in the case of executive officers, the Chairman of the Audit Committee, any transaction or relationship that arises and of which she or he becomes aware that reasonably could be expected to constitute a related-party transaction. For purposes of the Company's Code of Business Conduct and Ethics, a related-party transaction is a transaction in which the Company (including its affiliates) is a participant and in which any director or executive officer (or their immediate family members) has or will have a direct or indirect material interest. For so long as NOV continues to be a related party following the distribution, transactions with NOV will be related-party transactions subject to the Code of Business Conduct and Ethics. Any such transaction or relationship will be reviewed by our company's management or the appropriate Board committee to ensure it does not constitute a conflict of interest and is reported appropriately. Additionally, the Nominating/Corporate Governance Committee's charter will provide for the committee to conduct an annual review of related-party transactions between each of our directors and the Company (and its affiliates) and to make recommendations to the Board of Directors regarding the continued independence of each Board member.

Agreements Between Us and NOV

As part of the separation and the distribution, we will enter into a Separation and Distribution Agreement and several other agreements with NOV to effect the separation and to provide a framework for our relationship with NOV after the separation and the distribution. These agreements will provide for the allocation between us and NOV of the assets, liabilities and obligations of NOV and its subsidiaries, and will govern various aspects of the relationship between us and NOV subsequent to the separation, including with respect to transition services, employee benefits, intellectual property rights, tax matters and other commercial relationships. In addition to the Separation and Distribution Agreement, which contains key provisions related to the separation and the distribution, these agreements will include, among others:

- Tax Matters Agreement;
- Employee Matters Agreement;
- Transition Services Agreement; and
- Two Master Supply Agreements.

The forms of certain of the principal agreements described below will be filed as exhibits to the registration statement of which this information statement is a part. The summaries of the material terms of these agreements are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

The terms and provisions of the agreements described below that will be in effect following the separation have not yet been finalized. Material changes may be made prior to the separation and will be included in a subsequent amendment to the registration statement of which this information statement is a part. No changes may be made after our separation from NOV without our consent.

Separation and Distribution Agreement

The Separation and Distribution Agreement will govern the terms of the separation of the distribution business from NOV's other businesses. Generally, the Separation and Distribution Agreement will include NOV's and our agreements relating to the restructuring steps to be taken to complete the separation, including the assets, equity interests and rights to be transferred, liabilities to be assumed, contracts to be assigned and related matters. Subject to the receipt of required governmental and other consents and approvals, in order to accomplish the separation, the Separation and Distribution Agreement will provide for NOV and us to transfer specified assets (including the equity interests of certain NOV subsidiaries) and liabilities between the companies that will operate the distribution business after the distribution, on the one hand, and NOV's remaining businesses, on the other hand.

Except as expressly set forth in the Separation and Distribution Agreement or any ancillary agreement, neither NOV nor NOW Inc. will make any representation or warranty as to the assets, equity interests, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value or freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either NOV or NOW Inc. or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value transferred in connection with the separation. All assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of any security interest, and that any necessary consents or governmental approvals are not obtained or that any requirements of laws, agreements, security interests or judgments are not complied with.

The Separation and Distribution Agreement will specify those conditions that must be satisfied or waived by NOV prior to the distribution. See "The Separation and the Distribution—Conditions to the Distribution" included elsewhere in this information statement. In addition, NOV will have the right to determine the date and terms of the distribution, and will have the right to determine to abandon or modify the distribution and to terminate the Separation and Distribution Agreement at any time prior to the distribution.

The Separation and Distribution Agreement will govern the treatment of aspects relating to indemnification, insurance, litigation responsibility, confidentiality, management, intellectual property (including trademarks) and cooperation.

Tax Matters Agreement

In connection with the separation and distribution, we will enter into a Tax Matters Agreement between us and NOV. The Tax Matters Agreement will set forth each party's rights and obligations with respect to deficiencies and refunds, if any, of federal, state, local, and foreign taxes for periods before and after the distribution, as well as taxes attributable to the separation and distribution, and related matters such as the filing of tax returns and the conduct of IRS and other audits. In addition, it is anticipated that the Tax Matters Agreement will impose certain restrictions on us and our subsidiaries (including restrictions on share issuances, business combinations, sales of assets and similar transactions) that are designed to preserve the generally tax-free status of the separation and distribution.

To the extent we are required to indemnify NOV (or its subsidiaries or other affiliates) or otherwise bear taxes under the Tax Matters Agreement, we may be subject to substantial liabilities.

Employee Matters Agreement

In connection with the separation and the distribution, we will enter into an Employee Matters Agreement between us and NOV. The Employee Matters Agreement will govern NOV's and our compensation and employee benefit obligations with respect to the current and former employees of each company, and generally will allocate liabilities and responsibilities relating to employee compensation and benefit plans and programs. The Employee Matters Agreement will provide for the treatment of outstanding NOV equity awards. The Employee Matters Agreement also will set forth the general principles relating to employee matters, including with respect to the assignment of employees and the transfer of employees from NOV to us, the assumption and retention of liabilities and related assets, expense reimbursements, workers' compensation, leaves of absence, the provision of comparable benefits, employee service credits, the sharing of employee information and the duplication or acceleration of benefits.

Transition Services Agreement

In connection with the separation and the distribution, we will enter into a Transition Services Agreement between us and NOV. The Transition Services Agreement will set forth the terms on which NOV will provide to us, and we will provide to NOV, on a temporary basis, certain services or functions that the companies historically have shared. Transition services may include administrative, payroll, human resources, data processing, environmental health and safety, financial audit support, financial transaction support, legal support services, IT and network infrastructure systems and various other support and corporate services. The Transition Services Agreement will provide for the provision of specified transition services generally for a period of up to 18 months.

Master Supply Agreements

In connection with the separation and distribution, we will enter into a Master Distributor Agreement and a Master Supply Agreement between us and NOV. Under the Master Distributor Agreement, we will act as a distributor of certain NOV products. Under the Master Supply Agreement, we will supply products and provide solutions, including supply chain management solutions, to NOV.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this information statement, all of the outstanding shares of our common stock are owned by NOV. After the distribution, NOV will not own any of our common stock. The following table provides information with respect to the expected beneficial ownership of our common stock immediately after the distribution by (1) each stockholder who is expected to be a beneficial owner of more than 5 percent of our outstanding common stock based on publicly available information, (2) each of our directors, (3) each executive officer named in the Summary Compensation Table and (4) all of our executive officers and director nominees as a group. Except as otherwise noted above or in the footnotes below, each person or entity identified below has sole voting and investment power with respect to such securities. To the extent our directors and executive officers own NOV common stock as of the record date for the distribution, they will participate in the distribution on the same terms as other holders of NOV common stock. The mailing address for each of the directors and executive officers listed below is 7402 North Eldridge Parkway, Houston, Texas 77041.

We have based the percentages below on each person's beneficial ownership of NOV common stock as of April 1, 2014, unless we indicate some other basis for the share amounts. We estimate that, based on the approximately 429 million shares of NOV common stock outstanding as of April 1, 2014 (excluding treasury shares and assuming no exercise of NOV options), distribution of 100 percent of our common stock and applying the distribution ratio, we will have approximately [—] shares of common stock outstanding immediately after the distribution.

	Shares of Common Stock to be Beneficially Owned	
Principal Stockholders and Address	**Number**	**Percent**
BlackRock, Inc.		
Director or Named Executive Officer		
Mr. Merrill A. Miller, Jr.		
Mr. Robert R. Workman		
Mr. Daniel L. Molinaro		
Mr. Raymond W. Chang		
Mr. David A. Cherechinsky		
Mr. Rodney W. Ecds		
Mr. J. Wayne Richards		
All directors and named executive officers as a group ([—] persons)		

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of information concerning our capital stock. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of our amended and restated certificate of incorporation or of our amended and restated bylaws, as each is anticipated to be in effect at the time of the distribution. The summary is qualified in its entirety by reference to these documents, which you must read for complete information on our capital stock. Our certificate of incorporation and bylaws to be in effect at the time of the distribution will be included as exhibits to our registration statement of which this information statement is a part. The summaries and descriptions below do not purport to be complete statements of Delaware corporate law.

Distributions of Securities

In the past three years, NOW Inc. has not sold any securities, including sales of reacquired securities, new issues (other than to NOV in connection with our formation), securities issued in exchange for property, services or other securities and new securities resulting from the modification of outstanding securities.

Common Stock

Immediately after the distribution, our authorized capital stock will consist of [—] million shares of common stock, par value $0.01 per share, and [—] million shares of preferred stock, par value $0.01 per share, all of which shares of preferred stock will be undesignated.

Shares Outstanding

Immediately following the distribution, we expect that approximately [—] million shares of our common stock will be issued and outstanding based upon approximately 429 million shares of NOV common stock outstanding as of April 1, 2014 and applying the distribution ratio of one share of our common stock for every [—] shares of NOV common stock held as of the record date (without accounting for cash to be issued in lieu of fractional shares).

Voting Rights

Each share of common stock will be entitled to one vote on all matters submitted to a vote of stockholders. To be elected in an uncontested election for Board members, a director nominee must receive more votes “for” than “against” by shares present in person or by proxy and entitled to vote. In a contested election for Board members, the Board members will be elected by a plurality of shares present in person or by proxy and entitled to vote.

Holders of shares of our common stock will not have cumulative voting rights. In other words, a holder of a single share of common stock cannot cast more than one vote for each position to be filled on our Board of Directors. A consequence of not having cumulative voting rights is that the holders of a majority of the shares of common stock entitled to vote in the election of directors can elect all directors standing for election, which means that the holders of the remaining shares will not be able to elect any directors.

Other Rights

In the event of any liquidation, dissolution or winding up of the Company, after the satisfaction in full of the liquidation preferences of holders of any preferred shares, holders of shares of our common stock will be entitled to ratable distribution of the remaining assets available for distribution to stockholders. The shares of our common stock will not be subject to redemption by operation of a sinking fund or otherwise. Holders of shares of our common stock will not be entitled to preemptive or conversion rights or other subscription rights. The rights, preferences and privileges of the holders of NOW Inc. common stock will be subject to, and may be adversely affected by, the rights of the holders of shares of any series or preferred stock that NOW Inc. may designate and issue in the future.

