DISTRIBUTION NOW®

NOW Inc., Fourth Quarter 2015 Review & Key Takeaways

Forward Looking Statements

- Statements made in the course of this presentation that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time-to-time in the Company's filings with the U.S. Securities and Exchange Commission. Any decision regarding the Company or its securities should be made upon careful consideration of not only the information here presented, but also other available information, including the information filed by the Company with the SEC. Copies of these filings may be obtained by contacting the Company or the SEC.

CEO Perspective on Q4, 2015

- **Challenging 4th Quarter as Rig Count Continues Unprecedented Fall**
  - Net loss for Q4 2015 of $249M
  - EPS for Q4 2015, excluding other costs, was loss of $0.25 EPS
  - Excluding line pipe write-downs of approximate $0.02, EPS would be a loss of $0.23
  - YoY Q4 and full year revenues negatively effected by ≈ $20M and $80M, respectively, due to strengthening US dollar
  - Revenue per global operating rig was $1.3M; $1.0M excluding 2015 acquisitions
- **Our Focus: Managing What We Can Control**
  - $196M run-rate reduction of non-acquisition expenses in Q4 2015 versus Q4 2014
  - Reduced headcount by 23% since 2014 peak; closed or consolidated 46 branches
  - Reduced line pipe inventory by $90M during 2015
  - Reduced AR & Inventory by $79M & $78M, respectively, in Q4 2015
  - $80M cash flow from operations in Q4 2015; $324M cash flow from operations for FY 2015
  - Finalized amendment to our credit facility
- **2016: Path to Growth**
  - Continued benefits from product line growth investments and related contract wins
    - Odessa Pumps leverage through our network, bolt-on acquisition for MTS & urea plant contract win from Challenger
  - Continue focus on capital allocation towards larger scale transactions; those in the works, should they move forward, would require regulatory approval
  - Traction on key process initiatives and business restructuring to drive productivity improvements
  - Continued improvement in working capital; expected to generate cash in coming quarters

Managed what was in our control, generated cash and gained market share

Income Statement Adjustments

DISTRIBUTION NOW

($ Millions, Except Per Share Amounts and Percentages)

	Fourth Quarter 2015	Fourth Quarter 2014
Revenue	$ 644	$ 1,006
Operating Expenses		
Cost of Products	$ 538	$ 801
WS&A	$ 152	$ 110
Goodwill Impairment	$ 138	$ 69
Operating Profit (Loss)	$ (184)	$ 26
Other Expense	$ (2)	$ (2)
Income (Loss) Before Income Taxes	$ (186)	$ 24
Income Tax Provision	$ 63	$ 8
Net Income (Loss)	$ (249)	$ 16

	Fourth Quarter 2015	Fourth Quarter 2014
Net Income (Loss)	$ (249)	$ 16
Interest, Net	$ 1	-
Income Tax Provision	$ 63	$ 8
Depreciation & Amortization	$ 12	$ 7
Other Costs*	$ 141	$ 1
EBITDA Excluding Other Costs*	$ (32)	$ 32
EBITDA % Excluding Other Costs*	(5.0%)	3.2%
GAAP Reported Diluted Earnings (Loss) Per Share	$ (2.33)	$ 0.14
Other Costs*	$ 2.08	$ 0.01
Diluted Earnings (Loss) Per Share Excluding Other Costs*	$ (0.25)	$ 0.15

(* See footnotes on last page)

Revenue by Business Segment

($ Millions, Except Percentages)

	2015		
	Q4 (Unaudited)	Q3 (Unaudited)	% Δ
Revenue			
United States	$433	$497	-13%
Canada	79	94	-16%
International	132	162	-19%
Total Revenue	644	753	-14%
OP (Loss)			
US	(186)	(294)	
Canada	(1)	2	
International	3	1	
Total OP (Loss)	$(184)	$(291)	

