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We Distribute Products That Deliver Energy to the World®

NOW Inc., Second Quarter 2016 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 2Q 2016

- **Second Quarter Results**
  - Net loss for 2Q 2016 of $44M
  - Diluted loss per share for 2Q 2016 was $0.40
  - One month of Power Service added ≈ $7M incremental revenue to U.S. segment for 2Q 2016
  - Revenue per global operating rig grew to $1.4M; $1.3M excluding acquisitions completed in the last year
  - EBITDA, excluding other costs, improved by $9M in 2Q 2016*
- **Our Focus Continues to Be: Managing What We Can Control**
  - Reduced headcount by 223 since 1Q 2016, excluding acquisitions
  - Closed or consolidated 12 branches in 2Q 2016, excluding acquisitions
  - Reduced AR by $59M and inventory by $44M in 2Q 2016
  - $136M cash on hand at end of 2Q 2016
- **Going forward: Leaning Into an Uncertain Environment**
  - Focusing on working capital and ensuring our liquidity runway for a market upturn
  - Maintaining capital allocation discipline
  - Integrating Power Service and prior acquisitions to ensure we gain the planned synergies
  - Growing organic market share
  - Increasing WS&A slightly as efficiency gains from further cost control measures are moderated by increased expenses from acquisitions and benefits normalization

Focus on working capital, capital discipline, integration and market share gains

(* See footnotes on last page)

Comparing Current & Previous Downturns

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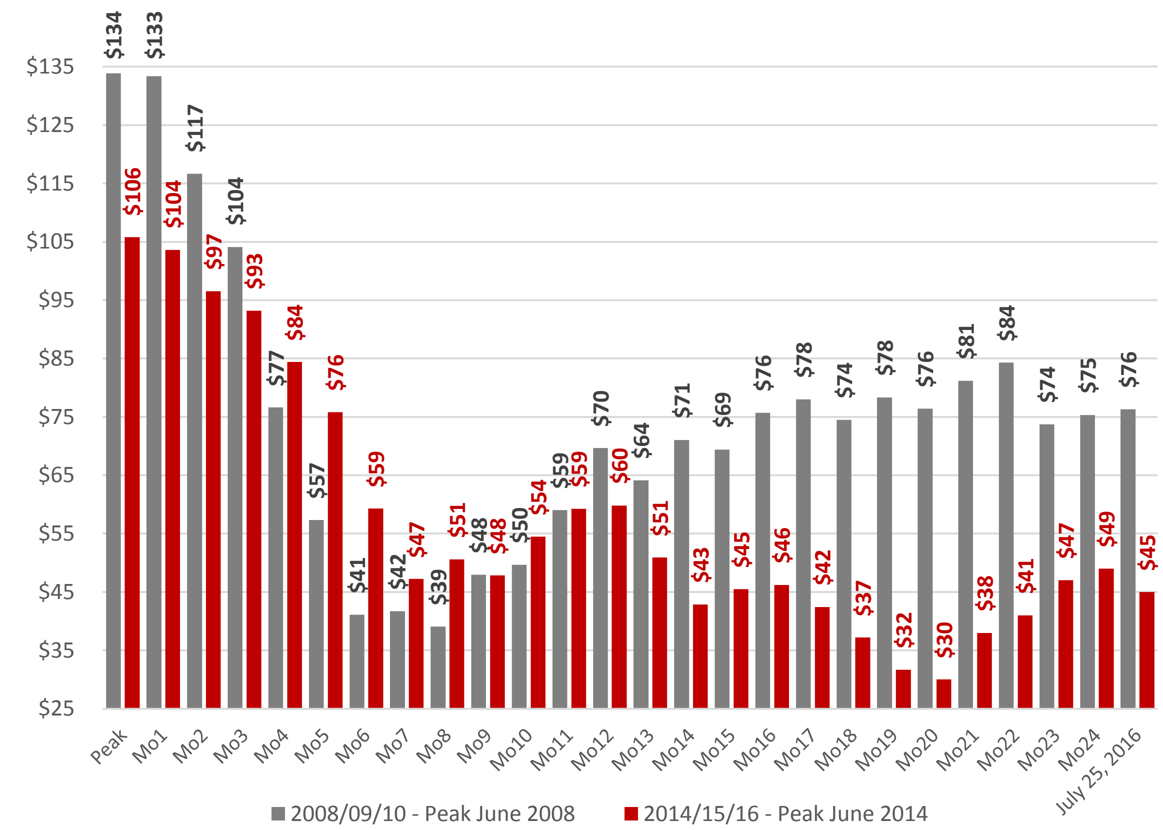
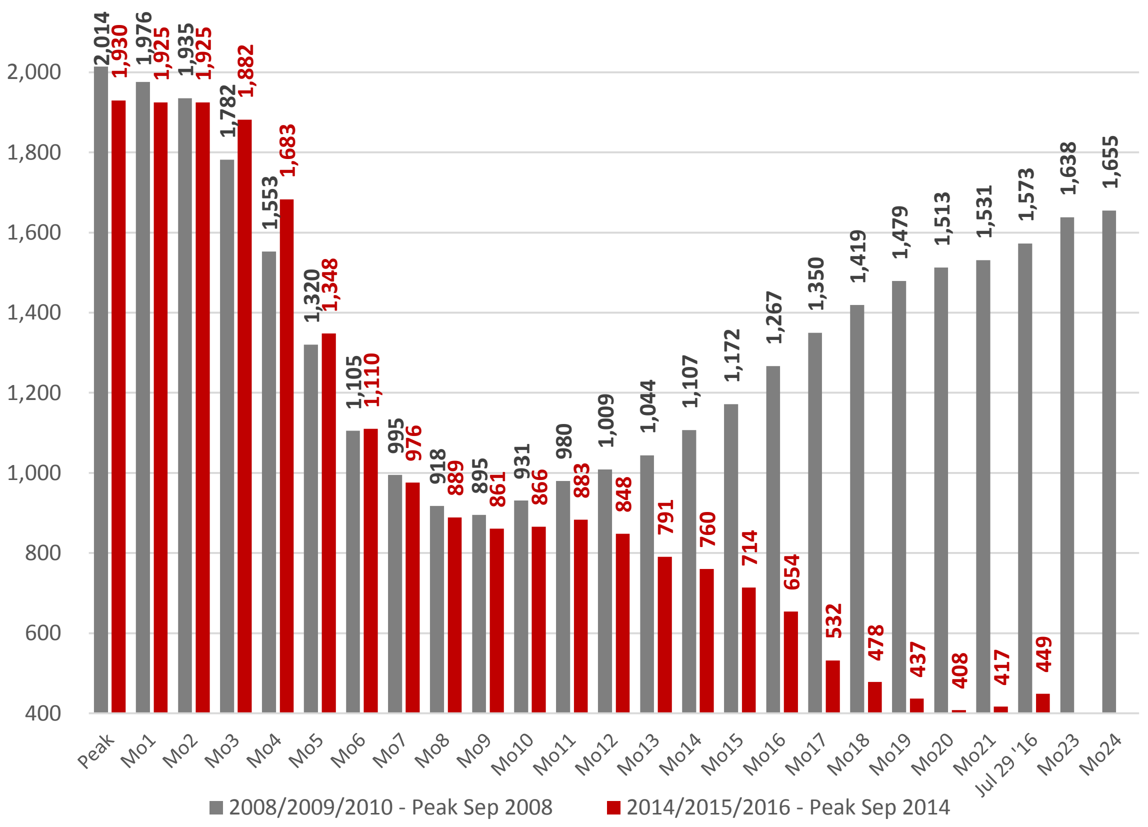
Oil Price & Rig Count Trends