Fully Paid

The issued and outstanding shares of our common stock will be fully paid and non-assessable. This means the full purchase price for the outstanding shares of our common stock will have been paid and the holders of such shares will not be assessed any additional amounts for such shares. Any additional shares of common stock that we may issue in the future will also be fully paid and non-assessable.

Preferred Stock

Our certificate of incorporation will authorize our Board of Directors, subject to any limitations prescribed by the DGCL or our certificate of incorporation, to designate and issue from time to time one or more series of preferred stock without stockholder approval. Our Board of Directors will be vested with the authority to fix by resolution the designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, including, without limitation, redemption rights, dividend rights, liquidation preferences and conversion or exchange rights of any class or series of preferred stock, and to fix the number of classes or series of preferred stock, the number of shares constituting any such class or series and the voting powers for each class or series. We believe that the ability of our Board of Directors to issue one or more series of our preferred stock will provide us with flexibility in structuring possible future financings and acquisitions, and in meeting other corporate needs that might arise.

The authority of the Board of Directors to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of our Company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Our Board of Directors may issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock. No current agreements or understandings exist with respect to the issuance of preferred stock, and, as of the date of this document, our Board of Directors has no intention to issue any shares of preferred stock.

Restrictions on Payment of Dividends

We are incorporated in Delaware and are governed by Delaware law. Holders of shares of our common stock will be entitled to receive dividends, subject to prior dividend rights of the holders of any preferred shares, when, as and if declared by our Board of Directors out of funds legally available for that purpose. We do not currently anticipate paying dividends on our common stock. We currently intend to retain our future earnings to support the growth and development of our business. The payment of future cash dividends, if any, will be at the discretion of our Board of Directors and will depend upon, among other things, our financial condition, results of operations, capital requirements and development expenditures, future business prospects and any restrictions imposed by future debt instruments. See “Dividend Policy” included elsewhere in this information statement.

Size of Board and Vacancies; Removal

Upon completion of the separation and the distribution, we expect that nine individuals will serve on our Board of Directors. Our certificate of incorporation will provide that our directors will be divided into three classes, as nearly equal in number as possible, with the members of each class serving staggered three-year terms. Class I directors will have an initial term expiring in 2015, Class II directors will have an initial term expiring in 2016 and Class III directors will have an initial term expiring in 2017. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our Board of Directors could have the effect of increasing the length of time necessary to change the composition of a majority of the Board of Directors; in general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of the Board of Directors.

Our certificate of incorporation and bylaws will provide, subject to the rights of holders of a series of shares of preferred stock to elect one or more directors pursuant to any provisions of any certificate of designation relating

to any such series, that the number of directors will be fixed exclusively by a majority of the entire Board of Directors from time to time. Our certificate of incorporation will also provide that directors may be removed only with cause and only by the affirmative vote of the holders of at least 80 percent of the voting power of the then-outstanding voting stock. Our bylaws will provide that, unless the Board of Directors determines otherwise, vacancies, however created, may be filled only by a majority of the remaining directors, even if less than a quorum.

No Stockholder Action by Written Consent

Our certificate of incorporation will provide that our stockholders may act only at an annual or special meeting of stockholders and may not act by written consent.

Special Meetings of Stockholders

Our bylaws will provide that special meetings of stockholders may be called only by the Chief Executive Officer or the Board of Directors, pursuant to a resolution adopted by a majority of the directors the Company would have if there were no vacancies. Stockholders may not call special meetings.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws will contain advance-notice and other procedural requirements that apply to stockholder proposals and stockholder nominations of candidates for the election of directors. Proper notice must be both timely and must include certain information about the stockholder making the proposal or nomination, as applicable, and about the proposal or candidate being nominated, as applicable. In the case of any annual meeting, to be timely, a stockholder proposing to nominate a person for election to our Board of Directors or proposing that any other action be taken must give our corporate secretary written notice of the proposal not less than the 90th day and not earlier than the 120th day before the anniversary of the date on which we first mailed proxy materials for the immediately preceding annual meeting of stockholders. This deadline is subject to an exception if the date of the annual meeting is more than 30 days before or more than 30 days after the first anniversary of the preceding year's annual meeting of stockholders in which case written notice must be given to our corporate secretary not later than the 120th day prior to such annual meeting or the 10th day after public announcement of the annual meeting date is first made. If the Chief Executive Officer or the Board of Directors calls a special meeting of stockholders for the election of directors, a stockholder proposing to nominate a person for that election must give our corporate secretary written notice of the proposal not earlier than the 120th day and not later than the 90th day prior to the special meeting, or the 10th day after public announcement of the special meeting date and the nominees proposed by the Board of Directors is first given by the Company.

These advance-notice provisions may have the effect of precluding a contest for the election of our directors or the consideration of stockholder proposals if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal, without regard to whether consideration of those nominees or proposals might be harmful or beneficial to us and our stockholders.

Amendments to the Certificate of Incorporation and Bylaws

Our certificate of incorporation will provide that the affirmative vote of the holders of at least 80 percent of our voting stock then outstanding is required to amend certain provisions of the certificate of incorporation, including those relating to the number and classification of the Board of Directors, term and removal of directors, the calling of special meetings of stockholders and exclusive venue for specified disputes. Our certificate of incorporation will also provide that the affirmative vote of holders of at least 80 percent of the voting power of the voting stock then outstanding will be required to amend certain provisions of the bylaws, including those relating to the calling of special meetings of stockholders, stockholder action by written consent, composition

and classification of the Board of Directors, vacancies on the Board of Directors, term and removal of directors and director and officer indemnification. Our certificate of incorporation will also confer upon our Board of Directors the right to amend our bylaws.

Exclusive Forum

Our bylaws will provide that, unless our Board of Directors consents in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our stockholders, creditors or other constituents, any action asserting a claim against us or any of our directors or officers arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws (as either may be amended from time to time) or any action asserting a claim against us or any of our directors or officers governed by the internal affairs doctrine. If (and only if) the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state court located within the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware.

Delaware Statutory Business Combination Statute

We will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 prevents an "interested stockholder," which is defined generally as a person owning 15 percent or more of a Delaware corporation's outstanding voting stock or any affiliate or associate of that person, from engaging in a broad range of "business combinations" with the corporation for three years following the date on which that person became an interested stockholder unless:

- Before that person became an interested stockholder, the board of directors of the corporation approved the transaction in which that person became an interested stockholder or approved the business combination;
- On completion of the transaction that resulted in that person's becoming an interested stockholder, that person owned at least 85 percent of the voting stock of the corporation outstanding at the time the transaction commenced, other than stock held by (1) directors who are also officers of the corporation or (2) any employee stock plan that does not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- Following the transaction in which that person became an interested stockholder, both the board of directors of the corporation and the holders of at least two-thirds of the outstanding voting stock of the corporation not owned by that person approve the business combination.

Under Section 203, the restrictions described above also do not apply to specific business combinations proposed by an interested stockholder following the announcement or notification of designated extraordinary transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors, if a majority of the directors who were directors prior to any person's becoming an interested stockholder during the previous three years, or were recommended for election or elected to succeed those directors by a majority of those directors, approve or do not oppose that extraordinary transaction.

Limitation on Liability of Directors, Indemnification of Directors and Officers, and Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, and NOW Inc.'s certificate of incorporation will include such an exculpation provision.

Our certificate of incorporation will provide that no director will be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or

limitation on liability is not permitted under the DGCL, as now in effect or as amended. Currently, Section 102(b)(7) of the DGCL requires that liability be imposed for the following:

- Any breach of the director's duty of loyalty to our Company or our stockholders.
- Any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law.
- Unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL.
- Any transaction from which the director derived an improper personal benefit.

Additionally, Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party by reason of the fact that the person is or was a director, officer, employee or agent of the corporation (other than an action by or in the right of the corporation—a "derivative action"), if such person acted in good faith and in a manner such person 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 such person's conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's bylaws, disinterested director vote, stockholder vote, agreement or otherwise. Our certificate of incorporation and bylaws will provide that, to the fullest extent authorized or permitted by the DGCL, as now in effect or as amended, we will 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 by reason of the fact that such person, or a person of whom he or she is the legal representative, is or was our director or officer, or by reason of the fact that our director or officer is or was serving, at our request, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by us. We will indemnify such persons against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action if such person acted in good faith and in a manner reasonably believed to be in our best interests and, with respect to any criminal proceeding, had no reason to believe their conduct was unlawful. A similar standard will be applicable in the case of derivative actions, except that indemnification will only extend to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such actions, and court approval will be required before there can be any indemnification where the person seeking indemnification has been found liable to us. Any amendment of this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

We also intend to obtain insurance policies that insure our directors and officers and those of our subsidiaries against certain liabilities they may incur in their capacity as directors and officers. The insurance will provide coverage, subject to its terms and conditions, if the Company is unable to (*e.g.*, due to bankruptcy) or unwilling to indemnify the directors and officers for a covered wrongful act.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be AST. Registered stockholders in the U.S. can contact AST at (800) 937-5449 or through its website at www.amstock.com. Stockholders from outside the U.S. can contact AST at (718) 921-8124.

Stock Exchange Listing

Our common stock will trade on the NYSE under the ticker symbol "DNOW."

DESCRIPTION OF INDEBTEDNESS

Credit Facility

On April 18, 2014, we entered into a five-year senior unsecured credit facility with a syndicate of lenders, including Wells Fargo Bank, National Association, as administrative agent. The credit facility will become available to us upon the satisfaction of customary conditions, including the consummation of the distribution. The credit facility will be for an aggregate principal amount of up to $750 million with sub-facilities for standby letters of credit and swingline loans, each with a sublimit of $150 million and $50 million, respectively. We have the right, subject to certain conditions, to increase the aggregate principal amount of commitments under the credit facility by $250 million.

