

NATIONAL OILWELL INC

Form S-4

September 16, 2004

Table of Contents

As filed with the Securities and Exchange Commission on September 16, 2004

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

National-Oilwell, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

*(State or Other Jurisdiction of
Incorporation or Organization)*

5084

*(Primary Standard Industrial
Classification Code Number)*

76-0475815

(I.R.S. Employer Identification No.)

**10000 Richmond Avenue
Houston, Texas 77042-4200
(713) 346-7500**

*(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)*

**Steven W. Krablin
Senior Vice President and Chief Financial Officer
10000 Richmond Avenue
Houston, Texas 77042-4200
(713) 346-7500**

*(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)*

Copies to:

**Dwight W. Rettig
Vice President and
General Counsel
10000 Richmond
Avenue
Houston, TX
77042-4200
(713) 346-7500**

**James M. Prince
Thomas P. Mason
Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin Street
Houston, Texas
77002-6760
(713) 758-2222**

**James F. Maroney
Vice President, Secretary and General Counsel
Varco International, Inc.
2000 W. Sam Houston Parkway South,
Suite 1700
Houston, Texas 77042
(281) 953-2200**

**Patrick T. Seaver
R. Scott Shean
Latham & Watkins LLP
650 Town Center Drive,
Suite 2000
Costa Mesa, CA
92626-1925
(714) 540-1235**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)(2)	Proposed Maximum Offering Price Per Share(3)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Common Stock, par value \$0.01	87,131,338	Not applicable	\$2,664,053,945	\$337,536

- (1) In accordance with Rule 416(a) under the Securities Act of 1933, as amended, in the event of a stock split, stock dividend or similar transaction involving National Oilwell's common stock, the number of shares registered hereby shall automatically be increased to cover the additional shares issuable pursuant to the Amended and Restated Agreement and Plan of Merger between National Oilwell and Varco International, Inc., effective as of August 11, 2004.
- (2) Consists of up to 87,131,338 shares of National Oilwell common stock that may be issued in the merger described in this document upon the conversion of (a) 97,531,803 shares of Varco common stock outstanding on September 10, 2004, (b) up to 6,337,264 shares of Varco common stock that may be issued pursuant to options outstanding as of September 10, 2004, (c) up to 290,871 shares of common stock issuable upon the exercise of purchase rights under the Varco International, Inc. Employee Stock Purchase Plan as of September 10, 2004, (d) 18,763 shares of common stock issuable pursuant to deferred stock units outstanding as of September 10, 2004 and (e) 8,000 shares of common stock issuable pursuant to performance awards outstanding as of September 10, 2004.
- (3) Estimated solely for purposes of calculation of the registration fee in accordance with Rules 457(c) and (f)(1) of the Securities Act of 1933, as amended, based on \$25.57, the average of the high and low sale prices for shares of Varco common stock as reported on the New York Stock Exchange on September 14, 2004 and the maximum number of shares of Varco common stock that may be exchanged for shares of National Oilwell common stock that are being registered.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this document is not complete and may be changed. National Oilwell may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 16, 2004

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear Stockholders:

On August 11, 2004, National-Oilwell, Inc. and Varco International, Inc. agreed to combine their businesses by merging Varco with and into National Oilwell, with National Oilwell continuing as the surviving corporation. We are proposing the merger because we believe it will benefit the stockholders of both companies by creating a larger, more diversified company that is better positioned to compete in the global marketplace. The name of the combined company will be National Oilwell Varco, Inc. and its shares will be traded on the New York Stock Exchange under the trading symbol NOV.

In the merger, each Varco stockholder will receive 0.8363 of a share of National Oilwell common stock for each share of Varco common stock that the stockholder owns. National Oilwell stockholders will continue to own their existing shares, which will not be affected by the merger. We estimate that immediately after the merger National Oilwell stockholders will hold approximately 51%, and Varco stockholders will hold approximately 49%, of the outstanding shares of the combined company based on the number of shares of National Oilwell and Varco common stock outstanding on August 31, 2004. Shares of National Oilwell common stock and Varco common stock are traded on the New York Stock Exchange under the trading symbols NOI and VRC, respectively. On [redacted], 2004, the last trading day before the date of this document, National Oilwell common stock closed at \$ [redacted] per share as reported on the New York Stock Exchange. We do not expect that Varco stockholders will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger.

