We Distribute Products That Deliver Energy to the World®

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NOW Inc.
First 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 Q1 2016

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- **Deterioriating Q1 market continues topline contraction, but market position strengthened**
  - Net loss for Q1 2016 of $63M
  - Diluted loss per share, excluding other costs, for Q1 2016 was $0.35
  - Excluding steel price related line pipe write downs of approximately -$0.02, EPS would be a loss of $0.33
  - Revenue per global operating rig was $1.3 million; $1.1 million excluding 2015 acquisitions
  - Year over year Q1 revenues were negatively impacted by approximately $19 million due to strengthening US dollar
- **Lower cost structure, continued balance sheet discipline, generating cash**
  - Reduced headcount by 425 since Q4 2015; closed or consolidated four additional branches
  - Reduced AR by $72 million in Q1 2016
  - Reduced inventory by $60 million in Q1 2016
  - $89 million cash flow from operating activities
  - Reduced long term debt by $53 million (to $55 million) in Q1 2016
  - Net cash position of $76 million at March 31, 2016
  - Filed for HSR approval for acquisition of Power Service, Inc. on April 29, 2016
- **Going forward: Battening down the hatches**
  - Continued attention on operational excellence
  - Unrelenting focus on improving working capital; expected to generate additional cash in coming quarters
  - Evaluating fulfillment model, other revenue channels
  - Further build out of Supply Chain pipeline and continued market share gains in the US and internationally

Focus on lower cost structure, capital discipline, cash generation and market share

Statement of Operations & Non-GAAP Reconciliations

($ Millions, Except Per Share Amounts and Percentages)

	First Quarter	
	2016 (Unaudited)	2015 (Unaudited)
Revenue	$ 548	$ 863
Operating Expenses		
Cost of Products	$ 461	$ 708
WS&A	$ 152	$ 163
Operating Loss	$ (65)	$ (8)
Other Expense	$ (2)	$ (4)
Loss Before Income Taxes	$ (67)	$ (12)
Income Tax Benefit	$ (4)	$ (2)
Net Loss	$ (63)	$ (10)

	First Quarter	
	2016 (Unaudited)	2015 (Unaudited)
Net Loss	$ (63)	$ (10)
Interest, Net	-	-
Income Tax Benefit	$ (4)	$ (2)
Depreciation & Amortization	$ 12	$ 7
Other Costs*	$ 4	$ 9
EBITDA Excluding Other Costs*	$ (51)	$ 4
EBITDA % Excluding Other Costs*	(9.3%)	0.5%
GAAP Reported Diluted Loss Per Share	$ (0.59)	$ (0.09)
Other Costs*	$ 0.24	$ 0.07
Diluted Loss Per Share Excluding Other Costs*	$ (0.35)	$ (0.02)

(* See footnotes on last page)

Business Segment Results

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($ Millions, Except Percentages)

	Q1 2016 (Unaudited)	Q4 2015 (Unaudited)	% Δ
Revenue			
United States	$357	$433	-18%
Canada	63	79	-20%
International	128	132	-3%
Total Revenue	548	644	-15%
Operating Profit (Loss)			
United States	(59)	(186)	
Canada	(6)	(1)	
International	-	3	
Total Operating Profit (Loss)	$(65)	$(184)	

United States

- First quarter revenues for the United States were $357 million, down 18% from Q4 of 2015, versus a U.S. rig count decline of 26%. Enabling the US to outperform sequential rig count declines were the beginning ramp-up of revenues with a large midstream project and the implementation of a new supply chain services agreement with a large operator.

Canada

- Revenues for the first quarter of 2016 were $63 million, down 20% compared to Q4 of 2015, versus Canadian completion declines of 36%. These declines were driven by significantly lower purchases from key customers, lower rig count and a strengthening US dollar generally.

International

- First quarter revenues of $128 million, which were down 3% from the Q4 of 2015, versus international rig count declines of 8%. The decline was mainly attributable to continued stacking and scrapping of the deep water driving fleet, offset by the favorable timing of large projects.