The credit facility will be unsecured and guaranteed by our domestic subsidiaries. In the event that we or any subsidiary incurs long-term debt which is secured (other than certain excluded obligations), then we are required to secure the credit facility on equal terms with the security granted to such future debt.

The credit agreement related to the credit facility contains usual and customary affirmative and negative covenants for credit facilities of this type including financial covenants consisting of (a) a maximum capitalization ratio (as defined in the credit agreement) of 50% and (b) a minimum interest coverage ratio (as defined in the credit agreement) of no less than 3.00x.

Borrowings under the credit facility will bear interest at a base rate (as defined in the credit agreement) plus an applicable interest margin based on our capitalization ratio. The base rate is calculated as the highest of (a) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1%, (b) the prime commercial lending rate of the administrative agent, as established from time to time at its principal U.S. office, and (c) the Daily One-Month LIBOR (as defined in the credit agreement) plus 1%. We also have the option for our borrowings under the credit facility to bear interest based on LIBOR (as defined in the credit agreement). The credit agreement also provides for customary fees, including administrative agent fees, commitment fees, fees in respect of letters of credit and other fees.

The credit agreement relating to the credit facility is filed as an exhibit to the registration statement of which this information statement is a part. The foregoing summary of the material terms of the credit agreement is qualified in its entirety by reference to the full text of that credit agreement, which is incorporated by reference into this information statement.

DELIVERY OF INFORMATION STATEMENT

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy delivery requirements for information statements with respect to two or more stockholders sharing the same address by delivering a single information statement to those stockholders. This process, known as "householding," is intended to provide greater convenience for stockholders, and cost savings for companies, by reducing the number of duplicate documents that stockholders receive. Unless contrary instructions from one or more stockholders sharing an address have been received, only one copy of this information statement will be delivered to those multiple stockholders sharing an address.

If, at any time, a stockholder no longer wishes to participate in "householding" and would prefer to receive separate copies of the information statement, the stockholder should notify his or her intermediary or, if shares are registered in the stockholder's name, should contact us at the address and telephone number provided below. Any stockholder who currently receives multiple copies of the information statement at his or her address and would like to request "householding" of communications should contact his or her intermediary or, if shares are registered in the stockholder's name, should contact us at the address and telephone number provided below. Additionally, we will deliver, promptly upon written or oral request directed to the address or telephone number below, a separate copy of the information statement to any stockholders sharing an address to which only one copy was mailed.

NOV Investor Relations
7909 Parkwood Circle Drive
Houston, Texas 77036-6565
(713) 346-7500

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock that NOV stockholders will receive in the distribution. This information statement is a part of that registration statement and, as allowed by SEC rules, does not include all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For additional information relating to our company and to the separation and the distribution, reference is made to the registration statement and the exhibits and schedules to the registration statement. Statements contained in this information statement as to the contents of any contract or document referred to are not necessarily complete and, in each instance, if the contract or document is filed as an exhibit to the registration statement, we refer you to the copy of the contract or document filed as an exhibit to the registration statement. Each such statement is qualified in all respects by reference to the applicable contract or document.

Following the distribution, we will file annual, quarterly and special reports, proxy statements and other information with the SEC. We intend to furnish our stockholders with annual reports containing combined financial statements audited by an independent registered public accounting firm. The registration statement is, and any of these future filings with the SEC will be, available to the public over the internet on the SEC's website at www.sec.gov. You may read and copy any filed document at the SEC's public reference rooms in Washington, D.C. at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information about the public reference rooms.

We plan to make our filings with the SEC available free of charge on our website at www.dnow.com and to provide our filings free of charge upon written request to our Investor Relations department at NOW Inc. 7402 North Eldridge Parkway, Houston, Texas 77041.

Our website and the information contained on that site, or connected to that site, are not and shall not be deemed to be incorporated into this information statement or the registration statement of which this information statement is a part or any other filings we make with the SEC.

No person is authorized to give any information or to make any representations or warranties with respect to the matters described in this information statement other than those contained in this information statement and, if given or made, such information or representation or warranty must not be relied upon as having been authorized by us or by NOV. Neither the delivery of this information statement nor the completion of the distribution shall, under any circumstances, create any implication that there has been no change in our affairs or those of NOV since the date of this information statement is correct as of any time after its date.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NOW INC.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
National Oilwell Varco, Inc.

We have audited the accompanying combined balance sheets of NOW Inc. as of December 31, 2013 and 2012, and the related combined statements of income, comprehensive income, changes in net parent company investment, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index to Financial Statements. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of NOW Inc. at December 31, 2013 and 2012, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Houston, Texas
February 26, 2014

NOW Inc.
COMBINED BALANCE SHEETS
(In millions)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 101	$ 138
Receivables, net	661	692
Inventories, net	850	1,015
Deferred income taxes	21	18
Prepaid and other current assets	29	19
Total current assets	1,662	1,882
Property, plant and equipment, net	102	61
Deferred income taxes	15	11
Goodwill	333	343
Intangibles, net	68	74
Other assets	3	2
Total assets	$ 2,183	$ 2,373
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 264	$ 272
Accrued liabilities	99	113
Accrued income taxes	—	6
Total current liabilities	363	391
Deferred income taxes	16	9
Other liabilities	2	2
Total liabilities	381	402
Commitments and contingencies		
Net parent company investment		
Net parent company investment	1,802	1,953
Accumulated other comprehensive income	—	18
Total net parent company investment	1,802	1,971
Total liabilities and net parent company investment	$ 2,183	$ 2,373

The accompanying notes are an integral part of these statements.

NOW Inc.
COMBINED STATEMENTS OF INCOME
(In millions)

	Years Ended December 31,		
	2013	**2012**	**2011**
Revenue	$4,296	$3,414	$1,641
Operating expenses			
Cost of products	3,499	2,803	1,283
Operating and warehousing costs	412	315	157
Selling, general and administrative	161	128	73
Operating profit	224	168	128
Other income (expense), net	(2)	(3)	—
Income before income taxes	222	165	128
Provision for income taxes	75	57	43
Net income	$ 147	$ 108	$ 85

The accompanying notes are an integral part of these statements.

NOW Inc.
COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2013	**2012**	**2011**
Net income	$ 147	$ 108	$ 85
Other comprehensive income (loss):			
Currency translation adjustments	(18)	9	(25)
Comprehensive income	$ 129	$ 117	$ 60

The accompanying notes are an integral part of these statements.

NOW Inc.
COMBINED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,		
	2013	**2012**	**2011**
Cash flows from operating activities:			
Net income	$ 147	$ 108	$ 85
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	17	12	6
Deferred income taxes	3	(7)	(11)
Other	12	7	4
Change in operating assets and liabilities, net of acquisitions:			
Receivables	23	(25)	(66)
Inventories	158	(87)	(36)
Prepaid and other current assets	(11)	(3)	(2)
Accounts payable	(9)	(59)	22
Income taxes payable	(6)	(1)	—
Other assets/liabilities, net	(17)	43	(5)
Net cash provided by (used in) operating activities	317	(12)	(3)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(55)	(14)	(4)
Business acquisitions, net of cash acquired	—	(1,113)	(30)
Other, net	1	—	—
Net cash used in investing activities	(54)	(1,127)	(34)
Cash flows from financing activities:			
Contributions from (distributions to) parent company	(298)	1,185	(37)
Other	(1)	(1)	(1)
Net cash provided by (used in) financing activities	(299)	1,184	(38)
Effect of exchange rates on cash	(1)	2	3
Increase (decrease) in cash and cash equivalents	(37)	47	(72)
Cash and cash equivalents, beginning of period	138	91	163
Cash and cash equivalents, end of period	$ 101	$ 138	$ 91
Supplemental disclosures of cash flow information:			
Cash payments during the period for:			
Income taxes	$ 73	$ 65	$ 38

The accompanying notes are an integral part of these statements.

NOW Inc.
COMBINED STATEMENTS OF CHANGES IN NET PARENT COMPANY INVESTMENT
(In millions)

	Net Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Net Parent Company Investment
Balance at December 31, 2010	$ 612	$ 34	$ 646
Net income	85	—	85
Other comprehensive income, net	—	(25)	(25)
Contributions from (distributions to) parent company	(37)	—	(37)
Balance at December 31, 2011	$ 660	$ 9	$ 669
Net income	108	—	108
Other comprehensive loss, net	—	9	9
Contributions from (distributions to) parent company	1,185	—	1,185
Balance at December 31, 2012	$ 1,953	$ 18	$ 1,971
Net income	147	—	147
Other comprehensive income, net	—	(18)	(18)
Contributions from (distributions to) parent company	(298)	—	(298)
Balance at December 31, 2013	$ 1,802	$ —	$ 1,802

The accompanying notes are an integral part of these statements.

1. Organization and Basis of Presentation

The Separation

On September 24, 2013, National Oilwell Varco, Inc. ("NOV") announced approval by its Board of Directors to pursue the separation of its distribution business into a stand-alone, publicly traded corporation. This separation is expected to be completed in accordance with a separation and distribution agreement between NOV and NOW Inc. NOV intends to distribute, on a pro rata basis, all of the shares of NOW Inc. common stock to the NOV shareholders as of the record date for the separation. NOW Inc. was incorporated in Delaware as a wholly owned subsidiary of NOV on November 22, 2013. The separation is subject to market conditions, customary regulatory approvals, and final approval by NOV's Board of Directors.

Basis of Presentation

These combined financial statements were prepared in connection with the expected separation and are derived from the accounting records of NOV. These statements reflect the combined historical results of operations, financial position and cash flows of NOW Inc. operations and an allocable portion of corporate costs.