In order to consummate the merger, the merger agreement must be adopted by the National Oilwell stockholders and the Varco stockholders. The obligations of National Oilwell and Varco to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger, including receiving approvals from regulatory agencies. This document contains detailed information about National Oilwell, Varco and the proposed merger. We encourage you to read carefully this entire document before voting, including the section entitled Risk Factors beginning on page 16 of this document.

National Oilwell's board of directors has unanimously approved the merger agreement and determined that it is advisable and in the best interests of National Oilwell and its stockholders. Accordingly, National Oilwell's board of directors recommends that National Oilwell stockholders vote FOR the proposal to adopt the merger agreement.

Similarly, Varco's board of directors has unanimously approved the merger agreement and determined that it is advisable and in the best interests of Varco and its stockholders. Accordingly, Varco's board of directors recommends that Varco stockholders vote FOR the proposal to adopt the merger agreement.

National Oilwell is also proposing to adopt a new long-term incentive plan to accommodate the larger employee base of the combined company after the merger. Adoption of that plan requires the approval of the National Oilwell stockholders and is subject to the completion of the merger. National Oilwell's board of directors recommends that National Oilwell stockholders vote to approve the new long-term incentive plan.

The proposals are being presented to the stockholders of National Oilwell and Varco at their special meetings. The dates, times and places of the meetings are as follows:

For National Oilwell stockholders:
[redacted], 2004, [redacted] : a.m., C.T.
[Address]
Houston, Texas

For Varco Stockholders:
[redacted], 2004, [redacted] : a.m., C.T.
[Address]
Houston, Texas

Your vote is very important. The merger cannot be completed unless the National Oilwell and Varco stockholders adopt the merger agreement. Whether or not you plan to attend your company's special meeting, please take the time to vote by completing and mailing us the enclosed proxy card or by submitting your voting instructions over the Internet or telephone. If your shares are held in street name, you must

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instruct your broker in order to vote.

Sincerely,

MERRILL A. MILLER, JR.
Chairman, President and Chief Executive Officer
NATIONAL-OILWELL, INC.

JOHN F. LAULETTA
Chairman of the Board and Chief Executive Officer
VARCO INTERNATIONAL, INC.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

This document is dated _____, 2004, and was first mailed to National Oilwell and Varco stockholders on or about _____, 2004.

Table of Contents

NATIONAL-OILWELL, INC.

**10000 Richmond Avenue
Houston, Texas 77042-4200**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on _____, 2004

To National-Oilwell, Inc. Stockholders:

We will hold a special meeting of stockholders of National-Oilwell, Inc. for the following purposes:

To consider and vote on the adoption of the Amended and Restated Agreement and Plan of Merger, effective as of August 11, 2004, between National-Oilwell, Inc. and Varco International, Inc., as amended prior to the special meeting. Adoption of the merger agreement will also constitute approval of the issuance of shares of National Oilwell common stock in the merger and an amendment to National Oilwell's certificate of incorporation increasing the authorized number of shares of common stock to 500 million, eliminating the class of special voting stock and changing the company's name to National Oilwell Varco, Inc.;

To consider and vote on the approval of the National Oilwell Varco Long-Term Incentive Plan;

To consider and vote on any proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals; and

To transact other business as may properly be presented at the meeting or any adjournments of the meeting.

The date, time and place of the meeting are as follows:

_____, 2004

_____, local time
[Address]

Only stockholders of record at the close of business on _____, 2004, are entitled to notice of and to vote at the meeting and any adjournments of the meeting. National Oilwell will keep at its offices in Houston, Texas a list of stockholders entitled to vote at the meeting available for inspection for any purpose relevant to the meeting during normal business hours for the 10 days before the meeting.