Per-rig revenue gains in US and Int'l, while Canada customers hunker down

Revenue Per Global Oper. Rig at $1.3 Million (Annualized)

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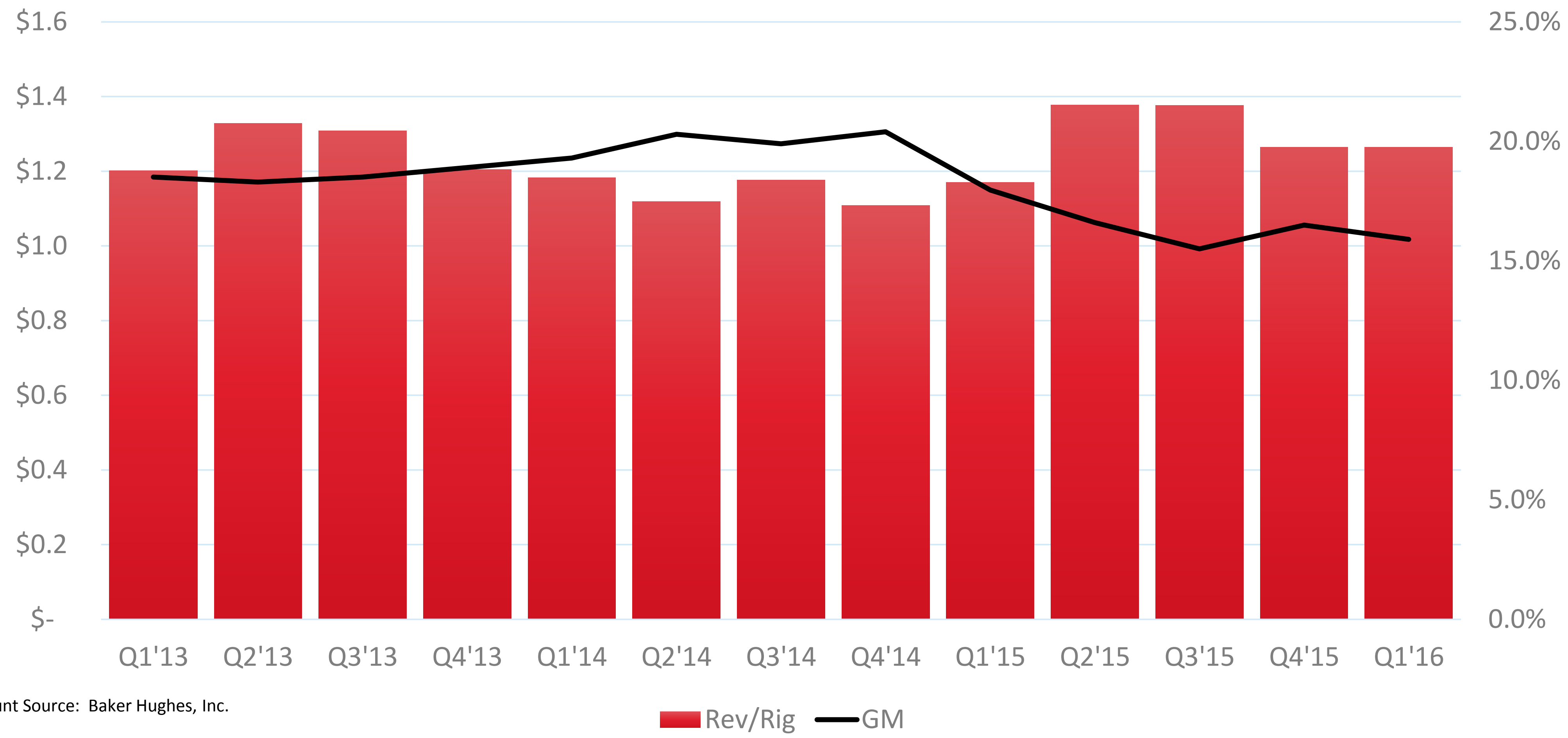
($ Millions - QTR - Annualized)



Rig Count Source: Baker Hughes, Inc.