Average Oil Prices - From Peak Month of Last Two Downturns



Source: EIA Cushing, OK WTI Spot Price

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



Source: Baker Hughes, Inc.

Depressed levels of leading indicators

Statement of Operations and Non-GAAP Reconciliations

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($ Millions, Except Per Share Amounts and Percentages)

	Unaudited	
	2Q 2016	1Q 2016
Revenue	$ 501	$ 548
Operating Expenses		
Cost of Products	$ 418	$ 461
WS&A	$ 140	$ 152
Operating Loss	$ (57)	$ (65)
Other Expense	$ (2)	$ (2)
Loss Before Income Taxes	$ (59)	$ (67)
Income Tax Benefit	$ (15)	$ (4)
GAAP Net Loss	$ (44)	$ (63)

	Unaudited	
	2Q 2016	1Q 2016
GAAP Net Loss	$ (44)	$ (63)
Interest, Net	$ 1	$ -
Income Tax Benefit	$ (15)	$ (4)
Depreciation & Amortization	$ 13	$ 12
Other Costs*	$ 3	$ 4
EBITDA Excluding Other Costs*	$ (42)	$ (51)
EBITDA % Excluding Other Costs*	(8.4%)	(9.3%)
GAAP Reported Diluted Loss Per Share	$ (0.40)	$ (0.59)
Other Costs*	$ -	$ 0.24
Diluted Loss Per Share Excluding Other Costs*	$ (0.40)	$ (0.35)

Global revenues declined by 9%, while global rig declined by 18%

(* See footnotes on last page)

Statement of Operations and Non-GAAP Reconciliations

($ Millions, Except Per Share Amounts and Percentages)

	Unaudited	
	2Q 2016	2Q 2015
Revenue	$ 501	$ 750
Operating Expenses		
Cost of Products	$ 418	$ 626
WS&A	$ 140	$ 151
Operating Loss	$ (57)	$ (27)
Other Expense	$ (2)	$ (2)
Loss Before Income Taxes	$ (59)	$ (29)
Income Tax Benefit	$ (15)	$ (10)
GAAP Net Loss	$ (44)	$ (19)