YOUR PROXY IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE VOTE IN ANY ONE OF THE FOLLOWING WAYS:

use the toll-free telephone number shown on the proxy card;

use the Internet website shown on the proxy card; or

mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope. No postage is required if mailed in the United States.

If your shares are held in street name, which means shares held of record by a broker, bank or other nominee, you should check the voting instructions provided by the broker, bank or nominee to determine whether you will be able to vote over the Internet or by telephone.

You may revoke your proxy at any time before it is voted at the special meeting. If your shares are held in an account at a brokerage firm, bank or other nominee, you must instruct them on how to vote your shares and you must contact your broker, bank or nominee to revoke your proxy.

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The accompanying document describes the proposed merger in more detail. We encourage you to read the entire document before voting your shares.

Table of Contents

The National Oilwell board of directors unanimously recommends that National Oilwell stockholders vote FOR the adoption of the merger agreement and approval of the National Oilwell Varco Long-Term Incentive Plan.

By Order of the Board of Directors

M. GAY MATHER
Corporate Secretary

Houston, Texas
, 2004

Table of Contents

VARCO INTERNATIONAL, INC.

**2000 W. Sam Houston Parkway South, Suite 1700
Houston, Texas 77042**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on _____, 2004

To the Stockholders of Varco International, Inc.:

We will hold a special meeting of the stockholders of Varco International, Inc. on _____, 2004, at _____ a.m., local time, at _____, for the following purposes:

1. To consider and vote on the adoption of the Amended and Restated Agreement and Plan of Merger, effective as of August 11, 2004, between National-Oilwell, Inc., a Delaware corporation, and Varco International, Inc., a Delaware corporation, as amended prior to the special meeting, pursuant to which Varco will be merged with and into National Oilwell and each outstanding share of Varco common stock will be converted into 0.8363 of a share of National Oilwell common stock;

2. To consider and vote on any proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposal; and

3. To transact any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Only stockholders of record at the close of business on _____, 2004, are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. A complete list of Varco stockholders of record entitled to vote at the special meeting will be available for the 10 days before the special meeting at our executive offices and principal place of business for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting.

Your vote is very important. All Varco stockholders are cordially invited to attend the special meeting in person. Whether you plan to attend the special meeting or not, if you are the record holder of your shares, please vote using one of the following methods to make sure that your shares are represented and voted at the special meeting:

use the toll-free telephone number shown on the proxy card;

use the Internet website shown on the proxy card; or

mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope. No postage is required if mailed in the United States.

If your shares are held in street name, which means shares held of record by a broker, bank or other nominee, you should check the voting instructions provided by the broker, bank or nominee to determine whether you will be able to vote over the Internet or by telephone.

You may revoke your proxy at any time before it is voted at the special meeting. If your shares are held in an account at a brokerage firm, bank or other nominee, you must instruct them on how to vote your shares and you must contact your broker, bank or nominee to revoke your proxy.

The accompanying document describes the proposed merger in more detail. We encourage you to read carefully the entire document before voting your shares.

Table of Contents

The Varco board of directors unanimously recommends that Varco stockholders vote FOR the adoption of the merger agreement.

By Order of the Board of Directors,

JAMES F. MARONEY, III

Vice President, Secretary and General Counsel

Houston, Texas
, 2004

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why am I receiving these materials?

A: National Oilwell and Varco have agreed to combine their businesses by merging Varco with and into National Oilwell under the terms of a merger agreement that is described in this document and attached to this document as Annex A. The merger cannot be completed without obtaining the appropriate approvals of the stockholders of each of National Oilwell and Varco. National Oilwell is also proposing to adopt the new National Oilwell Varco Long-Term Incentive Plan, which we sometimes refer to in this document as the Long-Term Incentive Plan or the plan in connection with the merger that requires approval by National Oilwell stockholders and is subject to the completion of the merger. National Oilwell and Varco will hold separate special meetings of their respective stockholders to obtain these approvals.