Maintained revenue per rig despite activity rivaling the 80's energy depression

Working Capital Highlights

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

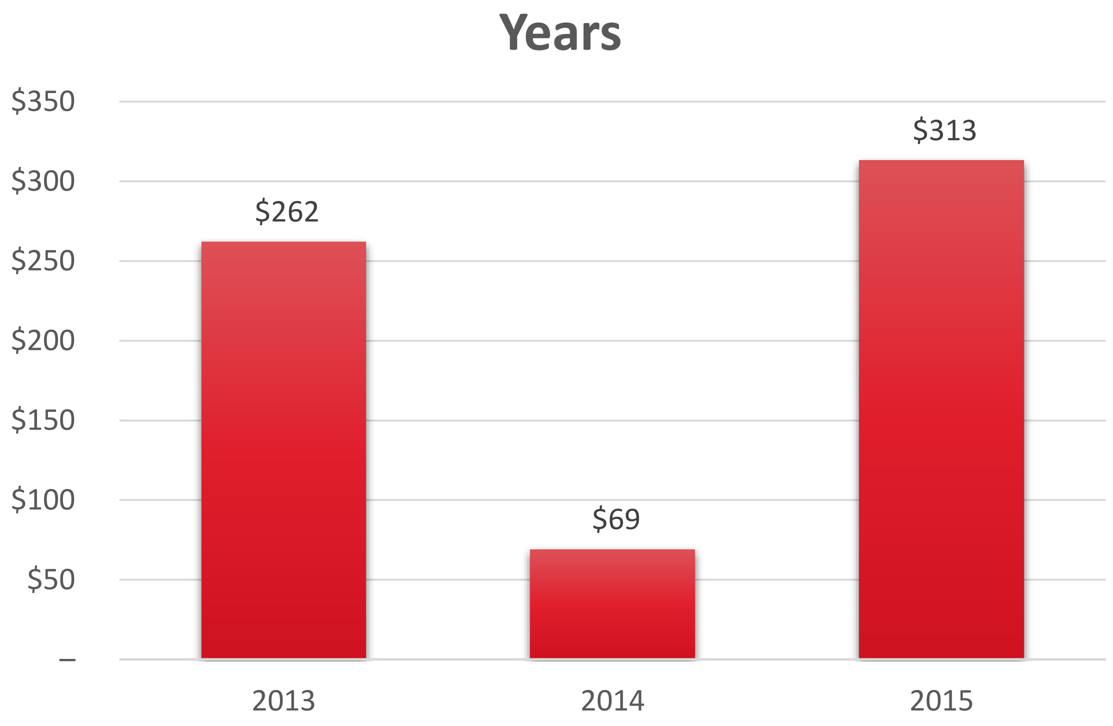
	Q1 2016 (Unaudited)	Q1 2015 (Unaudited)	% Δ
Current Assets			
Cash & Cash Equivalents	$131	$122	
Receivables, Net	413	797	
Inventories, Net	633	945	
Deferred Income Taxes	-	23	
Prepaid & Other Current Assets	24	20	
Total Current Assets	1,201	1,907	-37%
Current Liabilities			
Accounts Payable	208	417	
Accrued Liabilities	94	108	
Other Current Liabilities	-	1	
Total Current Liabilities	302	526	-43%
Working Capital, Excl. Cash	**768**	**1,259**	**-39%**
DSO's	69	84	
Inv. Turns	2.9	3.0	

- Working capital excl. cash of $768 million at Q1 2016; 35% of Q1 2016 Annualized Sales
  - Reduced AR $72 million in Q1 2016
  - Decreased inventory $60 million in Q1 2016
  - Pushing for further improvements in AR & inventory
  - DSO's at 69 days
  - Inventory turns at 2.9x
- 25% WC as % of Revenues Still our Target
  - Full court press on receivables as bankruptcies increase
  - Brakes on inventory replenishment
  - Still pushing towards 60-day DSO range
  - Targeting inventory turns of 4x