	Unaudited	
	2Q 2016	2Q 2015
GAAP Net Loss	$ (44)	$ (19)
Interest, Net	$ 1	$ -
Income Tax Benefit	$ (15)	$ (10)
Depreciation & Amortization	$ 13	$ 9
Other Costs*	$ 3	$ 3
EBITDA Excluding Other Costs*	$ (42)	$ (17)
EBITDA % Excluding Other Costs*	(8.4%)	(2.3%)
GAAP Reported Diluted Loss Per Share	$ (0.40)	$ (0.18)
Other Costs*	$ -	$ 0.02
Diluted Loss Per Share Excluding Other Costs*	$ (0.40)	$ (0.16)

Revenue per global operating rig flat while inventories are cannibalized & DUC's grow

(* See footnotes on last page)

Revenue Per Global Operating Rig

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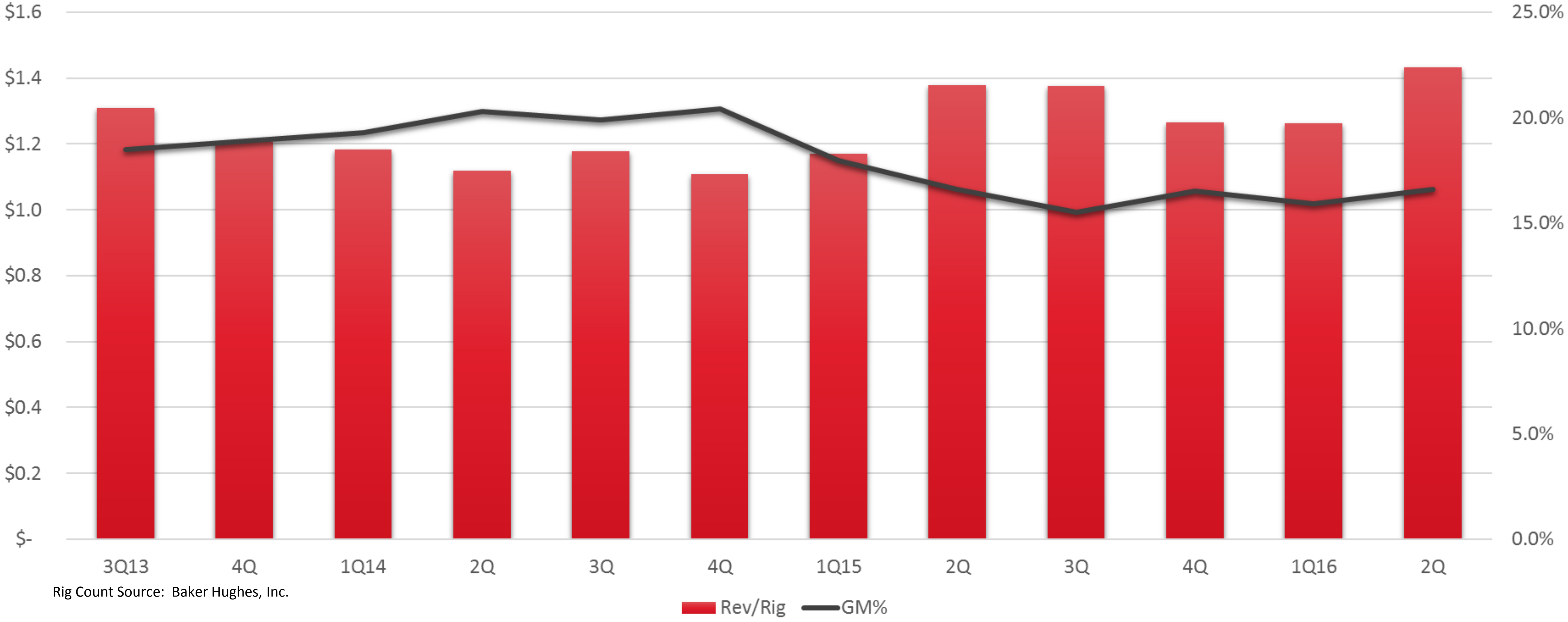
($ Millions - QTR - Annualized)



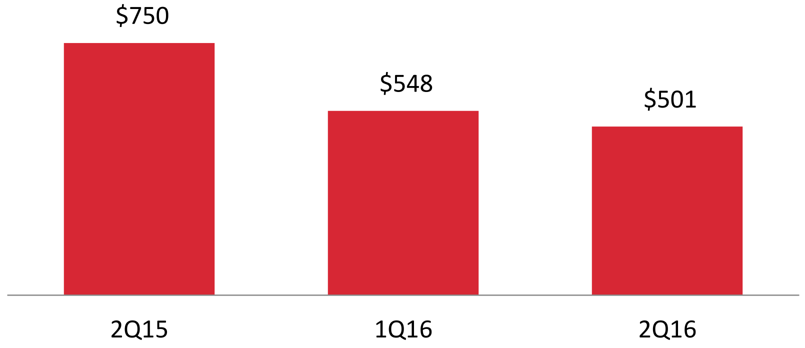
Rig Count Source: Baker Hughes, Inc.