Q: Why are National Oilwell and Varco proposing the merger?

A: National Oilwell and Varco both believe that the merger will provide substantial benefits to the stockholders of both companies by creating a larger, more diversified company that is better positioned to compete in the global marketplace.

Q: What will happen to Varco as a result of the merger?

A: As a result of the merger, Varco will be merged into National Oilwell, and National Oilwell will continue as the surviving company, and its certificate of incorporation will be amended to change its name to National Oilwell Varco, Inc.

Q: What will stockholders receive in the merger?

A: Each Varco stockholder will receive 0.8363 of a share of National Oilwell common stock in exchange for each share of Varco common stock that the stockholder owns at the effective time of the merger. Instead of receiving fractional shares, Varco stockholders will receive cash from National Oilwell in an amount reflecting the market value of any fractional share.

Each National Oilwell stockholder will continue to hold the shares of National Oilwell common stock that it held prior to the merger; however, those shares will represent a smaller portion of the total outstanding shares of the combined company.

Q: Does adoption of the merger agreement by the National Oilwell stockholders result in any other changes to the capital structure of National Oilwell?

A: The merger agreement provides that, at the effective time of the merger, the authorized number of shares of common stock of National Oilwell will be increased to 500 million shares and the class of special voting stock will be eliminated pursuant to a Certificate of Merger that is attached to this document as Annex E.

Q: What will be the name of the surviving corporation to the merger?

A: National Oilwell Varco, Inc.

Q: What stockholder approvals are needed to complete the merger?

A: The following stockholder approvals are needed to complete the merger:

the holders of at least a majority of the shares of National Oilwell common stock outstanding on _____, 2004, the record date set for the meeting of stockholders of National Oilwell, must vote in favor of adopting the merger agreement; and

the holders of at least a majority of the shares of Varco common stock outstanding on _____, 2004, the record date set for the meeting of stockholders of Varco, must vote in favor of adopting the merger agreement.

Q: Are any other matters being voted on at the special meetings?

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A: The stockholders of National Oilwell are being asked to vote to approve a new Long-Term Incentive Plan. The completion of the merger is not conditioned upon the approval of the Long-Term Incentive

i

Table of Contents

Plan. However, the adoption of the plan is subject to the completion of the merger. The stockholders of National Oilwell and Varco will also be asked to vote on any proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the proposals being voted on.

Q: What stockholder approvals are needed to approve the Long-Term Incentive Plan and to adjourn the special meeting?

A: The affirmative vote of at least a majority of the votes cast at the special meeting is required to approve the Long-Term Incentive Plan, provided the total votes cast represent over 50% of the outstanding National Oilwell shares entitled to vote on the proposal. The affirmative vote of the holders of at least a majority of the shares of common stock of National Oilwell or Varco, as applicable, present in person or represented by proxy at the special meeting of National Oilwell or Varco, as applicable is required to adjourn the meeting.

Q: How do National Oilwell's and Varco's board of directors recommend that I vote?

A: National Oilwell's board of directors unanimously recommends that National Oilwell stockholders vote **FOR** the proposals to adopt the merger agreement and to approve the Long-Term Incentive Plan.

Varco's board of directors unanimously recommends that Varco stockholders vote **FOR** the proposal to adopt the merger agreement.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as soon as possible. A number of conditions must be satisfied before we can complete the merger, including approval by the stockholders of both National Oilwell and Varco and the expiration or early termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Although we cannot be sure when all of the conditions to the merger will be satisfied, we expect to complete the merger by the first quarter of 2005.

Q: What are the tax consequences to stockholders of the transaction?

A: It is generally expected that the merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the **Internal Revenue Code**), and the consummation of the merger is conditioned on the receipt by each of National Oilwell and Varco of opinions from their respective counsel to the effect that the merger will so qualify.