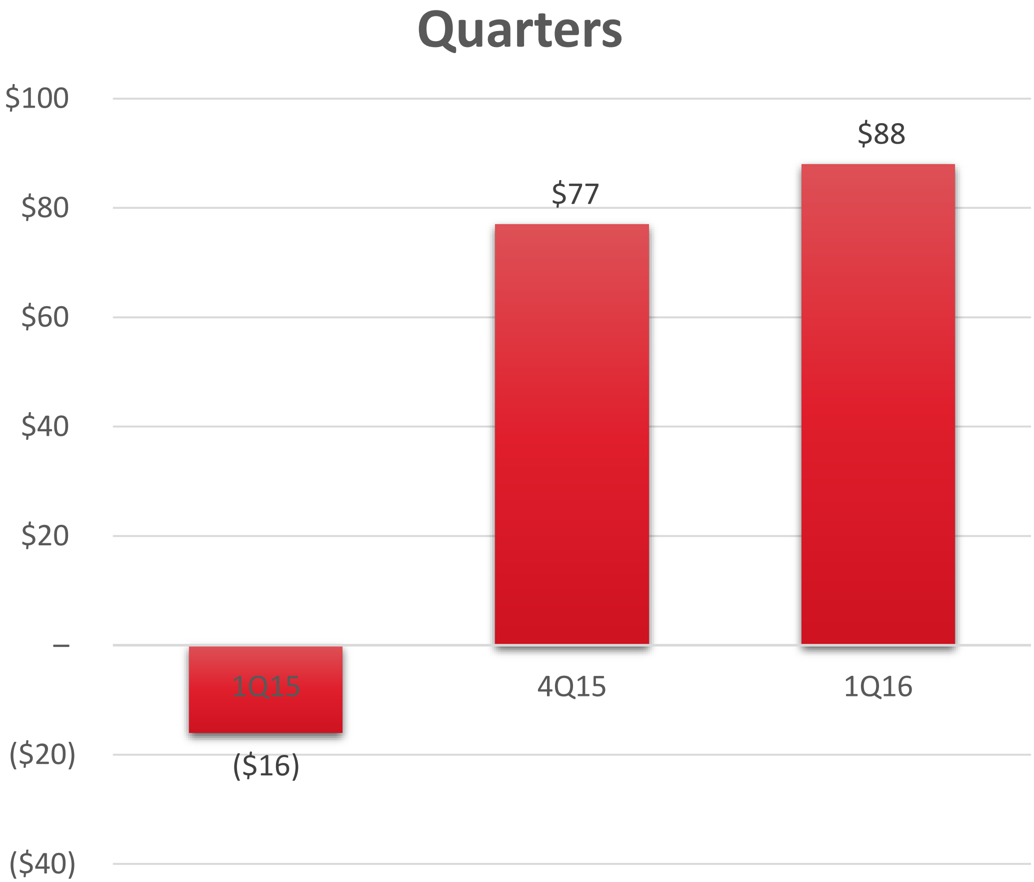
Unyielding focus on improving working capital

Free Cash Flow

($ Millions)