These financial statements are presented as if such businesses had been combined for all periods presented. All intercompany transactions and accounts within NOW Inc. have been eliminated. The assets and liabilities in the combined financial statements have been reflected on a historical cost basis, as immediately prior to the separation all of the assets and liabilities presented are wholly owned by NOV and are being transferred within NOV. The combined statement of income also includes expense allocations for certain corporate functions historically performed by NOV. and not allocated to its operating segments, including allocations of general corporate expenses related to executive oversight, accounting, treasury, tax, legal, procurement and information technology. These allocations are based primarily on specific identification of time and/or activities associated with NOW Inc., employee headcount or capital expenditures. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from NOV, are reasonable. Nevertheless, the combined financial statements may not include all of the actual expenses that would have been incurred had we been a stand-alone public company during the periods presented and may not reflect our combined results of operations, financial position and cash flows had we been a stand-alone public company during the periods presented. Actual costs that would have been incurred if we had been a stand-alone public company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

2. Summary of Significant Accounting Policies

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, receivables, and payables approximated fair value because of the relatively short maturity of these instruments. Cash equivalents include only those investments having a maturity date of three months or less at the time of purchase.

Inventories

Inventories consist of oilfield and industrial finished goods. Inventories are stated at the lower of cost or market and using average cost methods. Allowances for excess and obsolete inventories are determined based on our historical usage of inventory on-hand as well as our future expectations. The allowance, which totaled $31 million and $32 million at December 31, 2013 and 2012, respectively, is the amount necessary to reduce the cost of the inventory to its net realizable value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for major improvements that extend the lives of property and equipment are capitalized while minor replacements, maintenance and repairs are charged to operations as incurred. Disposals are removed at cost less accumulated depreciation with any resulting gain or loss reflected in operations. Depreciation is provided using the straight-line method over the estimated useful lives of individual items. Depreciation expense was $11 million, $8 million and $4 million for the years ended December 31, 2013, 2012 and 2011, respectively. The estimated useful lives of the major classes of property, plant and equipment are included in Note 6 to the combined financial statements.

Intangible Assets

The Company has approximately $333 million of goodwill and $68 million of identified intangible assets at December 31, 2013. Generally accepted accounting principles require the Company to test goodwill for impairment at least annually or more frequently whenever events or circumstances occur indicating that such assets might be impaired.

Goodwill is identified by segment as follows (in millions):

	United States	Canada	International	Total
Balance at December 31, 2011	$ 21	$ 14	$ 17	$ 52
Goodwill acquired during period	183	103	5	291
Currency translation adjustments and other	—	—	—	—
Balance at December 31, 2012	$ 204	$ 117	$ 22	$ 343
Currency translation adjustments and other	(2)	(8)	—	(10)
Balance at December 31, 2013	$ 202	$ 109	$ 22	$ 333

Identified intangible assets with determinable lives consist primarily of customer relationships, trademarks, trade names, patents, and technical drawings acquired in acquisitions, and are being amortized on a straight-line basis over the estimated useful lives of 2-30 years. Amortization expense of identified intangibles is expected to be approximately $6 million in each of the next five years.

The net book values of identified intangible assets are identified by segment as follows (in millions):

	United States	Canada	International	Total
Balance at December 31, 2011	$ —	$ 1	$ 19	$ 20
Additions to intangible assets	55	2	1	58
Amortization	(2)	—	(2)	(4)
Balance at December 31, 2012	$ 53	$ 3	$ 18	$ 74
Amortization	(3)	(1)	(2)	(6)
Balance at December 31, 2013	$ 50	$ 2	$ 16	$68

Identified intangible assets by major classification consist of the following (in millions):

	Gross	Accumulated Amortization	Net Book Value
December 31, 2012:			
Trademarks	$ 58	$ (3)	$ 55
Customer relationships	13	(2)	11
Patents	5	—	5
Other	4	(1)	3
Total identified intangibles	$ 80	$ (6)	$ 74
December 31, 2013:			
Trademarks	$ 58	$ (6)	$ 52
Customer relationships	13	(3)	10
Patents	5	—	5
Other	4	(3)	1
Total identified intangibles	$ 80	$ (12)	$ 68

The Company performed its annual impairment analysis for its goodwill during the fourth quarter of 2013 resulting in no impairment. The valuation techniques used in the annual test were consistent with those used during previous testing. The inputs used in the annual test were updated for current market conditions and forecasts.

Foreign Currency

The functional currency for most of our foreign operations is the local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the U.S. dollar at current exchange rates are included in accumulated other comprehensive income (loss). Revenues and expenses are translated at average exchange rates in effect during the period. Certain other foreign operations, including our operations in Norway, use the U.S. dollar as the functional currency. Accordingly, financial statements of these foreign subsidiaries are remeasured to U.S. dollars for consolidation purposes using current rates of exchange for monetary assets and liabilities and historical rates of exchange for nonmonetary assets and related elements of expense. Revenue and expense elements are remeasured at rates that approximate the rates in effect on the transaction dates. For all operations, gains or losses from remeasuring foreign currency transactions into the functional currency are included in income. Net foreign currency transaction gains (losses) were $(2) million, $(3) million and nil for the years ending December 31, 2013, 2012 and 2011, respectively, and are included in other income (expense) in the accompanying combined statements of income.

Revenue Recognition

The Company sells products through store fronts, on-site and eCommerce. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. Generally, across every channel, these conditions are met when the product is shipped or picked up by the customer. Revenues are presented net of return allowances and include freight charges billed to customers. Sales tax collected from customers is excluded from revenue in the accompanying combined statements of income.

Cost of Products

Cost of products includes the cost of inventory sold and related items, such as vendor consideration, inventory allowances and shipping and handling and inbound and outbound freight.

Operating and Warehousing Costs

Operating and Warehousing Costs include branch location and distribution center expenses (including compensation, benefits and rent).

Vendor Consideration

The Company receives funds from vendors in the normal course of business, principally as a result of purchase volumes. Generally, these vendor funds do not represent the reimbursement of specific, incremental and identifiable costs incurred by the Company to sell the vendor's product. Therefore, the Company treats these funds as a reduction of inventory when purchased and once these goods are sold to third parties the associated amount is credited to cost of sales. The Company develops accrual rates for vendor consideration based on the provisions of the arrangements in place, historical trends, purchases and future expectations. Due to the complexity and diversity of the individual vendor agreements, the Company performs analyses and reviews historical trends throughout the year and confirms actual amounts with select vendors to ensure the amounts earned are appropriately recorded. Amounts accrued throughout the year could be impacted if actual purchase volumes differ from projected annual purchase volumes, especially in the case of programs that provide for increased funding when graduated purchase volumes are met.

Income Taxes

The liability method is used to account for income taxes. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to amounts which are more likely than not to be realized.

Concentration of Credit Risk

We grant credit to our customers, which operate primarily in the oil and gas industry. Concentrations of credit risk are limited because we have a large number of geographically diverse customers, thus spreading trade credit risk. We control credit risk through credit evaluations, credit limits and monitoring procedures. We perform periodic credit evaluations of our customers' financial condition and generally do not require collateral, but may require letters of credit for certain international sales. Credit losses are provided for in the financial statements. Allowances for doubtful accounts are determined based on a continuous process of assessing the Company's portfolio on an individual customer basis taking into account current market conditions and trends. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts, and financial condition of the Company's customers. Based on a review of these factors, the Company will establish or adjust allowances for specific customers. Accounts receivable are net of allowances for doubtful accounts of approximately $22 million and $15 million at December 31, 2013 and 2012.

Stock-Based Compensation

Compensation expense for the Company's participation in NOV's stock-based compensation plans is measured using the fair value method required by ASC Topic 718 "Compensation—Stock Compensation" ("ASC Topic 718"). Under this guidance the fair value of NOV stock option grants and NOV restricted stock is amortized to expense using the straight-line method over the shorter of the vesting period or the remaining employee service period.

The Company provides compensation benefits to employees and non-employee directors under share-based payment arrangements, including various employee stock option plans.

Total compensation cost that has been charged against income for all share-based compensation arrangements was $6 million, $6 million and $5 million for 2013, 2012 and 2011, respectively. The total income tax benefit recognized in the income statement for all share-based compensation arrangements was $2 million, $2 million and $2 million for 2013, 2012 and 2011, respectively.

Environmental Liabilities

When environmental assessments or remediations are probable and the costs can be reasonably estimated, remediation liabilities are recorded on an undiscounted basis and are adjusted as further information develops or circumstances change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported and contingent amounts of assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates include but are not limited to, estimated losses on accounts receivable, estimated realizable value on excess and obsolete inventory, estimated accruals for vendor consideration, contingencies, estimated liabilities for litigation exposures, estimates related to the fair value of reporting units for purposes of assessing for impairment and estimates related to deferred tax assets and liabilities, including valuation allowances on deferred tax assets. Actual results could differ from those estimates.

Contingencies

The Company accrues for costs relating to litigation claims and other contingent matters, when such liabilities become probable and reasonably estimable. Such estimates may be based on advice from third parties or on management's judgment, as appropriate. Revisions to contingent liabilities are reflected in income in the period in which different facts or information become known or circumstances change that affect the Company's previous judgments with respect to the likelihood or amount of loss. Amounts paid upon the ultimate resolution of contingent liabilities may be materially different from previous estimates and could require adjustments to the estimated reserves to be recognized in the period such new information becomes known.

In circumstances where the most likely outcome of a contingency can be reasonably estimated, we accrue a liability for that amount. Where the most likely outcome cannot be estimated, a range of potential losses is established and if no one amount in that range is more likely than others, the low end of the range is accrued.

3. Related Party Transactions and Net Parent Company Investment

Allocation of General Corporate Expenses

The combined financial statements include expense allocations for certain functions provided by NOV as well as other NOV employees not solely dedicated to NOW Inc., including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, ethics and compliance, shared services, employee benefits and incentives, and share-based compensation. These expenses have been allocated to NOW Inc. on the basis of direct usage when identifiable, with the remainder allocated on the basis of operating profit, headcount or other measure. During 2013, 2012 and 2011, NOW Inc. was allocated $9 million, $7 million and $7 million, respectively, of general corporate expenses incurred by NOV which is included within selling, general and administrative expenses in the combined statements of operations.