Assuming that the merger qualifies as a reorganization under the Internal Revenue Code, then in general, neither the National Oilwell stockholders nor the Varco stockholders who receive shares of National Oilwell common stock in exchange for their Varco common stock in the merger will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger, except that a Varco stockholder will recognize gain or loss with respect to any cash received in lieu of a fractional share of National Oilwell common stock in the merger. Tax matters are very complicated, and the tax consequences of the merger to a Varco stockholder will depend on the facts of each holder's own situation. For a description of the material federal income tax consequences of the merger, please see the information set forth in **Material Federal Income Tax Consequences**. We also encourage each Varco stockholder to consult the stockholder's own tax advisor for a full understanding of the tax consequences of the merger.

Q: What do I need to do now?

A: You should read this document carefully. Then, if you are the record holder of your shares and choose to vote by proxy, you should do so as soon as possible by any of the following means: completing, signing and mailing your proxy card; using the toll-free telephone number listed on your proxy card and following the recorded instructions; or going to the Internet website listed on your proxy card and following the instructions provided.

Q: If I am planning on attending a meeting in person, should I still grant my proxy?

A: Yes. Whether or not you plan to attend a meeting, you should grant your proxy as described above. Your shares will not be voted unless you attend a meeting and vote in person or grant your proxy. For

Table of Contents

both National Oilwell and Varco stockholders, a failure to vote would have the same effect as a vote against adoption of the merger agreement. For National Oilwell stockholders, a failure to vote on the proposal to approve the Long-Term Incentive Plan will not count as a vote for or against the proposal but could affect whether sufficient votes have been cast on the proposal under the rules of the New York Stock Exchange, or NYSE.

Q: If my shares are held in street name by my broker, will my broker vote my stock for me?

A: Your broker will *not* vote your stock for or against adoption of the merger agreement or, in the case of National Oilwell stockholders, for or against approval of the Long-Term Incentive Plan unless you tell the broker how to vote. To tell your broker how to vote, you should follow the directions that your broker provides to you. A non-vote by your broker will have the same effect as a vote against the adoption of the merger agreement, but will have no effect on any proposal to adjourn or postpone your company's meeting.

Q: Can I change my vote after I have granted my proxy?

A: Yes. Stockholders who hold shares in their own name can change their vote at any time before their proxy is voted at their company's special meeting by:

timely delivery by mail, telephone or Internet of a valid, subsequently-dated proxy;

delivery to your company's Secretary at or before the special meeting of written notice revoking your proxy or of your intention to vote by ballot at the special meeting; or

submitting a vote by ballot at the special meeting; however, your attendance alone will not revoke your proxy.

If your shares are held in a street name account, you must contact your broker, bank or nominee to change your vote.

Q: Where and when are the special meetings?

A: The National Oilwell special meeting will take place at _____, on _____, at _____ a.m. The Varco special meeting will take place at _____, on _____, at _____ a.m.

Q: Should Varco stockholders send in their certificates representing Varco common stock now?

A: No. After the merger is completed, Varco stockholders will receive written instructions for exchanging their certificates representing Varco common stock. Please do not send in your certificates representing Varco common stock with your proxy card.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this document and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a stockholder of both National Oilwell and Varco, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: Do I have appraisal rights?

A: No. Neither the National Oilwell stockholders nor the Varco stockholders will have appraisal rights under Delaware law as a result of the merger.

Q: Whom do I call if I have further questions about voting, the meetings or the merger?

A: National Oilwell stockholders may call National Oilwell's Investor Relations department at (713) 346-7500 or InvestorCom, Inc., National Oilwell's proxy solicitor, at (800) 503-3375.