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



Continue to optimize cash flow

Spears Pipe Logix Report

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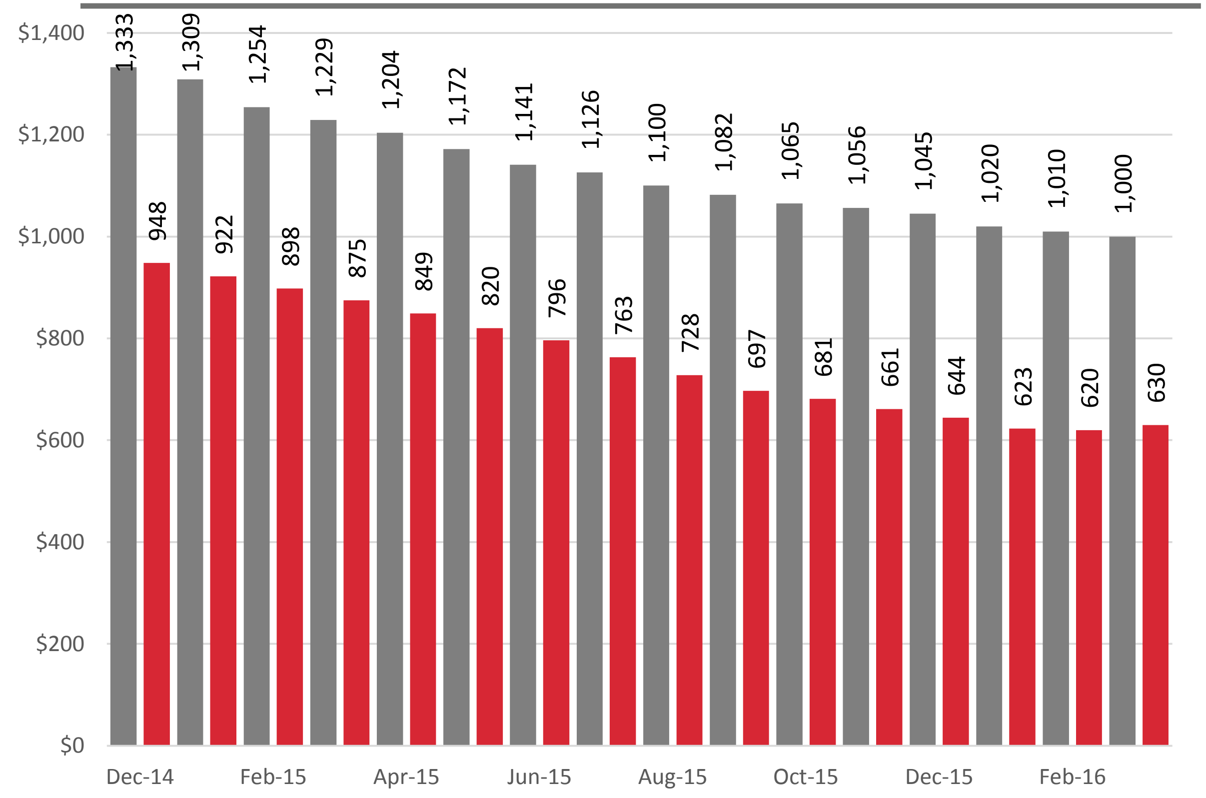
Line Pipe Pricing