Increased revenue per rig in languishing environment

Selected Quarterly Results (Unaudited)

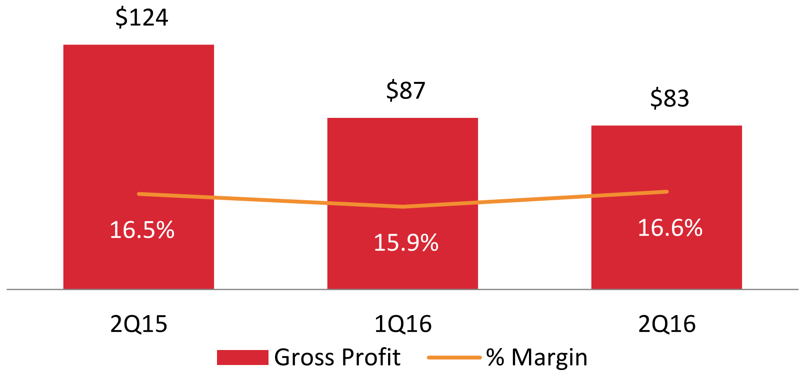
Revenue

($ in millions)



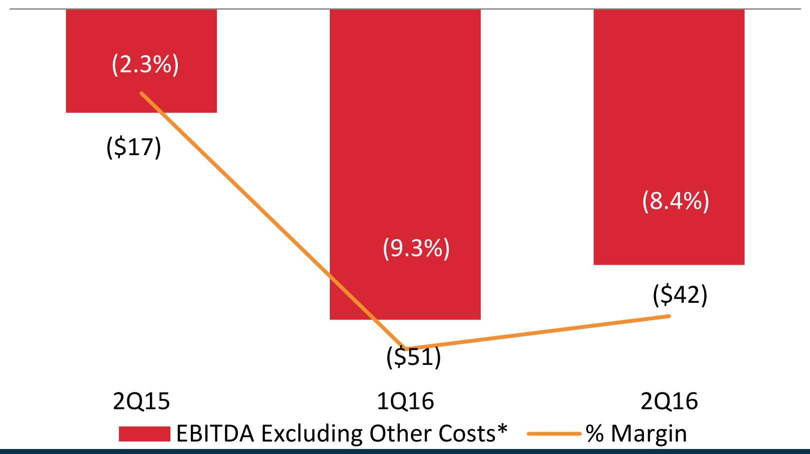
Gross Profit and Margin

($ in millions)



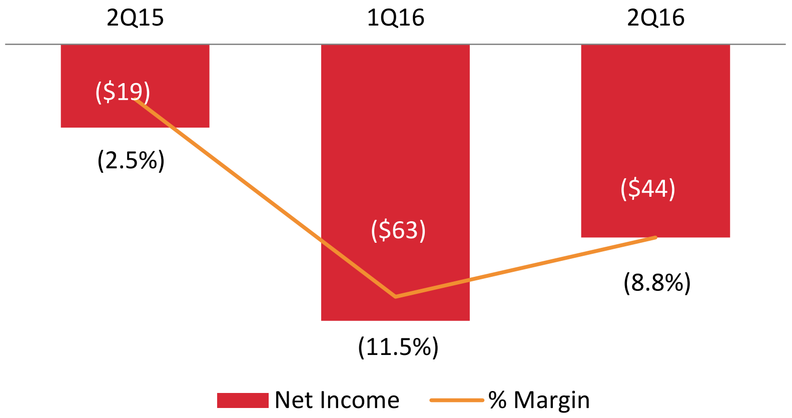
EBITDA Excluding Other Costs* and Margin

($ in millions)



Net Income

($ in millions)



EBITDA, excluding other costs, improved on declining revenues

(* See footnotes on last page)

Working Capital Highlights

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

	Unaudited 2Q 2016	Unaudited 1Q 2016
Current Assets		
Cash & Cash Equivalents	$136	$131
Receivables, Net	354	413
Inventories, Net	589	633
Deferred Income Taxes	-	-
Prepaid & Other Current Assets	29	24
Total Current Assets	1,108	1,201
Current Liabilities		
Accounts Payable	205	208
Accrued Liabilities	96	94
Other Current Liabilities	3	-
Total Current Liabilities	304	302
Working Capital, Excl. Cash	**$668**	**$768**
DSO's	64	69
Inv. Turns	2.8x	2.9x