The expense allocations have been determined on a basis that is considered to be a reasonable reflection of the utilization of services provided or the benefit received by the Company during the periods presented. The allocations do not, however, reflect the expense the Company would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if the Company had been a stand-alone public company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Net Parent Company Investment

Net contributions from (distributions to) net parent company investment are included within net parent company investment on the Combined Statements of Net Parent Company Investment and Comprehensive Income. The components of the net transfers from/(to) parent as of December 31, 2013, 2012 and 2011 are as follows (in millions):

	December 31,		
	2013	2012	2011
Net contributions from (distributions to) parent company per the combined changes in net parent company investment	$(151)	$ 1,293	$ 48
Less: Net income	(147)	(108)	(85)
Contributions from (distributions to) parent company per the statement of cash flows	$(298)	$1,185	$ (37)

The combined financial statements include certain assets and liabilities that have historically been held at the parent company corporate level but which are specifically identifiable or otherwise allocable to the Company. The cash and cash equivalents held by the parent company at the corporate level are not specifically identifiable to NOW Inc. and therefore were not allocated to it for any of the periods presented. Cash and equivalents in the Company's combined balance sheets primarily represent cash held locally by entities included in its combined financial statements. Transfers of cash to and from the parent company's cash management system are reflected as a component of net parent company investment on the combined balance sheets.

All significant intercompany transactions between NOW Inc. and the parent company have been included in these combined financial statements and are considered to be effectively settled for cash in the combined financial statements at the time the transaction is recorded when the underlying transaction is to be settled in cash by the parent company. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flow as a financing activity and in the combined balance sheets as parent company investment.

4. Acquisitions

2012

In the year ended December 31, 2012, the Company completed three acquisitions for an aggregate purchase price of $1,113 million, net of cash acquired, including the following:

- All the shares of Wilson International, Inc. ("Wilson"), a U.S.-based distributor of pipe, valves and fittings as well as mill, tool and safety products, acquired on May 31, 2012.
- All the shares of CE Franklin Ltd. ("CE Franklin"), a Canada-based distributor of pipe, valves, flanges, fittings, production equipment, tubular products and other general oilfield supplies to oil and gas producers in Canada as well as to the oil sands, refining, heavy oil, petrochemical, forestry and mining industries, acquired on July 19, 2012.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of each 2012 acquisition (in millions):

	Wilson	CE Franklin	Other	Total
Current assets, net of cash acquired	$ 797	$ 202	$ 4	$ 1,003
Property, plant and equipment	20	13	—	33
Intangible assets	56	2	—	58
Goodwill	217	74	—	291
Other assets	2	1	—	3
Total assets acquired	1,092	292	4	1,388
Current liabilities	218	55	—	273
Other liabilities	2	—	—	2
Total liabilities	220	55	—	275
Cash consideration, net of cash acquired	$ 872	$ 237	$ 4	$1,113

The Company allocated $58 million to intangible assets (20 year weighted-average life), comprised of trademarks. Goodwill specifically includes the expected synergies and other benefits that the Company believes will result from combining its operations with those of businesses acquired and other intangible assets that do not qualify for separate recognition, such as assembled workforce in place at the date of each acquisition. The amount allocated to goodwill represents the excess of the purchase price over the fair value of the net assets acquired. Goodwill resulting from the Wilson acquisition is deductible for tax purposes while the CE Franklin acquisition is not deductible for tax purposes.

Unaudited Pro Forma Financial Information

The unaudited financial information in the table below summarizes the combined results of operations of NOV's legacy distribution business, Wilson and CE Franklin, on a pro forma basis, as though the companies had been combined as of the beginning of each of the periods presented. The pro forma financial information is presented for informational purposes only and may not be indicative of the results of operations that would have been achieved if the acquisitions had taken place at the beginning of each of the periods presented. The pro forma financial information for all periods presented includes the business combination accounting effect on historical Wilson and CE Franklin revenues, adjustments to depreciation on acquired property, amortization charges from acquired intangible assets, financing costs on new debt in connection with the acquisition and related tax effects.

The unaudited pro forma financial information for the years ended December 31, 2012 and 2011 combines the historical results for NOW Inc. for the years ended December 31, 2012 and 2011 and the historical results for Wilson and CE Franklin for the years ended December 31, 2012 and 2011 (in millions):

	December 31,	
	2012	2011
Total revenues	$4,613	$4,260
Net income	$ 164	$ 141

2011

The Company acquired all of the shares of Capital Valves Limited, a U.K.-based valve distributor to the energy industry, on February 23, 2011 for approximately $30 million. Of the purchase price, approximately $11 million was allocated to goodwill and $22 million to intangibles.

5. Inventories, net

Inventories consist of (in millions):

	December 31,	
	2013	2012
Finished goods	$881	$ 1,047
Less: inventory reserves	(31)	(32)
Total	$850	$1,015

6. Property, Plant and Equipment

Property, plant and equipment consist of (in millions):

	Estimated Useful Lives	December 31,	
		2013	2012
Information technology equipment	1-7 Years	$ 44	$ 49
Land and buildings	5-35 Years	62	33
Operating equipment	3-15 Years	57	33
		163	115
Less: accumulated depreciation		(61)	(54)
Total		$ 102	$ 61

7. Accrued Liabilities

Accrued liabilities consist of (in millions):

	December 31,	
	2013	2012
Compensation and other related expenses	$ 24	$ 30
Customer prepayments	18	41
Taxes (non income)	25	18
Other	32	24
Total	$99	$113

8. Employee Benefit Plans

We have benefit plans covering substantially all of our employees. Defined-contribution benefit plans cover most of the U.S. and Canadian employees, and benefits are based on years of service, a percentage of current earnings and matching of employee contributions. For the years ended December 31, 2013, 2012 and 2011, expenses for defined-contribution plans were $9 million, $6 million, and $4 million, respectively, and all funding is current. The Company sponsors one defined benefit plan in the UK which is frozen. This plan as of December 31, 2013 has a projected benefit obligation of $4 million and plan assets of $5 million. The net asset is presented within other assets on the combined balance sheets.

9. Commitments and Contingencies

We are involved in various other claims, regulatory agency audits and pending or threatened legal actions involving a variety of matters. At December 31, 2013, the Company recorded an immaterial amount for contingent liabilities representing all contingencies believed to be probable. The Company has also assessed the

potential for additional losses above the amounts accrued as well as potential losses for matters that are not probable but are reasonably possible. The total potential loss on these matters cannot be determined; however, in our opinion, any ultimate liability, to the extent not otherwise recorded or accrued for, will not materially affect our financial position, cash flow or results of operations. To the extent a resolution is not negotiated as anticipated, we cannot predict the timing or effect that any resulting government actions may have on our financial position, cash flow or results of operations. These estimated liabilities are based on the Company's assessment of the nature of these matters, their progress toward resolution, the advice of legal counsel and outside experts as well as management's intention and experience.

Our business is affected both directly and indirectly by governmental laws and regulations relating to the oilfield service industry in general, as well as by environmental and safety regulations that specifically apply to our business. Although we have not incurred material costs in connection with our compliance with such laws, there can be no assurance that other developments, such as new environmental laws, regulations and enforcement policies hereunder may not result in additional, presently unquantifiable, costs or liabilities to us.

The Company leases certain facilities and equipment under operating leases that expire at various dates through 2023. These leases generally contain renewal options and require the lessee to pay maintenance, insurance, taxes and other operating expenses in addition to the minimum annual rentals. Rental expense related to operating leases approximated $70 million, $50 million, and $22 million in 2013, 2012 and 2011, respectively.

Future minimum lease commitments under noncancellable operating leases with initial or remaining terms of one year or more at December 31, 2013, are payable as follows (in millions):

2014	$ 62
2015	42
2016	29
2017	24
2018	21
Thereafter	52
Total future lease commitments	$230

10. Common Stock

NOV Stock Options

Stock option information summarized below includes amounts for the National Oilwell Varco Long-Term Incentive Plan related to those employees of NOW Inc. upon separation. NOV options outstanding at December 31, 2013 under the stock option plans have exercise prices between $14.11 and $84.58 per share, and expire at various dates from March 12, 2014 to February 16, 2023.

The following summarizes options activity:

	Years Ended December 31,					
	2013		2012		2011	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Shares under option at beginning of year	482,992	$65.11	580,208	$ 51.87	597,583	$39.75
Granted	252,745	69.33	142,636	84.58	170,424	79.80
Exercised	(57,082)	72.85	(214,292)	81.54	(174,713)	78.20
Cancelled	(86,945)	72.48	(25,560)	74.32	(13,086)	59.70
Shares under option at end of year	591,710	$ 68.12	482,992	$65.11	580,208	$51.87
Exercisable at end of year	253,471	$ 60.34	187,091	$50.66	217,197	$ 43.11

The following summarizes information about stock options outstanding at December 31, 2013:

		Options Outstanding		Options Exercisable	
Range of Exercise Price	Weighted-Avg Remaining Contractual Life	Shares	Weighted-Avg Exercise Price	Shares	Weighted-Avg Exercise Price
$14.11—$45.00	5.16	112,647	$ 38.11	112,647	$ 38.11
$45.01—$70.00	8.60	250,334	68.78	26,750	64.16
$70.01—$84.58	7.65	228,729	82.19	114,074	81.39
Total	7.57	591,710	$ 68.12	253,471	$ 60.34

The weighted-average fair value of options granted during 2013, 2012 and 2011, was approximately $24.10, $30.01 and $29.52 per share, respectively, as determined using the Black-Scholes option-pricing model. The total intrinsic value of options exercised during 2013 and 2012, was $2 million and $8 million, respectively.

The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise activity. The use of the Black Scholes model requires the use of extensive actual employee exercise activity data and the use of a number of complex assumptions including expected volatility, risk-free interest rate, expected dividends and expected term.

	Years Ended December 31,		
	2013	2012	2011
Valuation Assumptions:			
Expected volatility	50.1%	51.7%	53.2%
Risk-free interest rate	0.9%	0.9%	2.1%
Expected dividends	$0.75	$ 0.57	$ 0.44
Expected term (in years)	3.4	3.2	3.1

NOV used the actual volatility for traded options for the past 10 years prior to option date as the expected volatility assumption required in the Black Scholes model.

The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of our employee stock options. The dividend yield assumption is based on the history and expectation of dividend payouts. The estimated expected term is based on actual employee exercise activity for the past ten years.