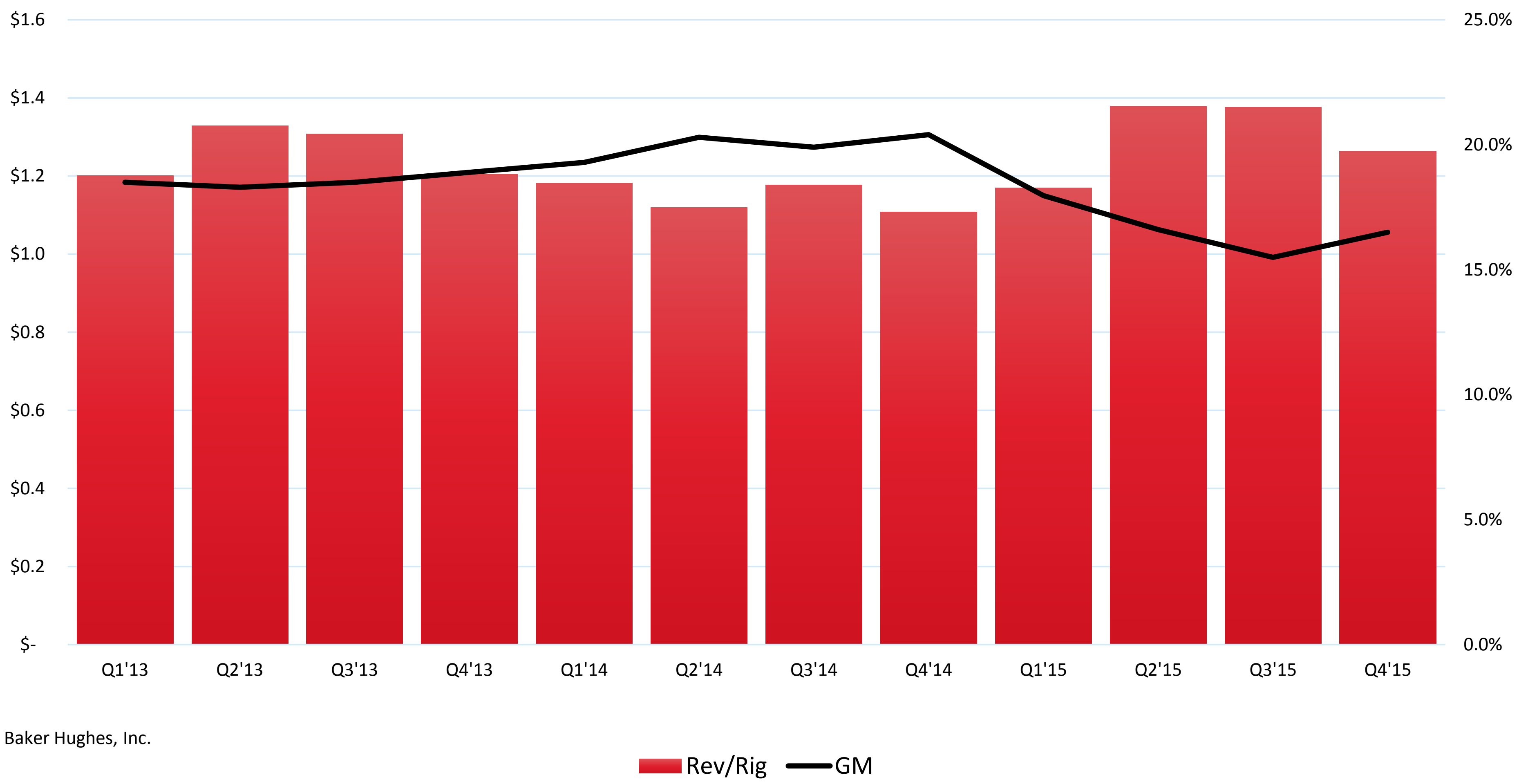
- Challenging Q4 2015 in U.S. as rig count continues to fall
  - Sequential revenue decline in line with rig count
  - Reduction in billing days, holiday drag, destocking & DUC's
  - Offset by 17M incremental acquired revenue in quarter, 6M+ Midstream project wins, product expansion into existing customers, organic share wins
- Canada outperformed the rig count outright and overcame a 14% foreign exchange disadvantage
  - Project delays and/or shut downs with customer activity
  - Recent contract awards with several customers and adoption of a more integrated business model could produce modest organic revenue share gains
- International revenue down as reduced market activity and customer spending impacted revenue opportunities
  - Project and shipment delays, offshore rig stacking, export declines, lower valve and artificial lift sales
  - Increased seasonal activity in the Former Soviet Union

Strengthened market share despite headwinds

Revenue Per Global Operating Rig at 1.27M

DISTRIBUTION NOW

($ Millions - QTR - Annualized)



Rig Count Source: Baker Hughes, Inc.