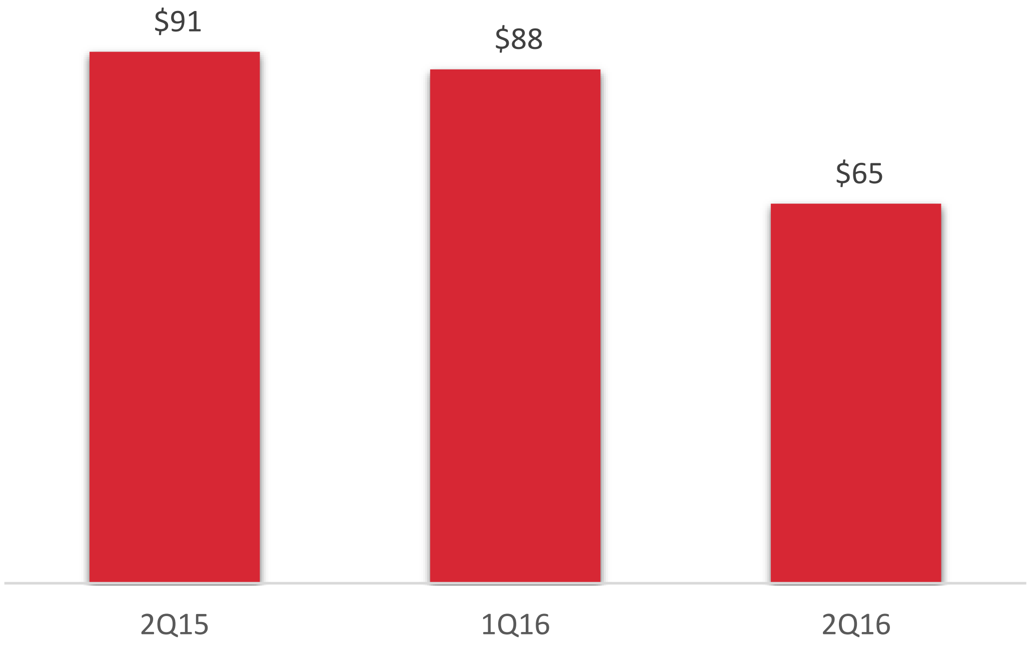
- On falling revenue, working capital, excluding cash was $668M at June 30, 2016 and was reduced to 33%.
- Sequentially:
  - Continued improvements in AR & inventory
  - Reduced AR $59M
  - Decreased inventory $44M
  - Improved DSO's by 5 days
  - Inventory turns essentially flat
- Advancing toward 25% WC as a % of revenue
  - Try to minimize receivables risk as customers continue to face financial challenges
  - Try to optimize inventory and replenishment balancing current market and potential upturn
  - Continue pushing towards 60-day DSO range
  - Targeting inventory turns of 4x

Improved working capital efficiency on falling revenue

Cash Generation & Working Capital Excluding Cash

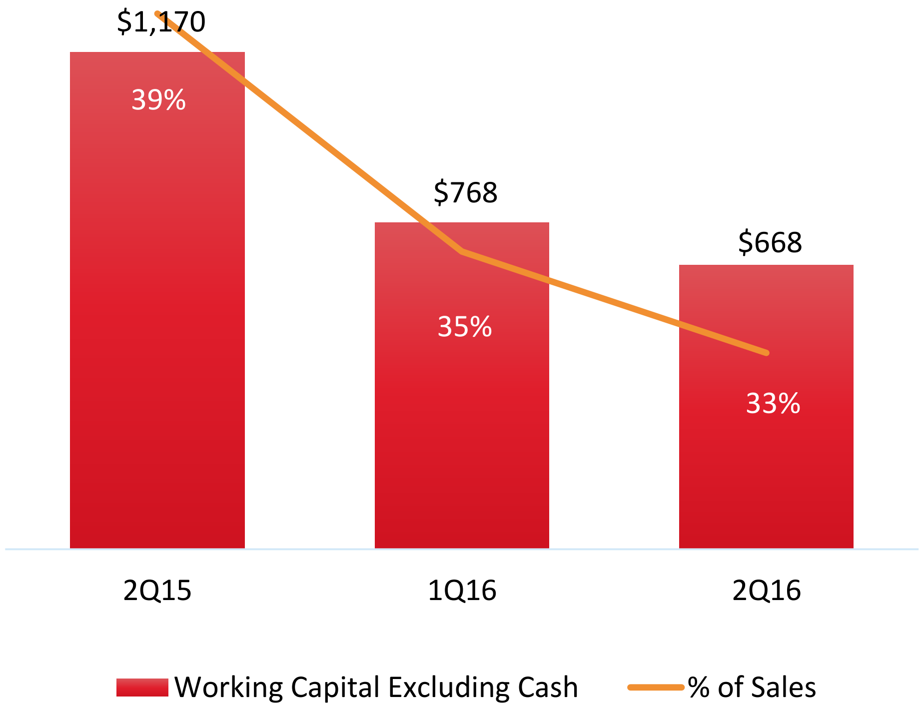
($ Millions)

Free Cash Flow - Quarters



Free Cash Flow ("FCF") is defined as Net cash provided by operating activities, less Purchases of property, plant and equipment