As stock-based compensation expense recognized in the Combined Statement of Income in 2013 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

The following summary presents information regarding outstanding options at December 31, 2013 and changes during 2013 with regard to options under all stock option plans:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2012	482,992	$ 65.11		
Granted	252,745	$ 69.33		
Exercised	(57,082)	$ 72.48		
Cancelled	(86,945)	$ 72.85		
Outstanding at December 31, 2013	591,710	$ 68.12	7.57	$6,750,550
Vested or expected to vest	582,243	$ 68.12	7.57	$ 6,642,542
Exercisable at December 31, 2013	253,471	$ 60.34	6.09	$ 4,864,833

At December 31, 2013, total unrecognized compensation cost related to nonvested stock options was $5 million. This cost is expected to be recognized over a weighted-average period of two years. The total fair value of stock options vested in 2013, 2012 and 2011 was approximately $3 million, $4 million and $4 million, respectively. Cash used to settle equity instruments granted under all share-based payment arrangements for 2013, 2012 and 2011 was not material for any period.

NOV Restricted Shares

During the year ended December 31, 2013, NOV granted 51,654 shares of restricted stock and restricted stock units with a fair value of $69.33 per share. In addition, NOV granted performance share awards to senior management employees with potential payouts varying from zero to 11,236 shares with a fair value of $68.26. The restricted stock and restricted stock units were granted February 15, 2013 and vest on the third anniversary of the date of grant. The performance share awards were granted on March 22, 2013 and can be earned based on performance against established goals over a three-year performance period. The performance share awards are divided into two equal, independent parts that are subject to two separate performance metrics: 50% with a TSR (total shareholder return) goal (the “TSR Award”) and 50% with an internal ROC (return on capital) goal (the “ROC Award”).

Performance against the TSR goal is determined by comparing the performance of NOV’s TSR with the TSR performance of the members of the OSX index for the three year performance period. Performance against the ROC goal is determined by comparing the performance of NOV’s actual ROC performance average for each of the three years of the performance period against the ROC goal set by NOV’s Compensation Committee.

The following summary presents information regarding outstanding restricted shares:

	Years Ended December 31,					
	2013		2012		2011	
	Number of Units	Weighted-Average Grant Date Fair Value	Number of Units	Weighted-Average Grant Date Fair Value	Number of Units	Weighted-Average Grant Date Fair Value
Nonvested at beginning of year	82,480	$ 67.56	99,835	$ 44.21	107,475	$ 42.15
Granted	62,538	69.13	29,900	84.58	27,040	79.80
Vested	(20,900)	69.33	(25,650)	83.80	(32,100)	80.17
Cancelled	(21,430)	58.15	(21,605)	40.28	(2,580)	49.87
Nonvested at end of year	102,688	$ 73.73	82,480	$ 67.56	99,835	$ 44.21

The weighted-average grant date fair value of restricted stock awards and restricted stock units granted during the years ended 2013, 2012 and 2011 was $69.33, $84.58 and $79.80 per share, respectively. There were 20,900; 25,650 and 32,100 restricted stock awards that vested during 2013, 2012 and 2011, respectively. At December 31, 2013, there was approximately $8 million of unrecognized compensation cost related to nonvested restricted stock awards and restricted stock units, which is expected to be recognized over a weighted-average period of two years.

11. Income Taxes

Income taxes as presented are calculated on a separate tax return basis and may not be reflective of the results that would have occurred on a standalone basis. NOW Inc.'s operations have historically been included in NOV's U.S. federal and state tax returns or non-U.S. jurisdictions tax returns.

With the exception of certain dedicated foreign entities, the Company does not maintain taxes payable to/from its parent and is deemed to settle the annual current tax balances immediately with the legal tax-paying entities in the respective jurisdictions. These settlements are reflected as changes in net parent company investment.

The Company determined the provision for income taxes using the asset and liability approach. Under this approach, deferred income taxes represent the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities.

Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. In assessing the need for a valuation allowance, the Company looked to the future reversal of existing taxable temporary differences, taxable income in carryback years, the feasibility of tax planning strategies and estimated future taxable income and determined a valuation allowance is not needed. The need for a valuation allowance can be affected by changes to tax laws, changes to statutory tax rates and changes to future taxable income estimates.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the combined financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The domestic and foreign components of income before income taxes were as follows (in millions):

	Years Ended December 31,		
	2013	2012	2011
Domestic	$ 161	$ 115	$ 89
Foreign	61	50	39
	$ 222	$ 165	$ 128

The components of the provision for income taxes consisted of (in millions):

	Years Ended December 31,		
	2013	2012	2011
Current:			
Federal	$ 48	$ 46	$ 34
State	4	4	3
Foreign	20	14	17
Total current income tax provision	72	64	54
Deferred:			
Federal	6	(4)	(5)
State	—	1	—
Foreign	(3)	(4)	(6)
Total deferred income tax provision	3	(7)	(11)
Total income tax provision	$ 75	$ 57	$ 43

The difference between the effective tax rate reflected in the provision for income taxes and the U.S. federal statutory rate was as follows (in millions):

	Years Ended December 31,		
	2013	2012	2011
Federal income tax at U.S. statutory rate	$ 78	$ 58	$ 45
Foreign income tax rate differential	(5)	(5)	(3)
State income tax, net of federal benefit	3	2	2
Nondeductible expenses	2	1	1
Foreign dividends, net of foreign tax credits	(1)	1	(2)
Change in contingency reserve and other	(2)	—	—
Total income tax provision	$ 75	$ 57	$ 43

Significant components of our deferred tax assets and liabilities were as follows (in millions):

	December 31,		
	2013	2012	2011
Deferred tax assets:			
Allowances and operating liabilities	$ 31	$ 27	$ 16
Net operating loss carryforwards	1	—	—
Book over tax depreciation	2	1	1
Other	2	1	—
Total deferred tax assets	36	29	17
Deferred tax liabilities:			
Tax over book depreciation	(2)	—	—
Intangible assets	(14)	(9)	(5)
Total deferred tax liabilities	(16)	(9)	(5)
Net deferred tax asset	$ 20	$ 20	$ 12

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	2013	2012	2011
Unrecognized tax benefit at beginning of year	$ 2	$ 2	$ 2
Reductions for lapse of applicable statutes of limitations	(2)	—	—
Unrecognized tax benefit at end of year	$—	$ 2	$ 2

The Company does not anticipate that the total unrecognized tax benefits will significantly change due to the settlement of audits or the expiration of statutes of limitation within 12 months of this reporting date.

The Company is subject to taxation in the United States, various states and foreign jurisdictions. The Company has significant operations in the United States, Canada, the United Kingdom, Indonesia, and Norway. Tax years that remain subject to examination by major tax jurisdictions vary by legal entity, but are generally open in the U.S. for the tax years ending after 2007 and outside the U.S. for the tax years ending after 2006.

In the United States, the Company has no net operating loss carryforwards as of December 31, 2013.

Outside the United States, the Company has $1 million of net operating loss carryforwards as of December 31, 2013, most of which will carry forward indefinitely.

Also in the United States, the Company has $3 million of excess foreign tax credits as of December 31, 2013.

Undistributed earnings of certain of the Company's foreign subsidiaries amounted to $87 million and $97 million at December 31, 2013 and 2012, respectively. Those earnings are considered to be permanently reinvested and no provision for U.S. federal and state income taxes has been made. Distribution of these earnings in the form of dividends or otherwise could result in U.S. federal taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable in various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practical; however, unrecognized foreign tax credit carryforwards would be available to reduce some portion of the U.S. liability.

Because of the number of tax jurisdictions in which the Company operates, its effective tax rate can fluctuate as operations and the local country tax rates fluctuate. The Company is also subject to audits by federal, state and foreign jurisdictions which may result in proposed assessments. The Company's future tax provision will reflect any favorable or unfavorable adjustments to its estimated tax liabilities when resolved. The Company is unable to predict the outcome of these matters. However, the Company believes that none of these matters will have a material adverse effect on the results of operations or financial condition of the Company.

12. Business Segments and Primary End-Market

The Company's operations consist of three reportable segments: United States, Canada and International.

United States

We have more than 200 locations in the U.S., which are geographically positioned to best serve the upstream, midstream and downstream energy and industrial markets. Our U.S. branch network was significantly expanded with the locations added through the Wilson acquisition, which has enabled us to broaden our customer base, leverage our inventory and purchasing power and enhance our position in the midstream and downstream energy and industrial markets.

Approximately 75% of our U.S. locations are Energy Branches. Our Energy Branches primarily serve the upstream and midstream sectors of the oil and gas industry with locations in every major land and offshore area of the country. Within our branch network, we have a team of sales and operations professionals trained in the

products, applications and customer service required to support our customers as they drill, explore, produce, transport and refine oil and gas products. Our locations offer a comprehensive line of products, including line pipe, valves, fittings and flanges, OEM spare parts, mill supplies, tools, safety supplies, personal protective equipment and miscellaneous expendable items. We also have a team of technical professionals who provide expertise in applied products, and applications, such as artificial lift systems, coatings, electrical products, gas meter runs and valve actuation. The midstream segment is served through many of the same Energy Branches, including the locations added as part of the Wilson acquisition.

The balance of our U.S. locations are Supply Chain locations, which serve the upstream and downstream energy and industrial end markets and our customer on-site locations. Through our network of upstream and downstream and industrial facilities staffed by skilled personnel, we provide products primarily to refineries, chemical companies, utilities, manufacturers and engineering and construction companies in the areas of the country where these markets are situated. Our primary product offering for the upstream and downstream and industrial markets includes all grades of pipe, valves, fittings, mill supplies, tools and safety supplies. Additionally, our upstream and downstream and industrial branches offer safety equipment, repair and maintenance, and also provide planning, sourcing and expediting of orders throughout the lifecycle of large capital projects. Our Supply Chain locations serve many oil and gas operators and drilling contractors. Supply Chain customers outsource procurement functions to us, which brings our sizeable vendor network to their doorstep and enables them to benefit from on-site management of their warehouses, inventory, materials, projects, logistics and manufacturing tool cribs. Customers engage our Supply Chain solutions to improve their bottom lines and accelerate their time to market through the identification and implementation of measurable operational efficiencies. To achieve this, we partner with our customers to review their current operations, allowing us to make informed recommendations regarding the restructuring of processes and inventories. Our Supply Chain solutions result in long term partnerships because they are customized to each customers' requirements, guided by a strategic framework, and are not easily replicated.