Maintained revenue per rig while rig count declined

Working Capital Highlights

DISTRIBUTION NOW

($ Millions, Except DSO's and Inventory Turns)

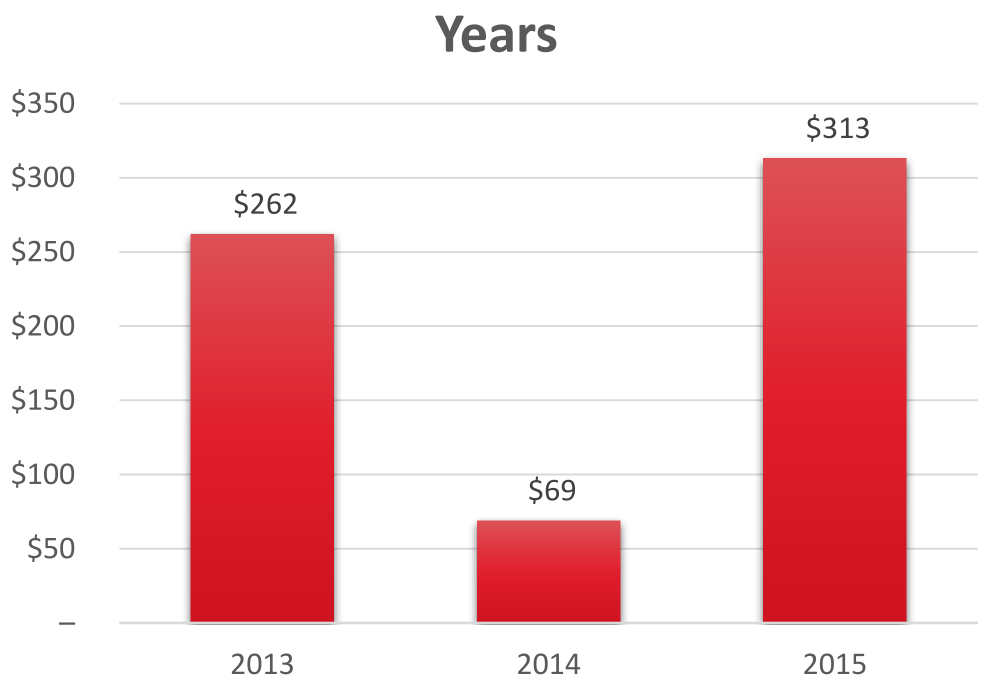
	Q4 2015 (Unaudited)	Q3 2015 (Unaudited)	% Δ
Current Assets			
Cash & Cash Equivalents	$90	$126	
Receivables, Net	485	564	
Inventories, Net	693	771	
Deferred Income Taxes	-	47	
Prepaid & Other Current Assets	24	24	
Total Current Assets	1,292	1,532	-16%
Current Liabilities			
Accounts Payable	211	292	
Accrued Liabilities	94	97	
Other Current Liabilities	2	-	
Total Current Liabilities	307	389	-21%
Working Capital	**$985**	**$1,143**	**-31%**
DSO's	69	68	
Inv. Turns	3.1	3.3	