Working Capital Excluding Cash - Quarters



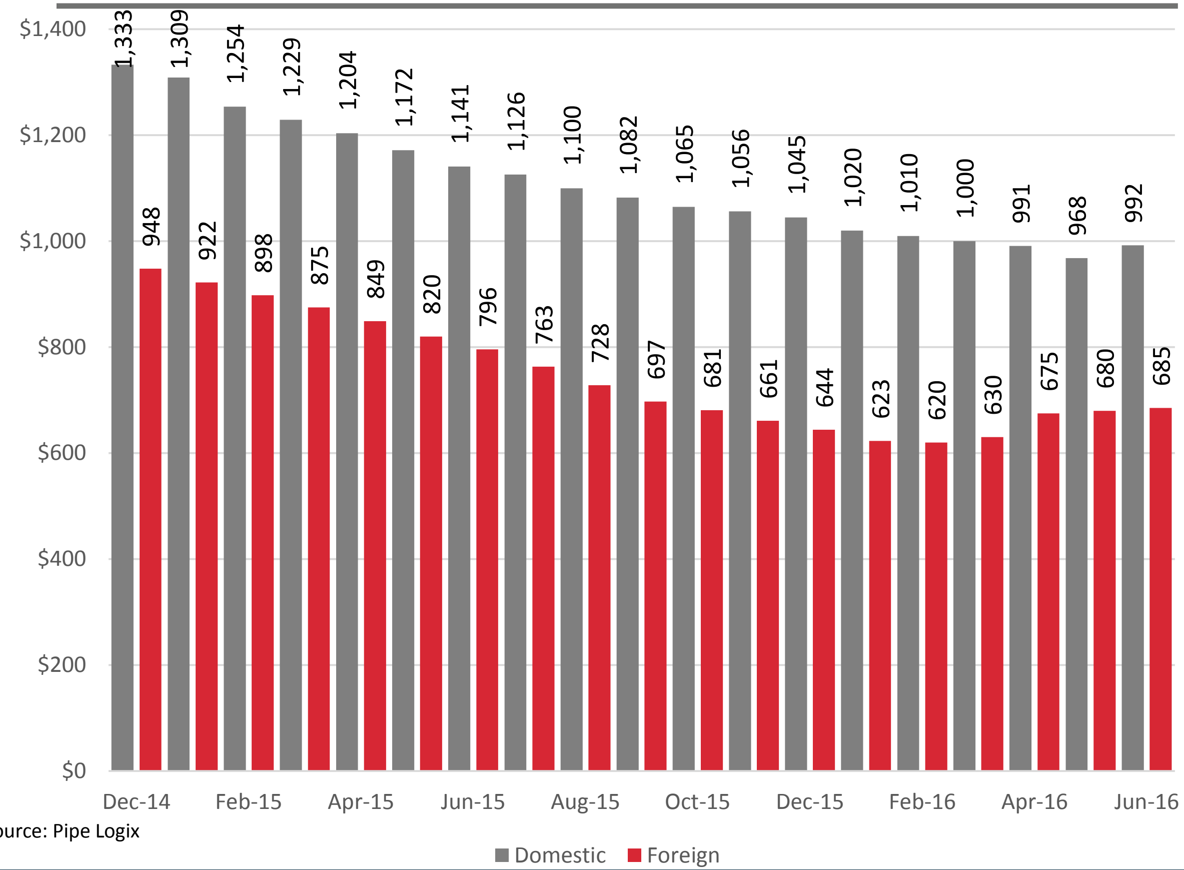
Continued to generate cash flow & decrease working capital, excluding cash