We also have extensive one-stop shop specialty operations in the U.S. that provide our customers a unique way to purchase artificial lift, valves and valve actuation, measurement and controls, fluid transfer and flow optimization, which enables them to better focus on their core business. In these businesses, we provide additional value to our customers through the design, assembly, fabrication and optimization of products and equipment essential to the safe and efficient production of oil and gas.

Canada

We have a network of over 70 branches in the Canadian oilfield, predominantly in the oil rich provinces of Alberta and Saskatchewan in Western Canada. Our Canada segment primarily serves the energy exploration, production and drilling business, offering customers the same products and value-added solutions that we perform in the U.S. In Canada, we also provide training and supervise the installation of fiberglass pipe, supported by substantial inventory on the ground to serve our customers.

International

We operate in over 20 countries and serve the needs of our international customers from more than 30 locations outside of the U.S. and Canada, all of which are strategically located in major oil and gas development areas. Our approach in these markets is similar to our approach in the U.S., as our customers look to us to provide inventory and support closer to their drilling and exploration activities. Our long legacy of operating in many international regions, combined with significant recent expansion into several new key markets, provides a significant competitive advantage as few of our competitors have a presence in all of these markets.

Business Segments:

	United States	Canada	International	Total
December 31, 2013				
Revenues	$2,863	$ 773	$ 660	$4,296
Operating profit	134	47	43	224
Depreciation and amortization	11	3	3	17
Long-lived assets	86	13	3	102
Goodwill	202	109	22	333
Total assets	1,582	411	190	2,183
December 31, 2012				
Revenues	$2,257	$ 591	$ 566	$ 3,414
Operating profit	94	37	37	168
Depreciation and amortization	7	2	3	12
Long-lived assets	40	16	5	61
Goodwill	204	117	22	343
Total assets	1,603	549	221	2,373
December 31, 2011				
Revenues	$ 917	$ 305	$ 419	$1,641
Operating profit	73	30	25	128
Depreciation and amortization	3	—	3	6
Long-lived assets	10	4	5	19
Goodwill	21	14	17	52
Total assets	577	146	106	829

Primary End-Market:

The following table presents combined revenues by primary end-market (in millions):

	Years Ended December 31,		
	2013	2012	2011
Energy Branches	$3,581	$2,961	$1,641
Supply Chain	715	453	—
Total	$4,296	$ 3,414	$1,641

Our Energy Branches are the legacy brick and mortar supply store operations that provide products to multiple upstream and midstream customers from a single location. These branches serve repeat customers, across a variety of pricing models. Our Supply Chain group targets a broader customer segment to include downstream, upstream, industrial and manufacturing, in which our customers are generally contractually committed to source from us under a single business model that includes a fixed pricing structure. We are typically integrated into our customers' facilities; have on-site NOW Inc. branches and inventory committed to a specific customer; perform duties otherwise managed by our customers; manage third party materials on behalf of our customers; employ vending machines and/or tool cribs to store and dispense materials on-demand; and have a much greater component of technology to enable e-commerce and key performance indicators to be measured and reported specifically to each customer. While Energy Branches and Supply Chain serve different markets, in some cases customers require the similar products resulting in some overlap of products carried and sold.

The following table presents a comparison of the approximate sales mix in the principal product categories (in millions):

	Years Ended December 31,		
	2013	2012	2011
Product Category			
Drilling and production	$ 987	$ 860	$ 623
Pipe	845	621	148
Valves	839	569	197
Fittings and flanges	664	522	197
Mill tool, MRO, safety and other	961	842	476
Total	$4,296	$3,414	$1,641

The change in product categories is primarily due to the 2012 acquisitions of Wilson and CE Franklin.

SCHEDULE II

NOW Inc.
VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2013, 2012 and 2013

	Balance beginning of year	Additions (Deductions) charged to costs and expenses	Charge off's and other	Balance end of year
Allowance for doubtful accounts:				
2013	$ 15	$ 9	$ (2)	$ 22
2012	6	14	(5)	15
2011	7	2	(3)	6
Allowance for excess and obsolete inventories:				
2013	$ 32	$ 5	$ (6)	$ 31
2012	22	16	(6)	32
2011	22	5	(5)	22

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
NOW Inc.

In our opinion, the accompanying combined balance sheet and the related combined statements of income and cash flows, present fairly, in all material respects, the financial position of Wilson Distribution (the "Company") at December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion. The balance sheet of the Company as of December 31, 2010 was audited by other auditors whose report dated January 2, 2012 expressed an unqualified opinion.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
March 8, 2012

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Shareholders
National Oilwell Varco, Inc.

We have audited the accompanying combined statements of income and cash flows of Wilson Distribution ("the Company") for the five month period ended May 31, 2012, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined results of the Company's operations and cash flows for the five month period ended May 31, 2012 in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Houston, Texas
February 26, 2014

WILSON DISTRIBUTION
COMBINED BALANCE SHEET
(In millions)

	December 31, 2011
Assets	
Current assets	
Cash and cash equivalents	$ 5
Receivables less allowance for doubtful accounts ($1.7 million)	240
Inventories	478
Deferred taxes	13
Other current assets	3
	739
Fixed assets less accumulated depreciation	20
Goodwill	73
Intangible assets	28
Other current assets	1
	$ 861
Liabilities and Owner's Investment	
Current liabilities	
Accounts payable and accrued liabilities	$ 222
Estimated liability for taxes on income	44
	266
Deferred taxes	11
Other liabilities	15
	292
Schlumberger investment in Wilson	569
	$ 861

The accompanying notes are an integral part of these statements.

WILSON DISTRIBUTION
COMBINED STATEMENTS OF INCOME
(In millions)

	Period Ended May 31, 2012	Year Ended December 31, 2011
Revenue	$ 1,061	$ 2,066
Expenses		
Cost of goods sold	891	1,746
Selling, general and administrative	122	233
Depreciation and amortization	2	4
Retention bonuses	—	2
Stock-based compensation	—	1
Income before taxes	46	80
Taxes on income	16	30
Net income	30	$ 50
Noncontrolling interest	4	—
Net income attributable to Wilson	$ 26	$ 50

The accompanying notes are an integral part of these statements.

WILSON DISTRIBUTION
COMBINED STATEMENTS OF CASH FLOWS
(In millions)

	Period Ended May 31, 2012	Year Ended December 31, 2011
Cash flows from operating activities		
Net income	$ 30	$ 50
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2	5
Deferred income taxes	1	3
Other	—	2
Change in operating assets and liabilities:		
Receivables	(43)	(23)
Inventories	(11)	(115)
Accounts payable and accrued liabilities	17	61
Income taxes payable	(44)	11
Other assets/liabilities, net	1	(11)
Net cash used in operating activities	(47)	(17)
Cash flows from investing activities		
Capital expenditures	—	(5)
Net cash used in investing activities	—	(5)
Cash flows from financing activities		
Net transactions with Schlumberger	77	24
Net cash provided by financing activities	77	24
Net increase in cash and cash equivalents	30	2
Cash and cash equivalents, beginning of period	5	3
Cash and cash equivalents, end of period	$ 35	$ 5

The accompanying notes are an integral part of these statements.

Notes to Combined Financial Statements

1. Business Description

Wilson Distribution ("Wilson") is an industry leading provider of pipes, valves, and fittings; mill, tool and safety products . Wilson offers a diverse range of products to the upstream, midstream and downstream energy segments and other industries through its distribution network of over 200 locations.

Wilson became a wholly owned subsidiary of Schlumberger Limited ("Schlumberger") on August 27, 2010, when Schlumberger acquired all of the outstanding shares of Smith International, Inc. Under the terms of the transaction, Smith International, Inc. became a wholly owned subsidiary of Schlumberger. On May 31, 2012, all the outstanding shares of Wilson were acquired by National Oilwell Varco, Inc.

2. Summary of Accounting Policies

The Combined Financial Statements of Wilson and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America.

Principles of Combination

The accompanying Combined Financial Statements includes the accounts of Wilson International, Inc. and Wilson Distribution Holding B. V. All intercompany transactions between the Wilson companies have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, Wilson evaluates its estimates, including those related to collectability of accounts receivable; valuation of inventories; recoverability of goodwill and intangible assets and contingencies. Wilson bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

Wilson recognizes revenue based upon purchase order, contracts or· other persuasive evidence of an arrangement with the customer that include fixed or determinable prices provided that collectability is reasonably assured. Revenue is recognized for products upon delivery, when the customer assumes the risk and rewards of ownership.

Cash and Cash Equivalents

Wilson considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Translation of Non-United States Currencies

The functional currency of Wilson is primarily the U.S. dollar. Assets and liabilities recorded in currencies other than U.S. dollars, which are not significant, are translated at period end exchange rates.

Inventories

Inventories, which consist entirely of finished goods, are stated at average cost or at market, whichever is lower.

Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets using the straight-line method. Expenditures for replacements and improvements are capitalized. Maintenance and repairs are charged to operating expenses as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the balance sheet and the net amount, less proceeds from disposal, is charged or credited to income.

Goodwill, Other Intangibles and Long-lived Assets

Wilson records the excess of purchase price over the fair value of the tangible and identifiable intangible assets acquired as goodwill. Goodwill is tested for impairment annually as well as when an event or change in circumstance indicates an impairment may have occurred. Wilson performed a qualitative assessment for purposes of its annual goodwill impairment test and determined that it is more likely than not that the fair value of Wilson was greater than its carrying amount. Accordingly, no further testing was required.