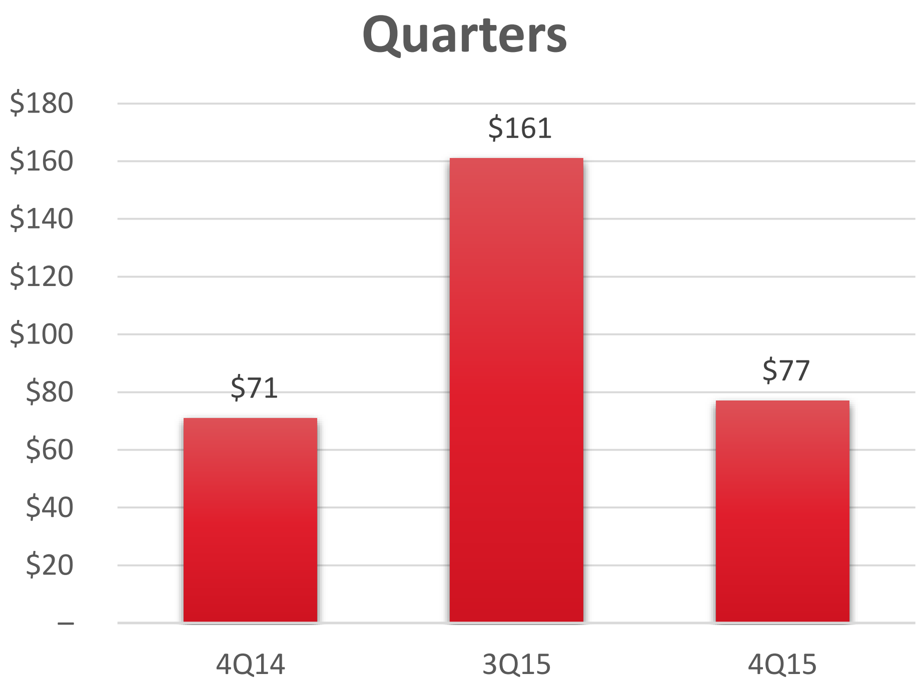
- Working capital close to $1.0B at FY End, 2015; 38% of Q4 2015 Annualized Sales
  - Reduced AR $79M during Q4 2015
  - Decreased inventory $78M during Q4 2015
  - Continued significant absolute improvements in AR & inventory
  - Improved DSO's by 10% to 69 days
  - Inventory turns at 3.1X
- Advancing toward 25% WC as a % of revenue
  - Continue receivables diligence as bankruptcies increase in the energy space
  - Continue slowing inventory replenishment process
  - Pushing towards 60-day DSO range
  - Targeting inventory turns of 4X

Made great strides in working capital

Free Cash Flow

($ Millions)