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Varco stockholders may call Varco's Investor Relations department at (281) 953-2200 or Morrow & Co., Inc., Varco's proxy solicitor, at (800) 607-0088.

iii

Table of Contents

You may also obtain additional information about National Oilwell and Varco from documents filed with the Securities and Exchange Commission by following the instructions in the section entitled [Where You Can Find More Information](#).

iv

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	i
<u>SUMMARY</u>	1
<u>The Companies</u>	1
<u>National-Oilwell, Inc.</u>	1
<u>Varco International, Inc.</u>	1
<u>The Merger</u>	1
<u>Reasons for the Merger</u>	2
<u>National Oilwell</u>	2
<u>Varco</u>	2
<u>Recommendations to Stockholders</u>	2
<u>National Oilwell</u>	2
<u>Varco</u>	3
<u>Opinions of Financial Advisors</u>	3
<u>Opinion of Financial Advisor to National Oilwell</u>	3
<u>Opinion of Financial Advisor to Varco</u>	3
<u>The Special Meetings</u>	3
<u>National Oilwell Special Stockholders Meeting</u>	3
<u>Varco Special Stockholders Meeting</u>	4
<u>Directors and Management of National Oilwell Following the Merger</u>	4
<u>Overview of the Merger Agreement</u>	5
<u>Conditions to the Merger</u>	5
<u>No Solicitation</u>	6
<u>Termination of Merger Agreement</u>	6
<u>Termination Fee: Expenses</u>	7
<u>Varco Stock Options and Employee Stock Purchase Plan</u>	7
<u>Interests of Certain National Oilwell and Varco Executive Officers and</u>	
<u>Directors in the Merger</u>	7
<u>Risk Factors</u>	7
<u>Material Federal Income Tax Consequences</u>	7
<u>Accounting Treatment</u>	8
<u>Other Information Related to the Merger</u>	8
<u>Regulatory Approvals</u>	8
<u>Comparison of the Rights of National Oilwell and Varco Stockholders</u>	8
<u>Listing of Common Stock to be Issued in the Merger</u>	8
<u>Appraisal Rights</u>	8
<u>National Oilwell Varco Long-Term Incentive Plan</u>	9
<u>Selected Historical Consolidated Financial Data of National Oilwell</u>	10
<u>Selected Historical Consolidated Financial Data of Varco</u>	11
<u>Selected Unaudited Pro Forma Condensed Combined Financial and Other</u>	
<u>Data</u>	13
<u>COMPARATIVE PER SHARE DATA</u>	14
<u>COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND</u>	
<u>INFORMATION</u>	15
<u>Recent Closing Prices</u>	15
<u>RISK FACTORS</u>	16

Table of Contents

	<u>Page</u>
<u>Risks Related to the Merger and the Related Transactions</u>	16
<u>Risks Related to the Combined Company's Business</u>	19
<u>INFORMATION REGARDING FORWARD-LOOKING STATEMENTS</u>	23
<u>THE COMPANIES</u>	24
<u>National Oilwell's Business</u>	24
<u>Varco's Business</u>	24
<u>THE SPECIAL MEETINGS</u>	26
<u>Date, Time and Place of Special Meetings</u>	26
<u>Purpose of the Special Meetings</u>	26
<u>Recommendation of Boards of Directors</u>	27
<u>Record Date; Stockholders Entitled to Vote; Quorum</u>	27
<u>Vote Required</u>	28
<u>Voting at the Special Meetings</u>	28
<u>How Proxies are Counted</u>	29
<u>Revocation of Proxies</u>	30
<u>Adjournments; Other Business</u>	30
<u>Solicitation of Proxies</u>	31
<u>Assistance</u>	31
<u>THE MERGER</u>	32
<u>Background of the Merger</u>	32
<u>Recommendation of the Board of Directors of National Oilwell and</u>	
<u>Reasons for the Merger</u>	35
<u>Recommendation of the Board of Directors of Varco and Reasons for the</u>	
<u>Merger</u>	38
<u>Opinions of Financial Advisors</u>	41
<u>Opinion of Goldman, Sachs & Co. – Financial Advisor to National</u>	
<u>Oilwell</u>	41
<u>Opinion of Citigroup Global Markets Inc. – Financial Advisor to Varco</u>	
<u>Interests of Certain Persons in the Merger</u>	53
<u>Appraisal Rights</u>	60
<u>Regulatory Approvals Required for the Merger</u>	60
<u>Accounting Treatment</u>	60
<u>Listing of National Oilwell Common Stock</u>	61
<u>Delisting and Deregistration of Varco Common Stock</u>	61
<u>Restrictions on Sales of Shares of National Oilwell Common Stock</u>	
<u>Received in the Merger</u>	61
<u>THE MERGER AGREEMENT</u>	63
<u>General</u>	63
<u>Conversion of Shares</u>	63
<u>Procedure for the Exchange of Stock Certificates</u>	63
<u>Exchange of Stock Certificates</u>	63
<u>Dividends and Distributions</u>	64
<u>Lost Certificates</u>	64
<u>No Liability</u>	64
<u>Withholding Right</u>	64
<u>Representations and Warranties</u>	64
<u>Certain Covenants of National Oilwell and Varco</u>	65
<u>Certain Additional Agreements</u>	67