Spears Pipe Logix Report

Line Pipe Pricing

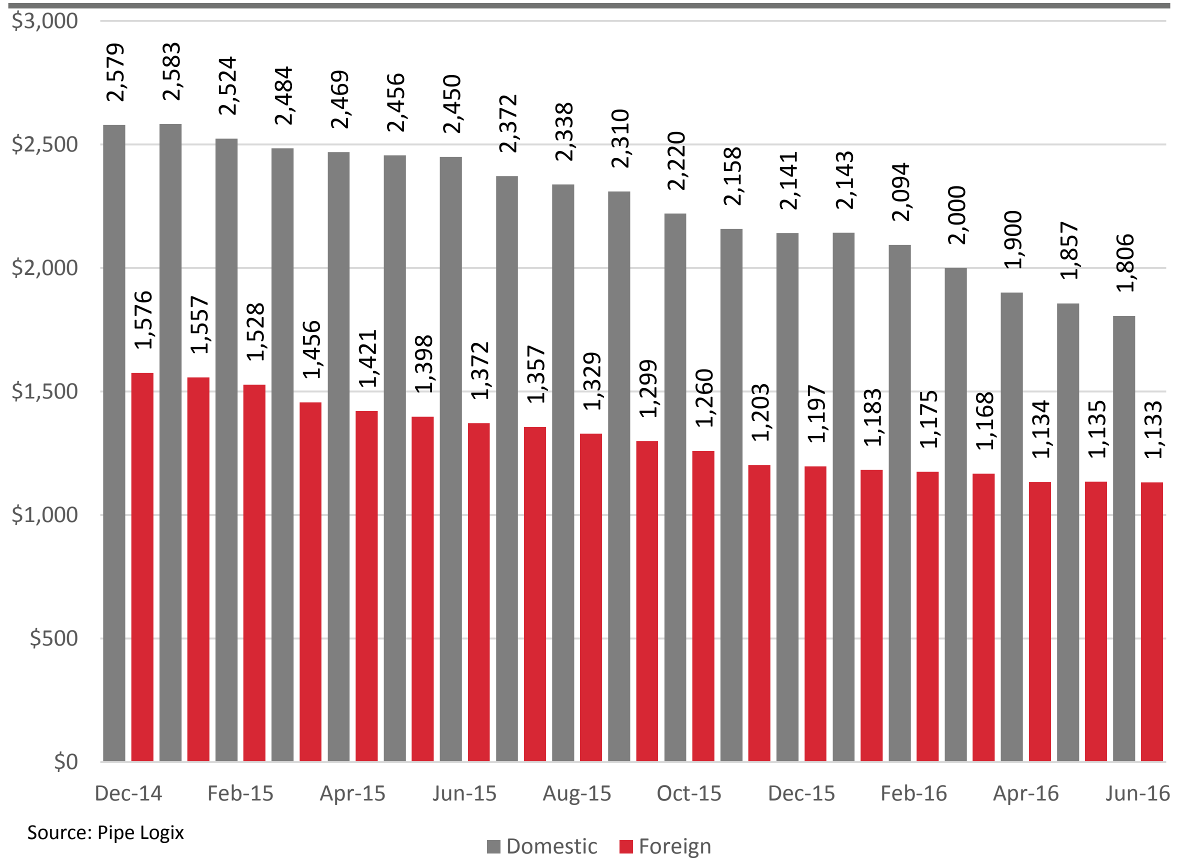
Updated through June 2016

Average of Selected ERW Items - Price ($/ton)



Source: Pipe Logix

Average of Selected Seamless Items - Price ($/ton)



Source: Pipe Logix

Manufacturers price flat while distribution weak from oversupply

Business Segment Results

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($ Millions, Except Percentages)

	Unaudited		
	2Q 2016	1Q 2016	2Q 2015
Revenue			
United States	$337	$357	$496
Canada	55	63	89
International	109	128	165
Total Revenue	501	548	750
OP (Loss)			
United States	(44)	(59)	(23)
Canada	(8)	(6)	(5)
International	(5)	-	1
Total OP (Loss)	$(57)	$(65)	$(27)

United States

- The 6% U.S. segment decline outperformed the 24% sequential rig count decline, enabled by sequential revenue growth from one month of the Power Service acquisition, projects in the midstream and gas utility markets and the continued implementation of supply chain services agreements.

Canada

- Canadian revenues for 2Q 2016 were $55M, down 13% sequentially versus Canadian rig count declines of 70%.
- Offsetting the declines was sequential revenue growth related to our midstream market and share gains through an ecommerce solution in the drilling sector.

International

- International revenues declined 15% sequentially in 2Q 2016 as a result of two large project completions and a decline in artificial lift sales in Australia along with the continued stacking and scrapping related to offshore drilling.

U.S. & Canada beat rig count; International continues sparring with offshore

Key Industry Indicators

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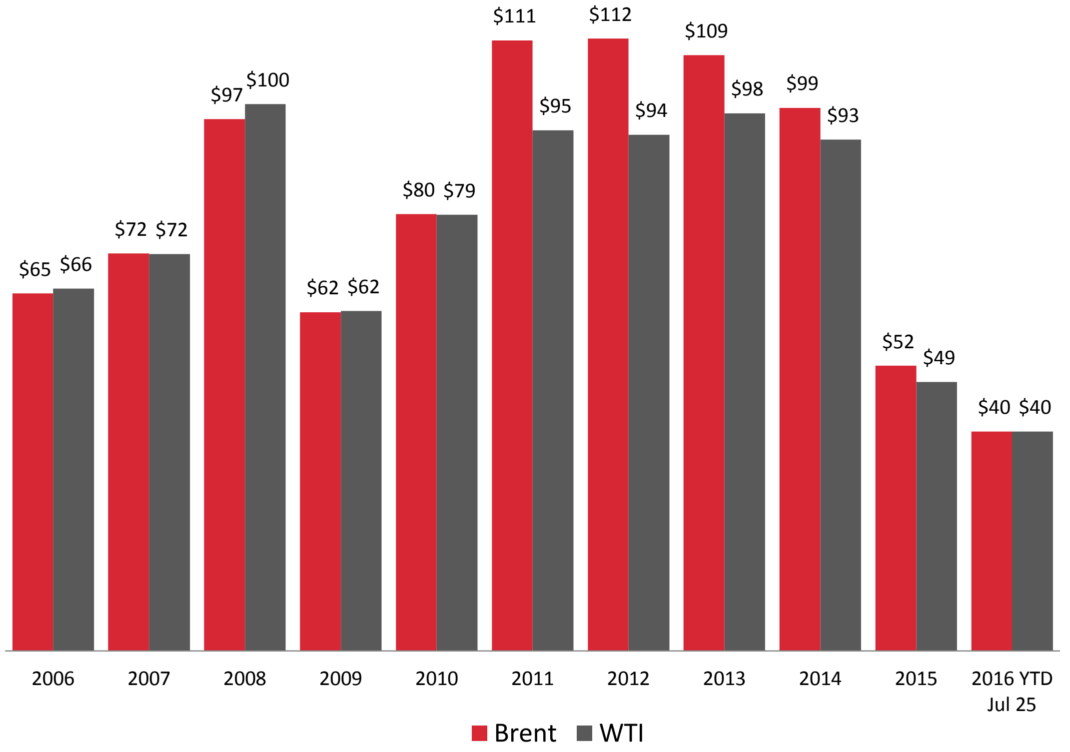
Average Oil Prices