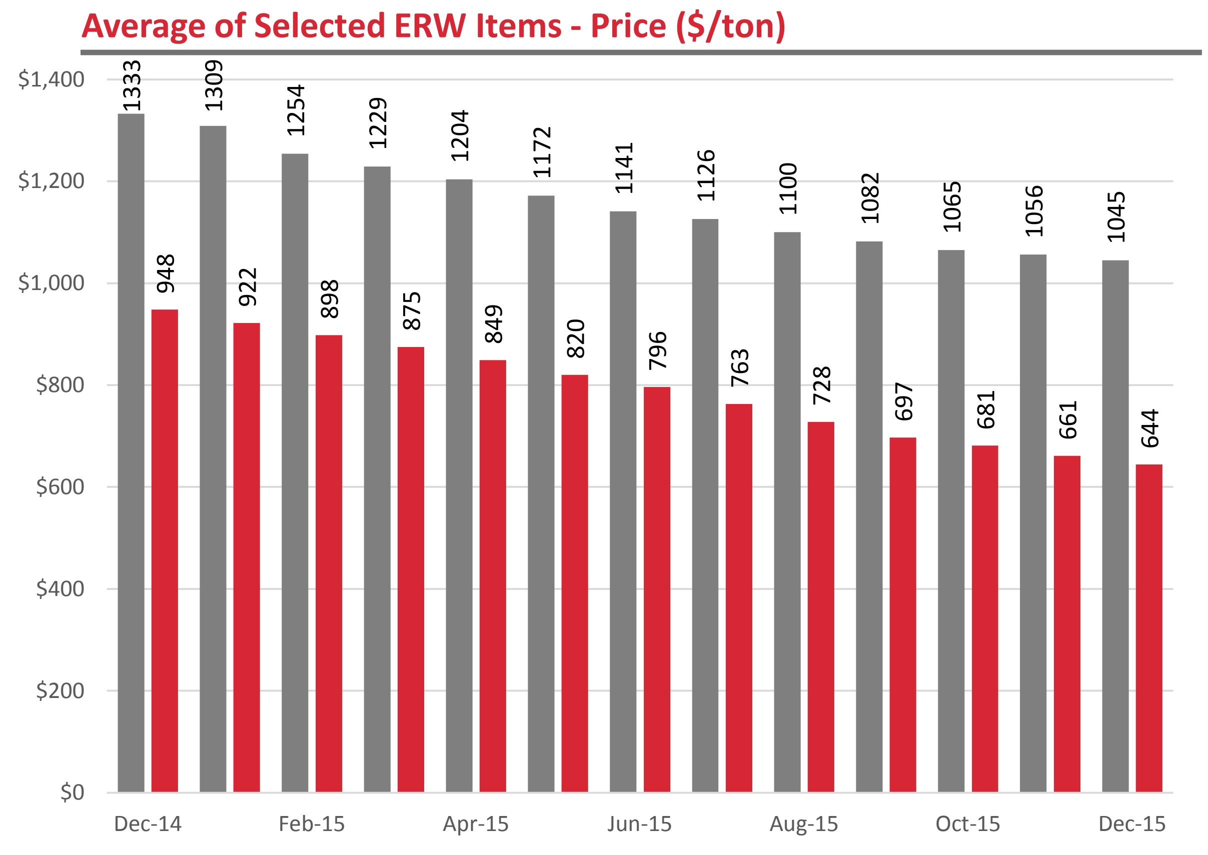




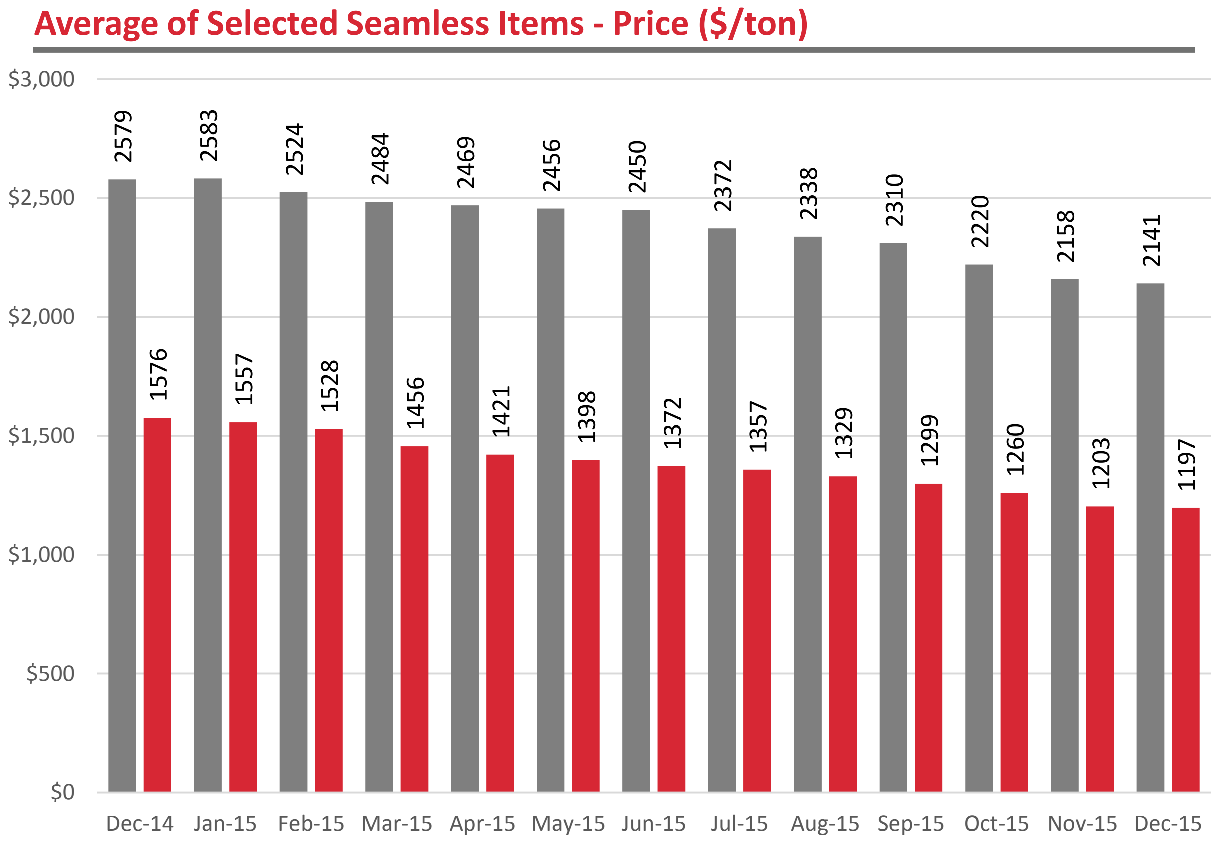
Free Cash Flow ("FCF") is defined as Cash Flow from Operations less Capital Expenditures