Long-lived assets, including fixed assets and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In reviewing for impairment, the carrying value of such assets is compared to the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. If such cash flows are not sufficient to support the asset's recorded value, an impairment charge is recognized to reduce the carrying value of the long-lived asset to its estimated fair value. The determinations of future cash flows as well as the estimated fair value of long-lived assets involve significant estimates on the part of management. If there is a material change in economic conditions or other circumstances influencing the estimate of future cash flows or fair value, Wilson could be required to recognize impairment charges in the future.

In connection with Schlumberger's acquisition of Smith International, Inc., approximately $73 million of goodwill and $30 million of intangible assets were allocated to Wilson.

Taxes on Income

Wilson computes taxes on income in accordance with the tax rules and regulations where the income is earned. Taxable income may differ from pretax income for financial accounting purposes. To the extent that differences are due to revenue or expense items reported in one period for tax purposes and in another period for financial accounting purposes, an appropriate provision for deferred income taxes is made. Any effects of changes in income tax rates or tax laws are included in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of the deferred tax asset will not be realized in the future, Wilson provides a corresponding valuation allowance against deferred tax assets.

Wilson International, Inc. is included in the consolidated U.S. federal income tax return of Schlumberger's U.S. subsidiary. Schlumberger's policy for intercompany allocation of U.S. federal income taxes provides that Wilson compute the provision for U.S. federal income taxes on a separate company basis. Schlumberger's U.S. federal tax returns for the years from 2005 to 2011 are either currently under audit or remain open and subject to examination by the tax authorities.

Schlumberger's tax filings are subject to regular audit by the tax authorities. These audits may result in assessments for additional taxes which are resolved with the authorities or, potentially, through the courts. Wilson recognizes the impact of a tax position in its financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. Tax liabilities are recorded based on estimates of additional taxes which will be due upon the conclusion of these audits. Estimates of these tax liabilities are made based upon prior experience and are updated in light of changes in facts and circumstances. However, due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in liabilities which could be materially different from these estimates. In such an event, Wilson will record additional tax expense or tax benefit in the year in which such resolution occurs.

Concentration of Credit Risk

Wilson's assets that are exposed to concentrations of credit risk consist primarily of receivables from customers. Such receivables are derived from many customers and Wilson maintains an allowance for uncollectible accounts receivable based on expected collectability and performs ongoing credit evaluations of its customers' financial condition.

The majority of Wilson's revenues are generated from customers in the energy sector, which includes major multinational and independent oil companies, pipeline companies and contract drilling companies. One customer represented approximately 18% Wilson's revenue during 2011. Approximately 95% of Wilson's revenue during 2011 was derived in the United States.

3. Fixed Assets

A summary of fixed assets follows (in millions):

	December 31, 2011
Land	$ 4
Buildings & improvements	18
Machinery & equipment	36
	58
Less accumulated depreciation	(38)
	$ 20

The estimated useful lives generally range from 20 to 40 years for buildings and 3 to 10 years for machinery and equipment. Leasehold improvements are amortized over the lives of the leases or the estimated useful lives of the improvements, whichever is shorter.

Depreciation expense relating to fixed assets was $1.6 million for the period ended May 31, 2012 and $3.3 million for the year ended December 31, 2011.

4. Intangible Assets

Intangible assets consist of tradenames and trademarks and are being amortized over 25 years. At December 31, the gross book value arid accumulated amortization of intangible assets were as follows (in millions):

	December 31, 2011
Gross book value	$ 30
Less accumulated depreciation	(2)
	$ 28

Amortization expense was $0.5 million for the period ended May 31, 2012 and $1.2 million for the year ended December 31, 2011 and is estimated to be $1.2 million for each of the next five years.

5. Income Taxes

The components of income tax expense for the year ended December 31, 2011 was as follows (in millions):

	Period Ended May 31, 2012	Year Ended December 31, 2011
Current		
United States—Federal	$ 12	$ 23
United States—State	1	2
Outside United States	2	2
	15	27
Deferred		
United States—Federal	1	3
	$ 16	$ 30

A reconciliation of the United States statutory federal tax rate (35%) to the combined effective tax rate for the year ended December 31, 2011 is:

	Period Ended May 31, 2012	Year Ended December 31, 2011
U.S. statutory federal rate	35%	35%
U.S. state income taxes	2%	2%
Other	(2)%	1%
Effective income tax rate	35%	38%

The components of net deferred tax assets (liabilities) were as follows (in millions):

	December 31, 2011
Inventory	$ 8
Accounts receivable	1
Employee benefits	2
Intangible assets	(11)
Other, net	2
	$ 2

6. Leases and Lease Commitments

Total rent expense was approximately $7 million for the period ended May 31, 2012 and $17 million for the year ended December 31, 2011. Future minimum rental commitments under noncancelable leases for each of the next five years are as follows (in millions):

2012	$ 12
2013	9
2014	7
2015	7
2016	4
Thereafter	3
	$ 42

7. Contingencies

Wilson is party to various legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. Management believes that the probability of a material loss is remote. However, litigation is inherently uncertain and it is not possible to predict the ultimate disposition of these proceedings.

8. Pension and Other Benefit Plans

Wilson sponsors a defined benefit pension plan covering certain employees in the United States. Future benefit accruals and the addition of new participants were frozen in 2003 and prior. The expense relating to this plan for the five months ended May 31, 2012 and the year ended December 31, 2011 was not significant.

	December 31, 2011
Projected benefit obligation	$ 7
Fair value of plan assets	5
Unfunded liability	$ 2

The projected benefit obligation at May 31, 2012 and December 31, 2011 was determined based on a discount rate of 3.50%.

The weighted-average allocation of the plan assets by asset category are as follows:

	December 31, 2011
Equity securities	39%
Debt securities	54%
Other investments	7%
	100%

The expected benefits to be paid under the pension plan are as follows (in millions):

2012	$ 2.0
2013	0.1
2014	0.4
2015	0.1
2016	0.6
2017—2021	2.9

Wilson maintains the Wilson 401(k) Retirement Plan under which participating employees may voluntarily contribute a percentage of their compensation, as defined. Wilson makes matching contributions to each participant's account up to 6 percent of qualified compensation. In addition, discretionary profit-sharing contributions may be provided based upon Wilson's financial performance to participants who are employed by Wilson on December 31.

Wilson recognized expense totaling approximately $2 million and $6 million related to company contributions to the plan during the five months ended May 31, 2012 and the year ended December 31, 2011, respectively.

9. Stock Compensation Plans

Stock Options

Key employees are granted stock options under Schlumberger Limited stock option plans. For all of the stock options granted, the exercise price of each option equals the average of the high and low sales prices of Schlumberger Limited stock on the date of the grant; an option's maximum term is generally ten years, and options vest in increments over five years.

The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions and resulting weighted-average assumptions and resulting weighted-average fair value per share:

Dividend yield	1.2%
Expected volatility	37%
Risk free interest rates	2.7%
Expected option life	7.0 years
Weighted-average fair value per share	$ 31.50

Under the plans, employees of Wilson were granted stock options of 59,500 shares of Schlumberger Limited stock in 2011.

Discounted Stock Purchase Plan

Under the terms of the Schlumberger Limited discounted stock purchase plan ("DSPP"), employees can choose to have a portion of their earnings withheld, subject to certain restrictions, to purchase Schlumberger Limited common stock. The purchase price of the stock is 92.5% of the lower of the stock price at the beginning or end of the plan period at six-month intervals. Under the plan, Schlumberger Limited sold 11,380 shares to Wilson employees in 2011.

The fair value of the employees' purchase rights under the DSPP was estimated using the Black-Scholes model with the following assumptions and resulting weighted average fair value per share:

Dividend yield	1.2%
Expected volatility	28%
Risk free interest rates	0.2%
Weighted-average fair value per share	$12.80

Total Stock-Based Compensation Expense

The following summarizes stock-based compensation expense recognized in income (in millions):

	Period Ended May 31, 2012	Year Ended December 31, 2011
Stock options	$ 0.2	$ 0.4
DSPP	—	0.1
Total stock-based compensation expense	$ 0.2	$ 0.5

As of December 31, 2011, there was $1.7 million of total unrecognized compensation cost related to nonvested stock options. Approximately $0.4 million is expected to be recognized in each of 2012, 2013, 2014 and 2015 and $0.1 million in 2016.

10. Related Party Transactions

Working capital and other financing needs for Wilson are funded by Schlumberger. As of May 31, 2012 and December 31, 2011, the cumulative advances from Schlumberger was approximately $228 million and $230 million, respectively. These amounts are reflected as a component of equity on the accompanying Combined Balance Sheet.

The following is an analysis of the movement of the Schlumberger investment in Wilson (in millions):

Balance at January 1, 2011	$ 495
Net income	50
Net transactions with Schlumberger	24
Balance at December 31, 2011	$569
Net income	13
Net transactions with Schlumberger	(2)
Balance at May 31, 2012	$ 580

Sales to Schlumberger and its subsidiaries were approximately $58 million during 2011. Included in the accompanying combined balance sheet within accounts receivable are $14 million of net receivables from Schlumberger at December 31, 2011. Sales to Schlumberger and its subsidiaries were approximately $32 million during period ending May 31, 2012. Included in the accompanying combined balance sheet within accounts receivable are $26 million of net receivables from Schlumberger at May 31, 2012.

Selling, general and administrative includes charges from Schlumberger of approximately $18 million in 2011. These charges primarily relate to certain support services performed by employees of Schlumberger to Wilson.

In connection with Schlumberger's acquisition of Smith International, Inc., retention bonuses of $2.8 million were paid to Wilson employees during 2011, of which approximately $1.7 million of this was recognized as expense during 2011. Such amount is included within Retention bonuses in the Combined Statement of Income. In connection with Schlumberger's planned sale of Wilson, retention bonuses of $4 million were paid to employees during period ended May 31, 2012.

Investment in CE Franklin

On February 1, 2012, Smith International, Inc. contributed its approximately 56% equity interest in CE Franklin Ltd, a publicly owned Canadian distribution company, to Wilson. On May 31, 2012, Wilson contributed the entire 56% equity interest back to Smith International, Inc. The results of operations during the five month period ended May 31, 2012 reflect the consolidation of these operations into Wilson for the period under which Wilson had a majority ownership of CE Franklin.