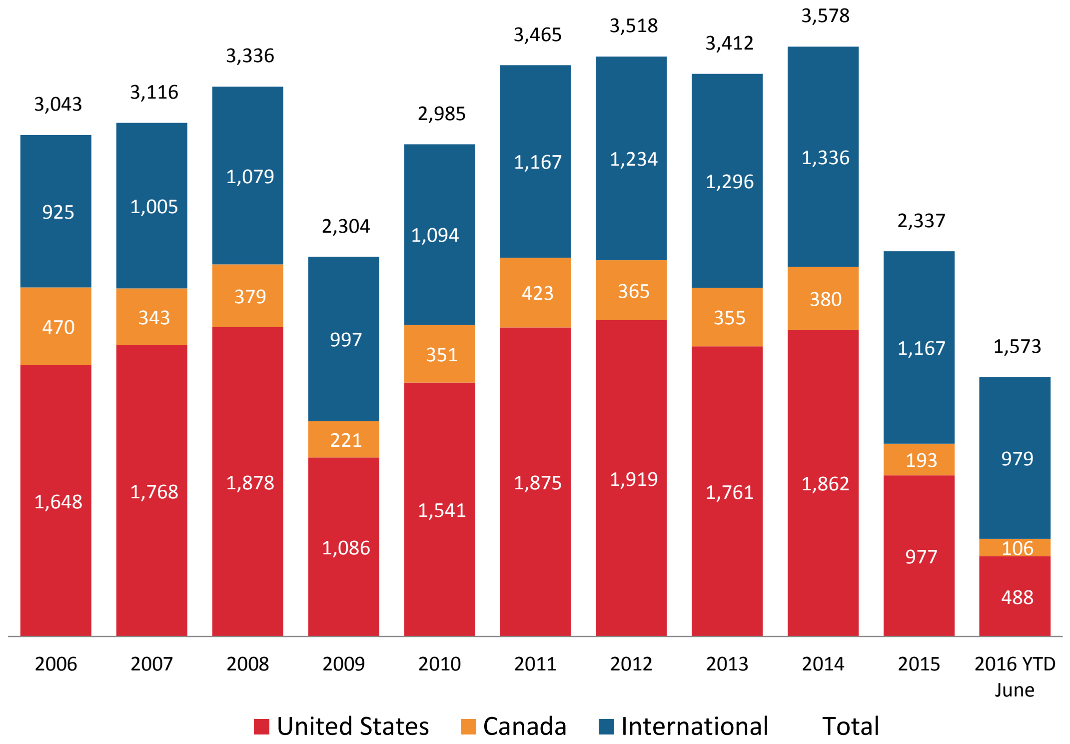
(per barrel)



Source: EIA, Europe Brent and Cushing, OK WTI Spot Price FOB

Average Annual Rig Count

(number of rigs)



Source: Baker Hughes, Inc.

EBITDA, Net Income and Diluted EPS Excl. Other Costs Footnotes

(1) In an effort to provide investors with additional information regarding our results as determined by GAAP, we disclose various non-GAAP financial measures in our quarterly earnings press releases and other public disclosures. The non-GAAP financial measures include: (i) earnings before interest, taxes, depreciation and amortization (EBITDA) excluding other costs, (ii) net loss excluding other costs and (iii) diluted loss per share excluding other costs. Each of these financial measures excludes the impact of certain other costs 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 in the Earnings Release.

(2) Other costs primarily includes the 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 loss.

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

(4) Other costs, net of tax, for the three and six months ended June 30, 2016 and 2015 included $3 million benefit, $20 million expense, nil and nil, respectively, for deferred tax asset valuation allowance; as well as, $3 million, $5 million, $2 million and $9 million, after tax, respectively, 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 loss. Other costs, net of tax, was less than $1 million for the three months ended June 30, 2016.

(5) Per share amounts may not foot due to rounding.

*** See referenced schedules on slides 3, 5, 6, & 8**