Continued to generate significant cash in a downturn

Line Pipe Pricing



Source: Pipe Logix



Source: Pipe Logix

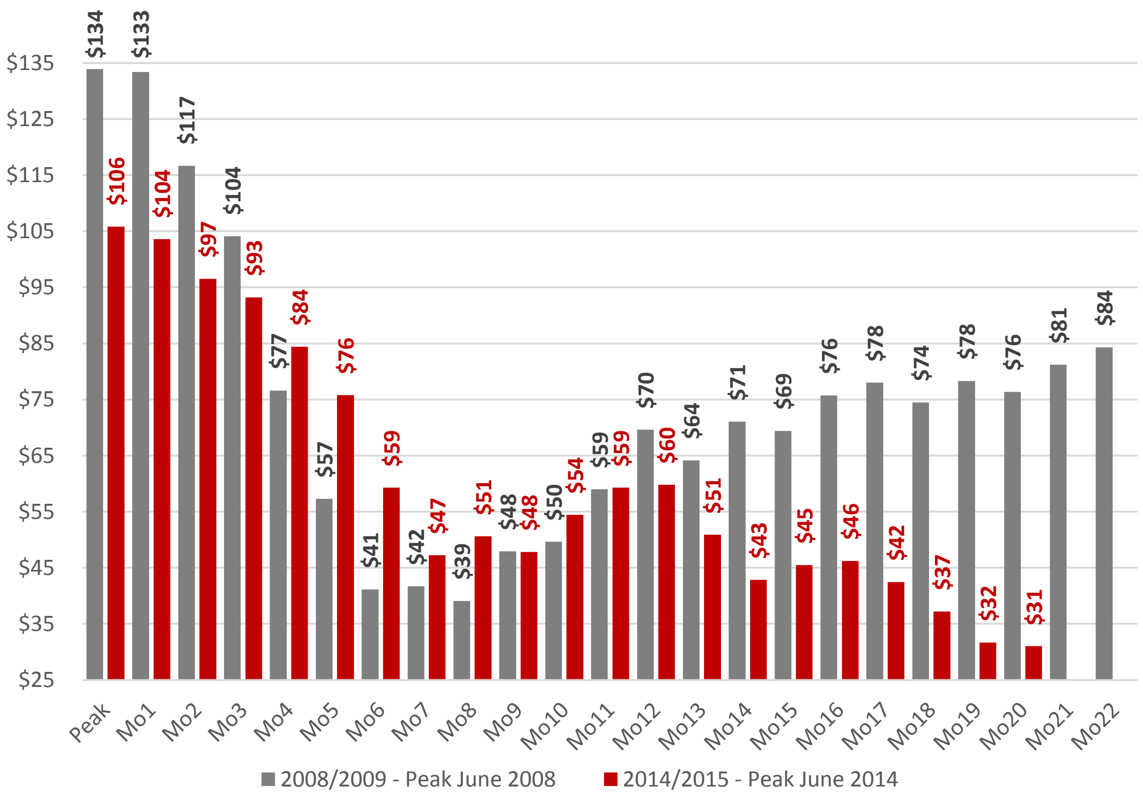
Minimized line pipe risk as pipe pricing continues downward trend