Table of Contents

	<u>Page</u>
<u>No Solicitation</u>	68
<u>Change of Recommendation</u>	69
<u>Stock Options and Employee Benefits</u>	69
<u>Stock Options</u>	69
<u>Stock Purchase Plan</u>	70
<u>Director and Officer Indemnification</u>	70
<u>Governance Matters</u>	71
<u>State Takeover Statutes</u>	71
<u>Conditions to the Merger</u>	71
<u>Joint Conditions to the Merger</u>	71
<u>National Oilwell's Conditions to the Merger</u>	72
<u>Varco's Conditions to the Merger</u>	72
<u>Termination: Termination Fees and Expenses</u>	73
<u>Termination of the Merger Agreement</u>	73
<u>Obligation to Pay Expenses</u>	75
<u>Termination Fee</u>	75
<u>Amendment and Waiver</u>	76
<u>DIRECTORS AND EXECUTIVE OFFICERS OF THE COMBINED COMPANY</u>	77
<u>Directors</u>	77
<u>Executive Officers</u>	79
<u>COMPARISON OF THE RIGHTS OF NATIONAL OILWELL AND VARCO STOCKHOLDERS</u>	80
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u>	86
<u>National-Oilwell, Inc. and Varco International, Inc. Unaudited Pro Forma Condensed Combined Statement of Operations</u>	87
<u>Notes to Unaudited Pro Forma Condensed Combined Financial Statements</u>	89
<u>DESCRIPTION OF NATIONAL OILWELL CAPITAL STOCK</u>	90
<u>Common Stock</u>	90
<u>Special Voting Stock</u>	90
<u>Preferred Stock</u>	90
<u>Certain Anti-Takeover and Other Provisions</u>	90
<u>Liability of Officers and Directors Indemnification</u>	92
<u>APPROVAL OF NATIONAL OILWELL VARCO LONG-TERM INCENTIVE PLAN</u>	93
<u>Purpose and Key Features of the Plan</u>	93
<u>Number of Shares Subject to the Long-Term Incentive Plan and Award Limits</u>	94
<u>Administration</u>	94
<u>Eligibility</u>	94
<u>Term of Long-Term Incentive Plan</u>	95
<u>Award Agreement</u>	95
<u>Stock Options</u>	95
<u>Term and Exercisability of Option</u>	95
<u>Option Price</u>	95
<u>Special Rules for Certain Stockholders</u>	95
<u>Size of Grant</u>	95
<u>Status of Options</u>	96

Table of Contents

	<u>Page</u>
<u>Payment</u>	96
<u>Transferability</u>	96
<u>Restricted Stock</u>	96
<u>Transfer Restrictions and Forfeiture Obligations</u>	96
<u>Waiver of Restrictions</u>	96
<u>Performance Awards</u>	96
<u>Performance Period</u>	96
<u>Payment</u>	97
<u>Performance-Based Compensation</u>	97
<u>Phantom Shares</u>	97
<u>Forfeiture</u>	97
<u>Payment</u>	98