Comparing Current & Previous Downturns

DISTRIBUTION NOW

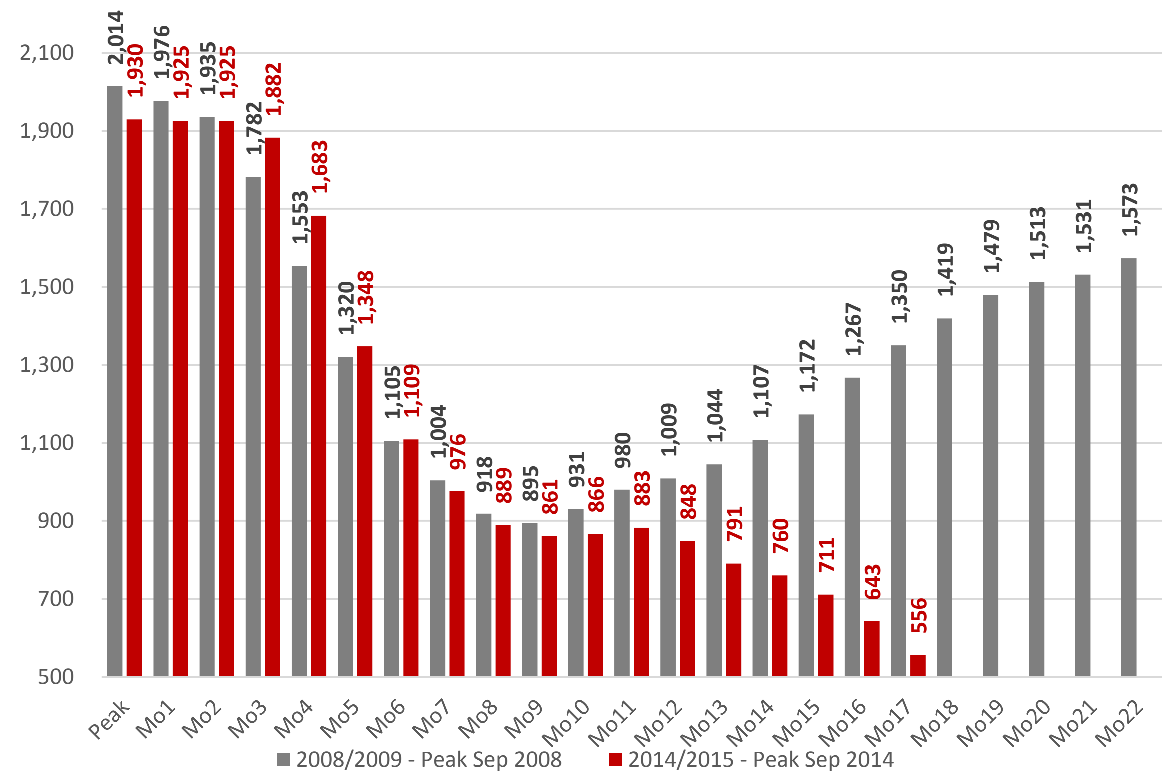
Oil Price & Rig Count Trends

Average Oil Prices - From Peak Month of Last Two Downturns



Source: EIA Cushing, OK WTI Spot Price through Feb 8, 2016

US Rig Count Trends – From Peak Month of Last Two Downturns



Source: Baker Hughes, Inc. Updated for 2015 through Feb 12, 2016

Unprecedented drops in oil price and rig activity continued

Net Income and Diluted EPS Excl. Other Costs Footnotes

DISTRIBUTION NOW

(1) We believe that net income (loss) is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles (GAAP) that is most directly comparable to EBITDA excluding other costs. EBITDA excluding other costs measures the Company's operating performance without regard to certain expenses. EBITDA excluding other costs is not a presentation made in accordance with GAAP and the Company's computation of EBITDA excluding other costs may vary from others in the industry. EBITDA excluding other costs has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP.

(2) Other costs in the quarter ended December, 31 2015 included a pre-tax impairment charge of $138 million associated with the fair value of goodwill and $3 million in transaction costs associated with acquisitions including the cost of inventory that was stepped up to fair value during purchase accounting related to acquisitions and severance expenses which are included in operating profit (loss). The quarter ended December 31, 2014 included $1 million in acquisition-related and severance charges. Other costs, net of tax, also includes a $129 million deferred tax asset valuation allowance for the quarter ended December 31, 2015. Other costs, net of tax, in the quarter ended December 31, 2015 and 2014 totaled approximately $222 million and $1 million, respectively.

(3) EBITDA % excluding other costs is defined as EBITDA excluding other costs divided by Revenue.

(4) We believe that diluted earnings (loss) per share is the financial measure calculated and presented in accordance with U.S. GAAP that is most directly comparable to diluted earnings (loss) per share excluding other costs. Diluted earnings (loss) per share excluding other costs measures the Company's operating performance without regard to certain expenses. Diluted earnings (loss) per share excluding other costs is not a presentation made in accordance with GAAP and the Company's computation of diluted earnings (loss) per share excluding other costs may vary from others in the industry. Diluted earnings (loss) per share excluding other costs has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP.

See referenced schedules on slide 3 and 4.