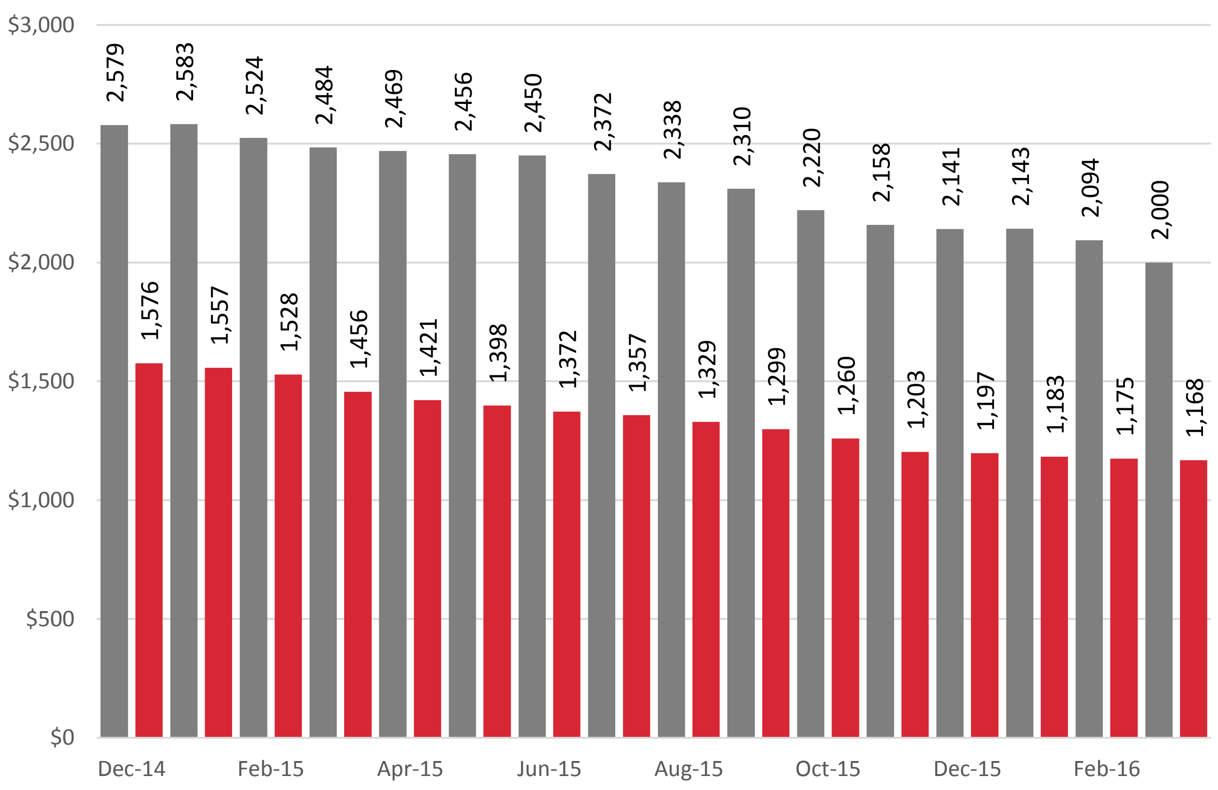
Updated through March 2016

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



Source: Pipe Logix

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



Source: Pipe Logix

Minimizing line pipe risk as pipe pricing continued downward trend

Comparing Current & Previous Downturns

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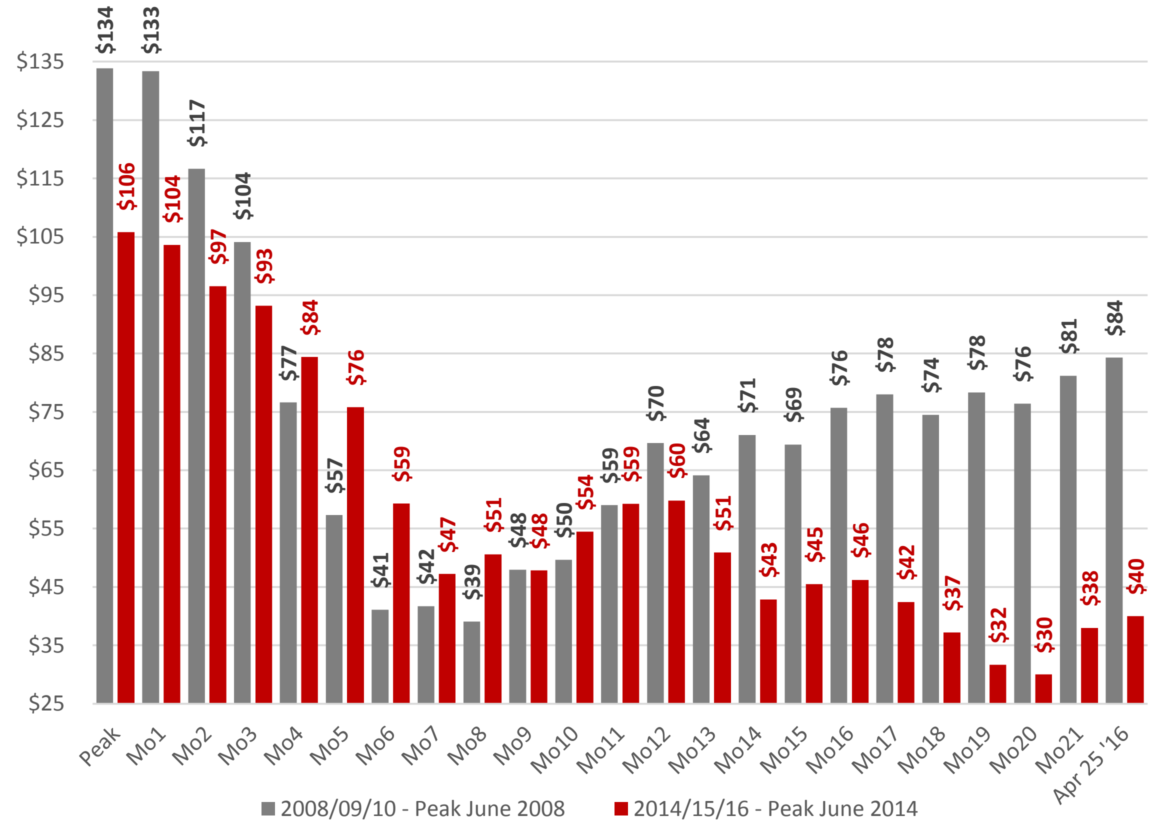
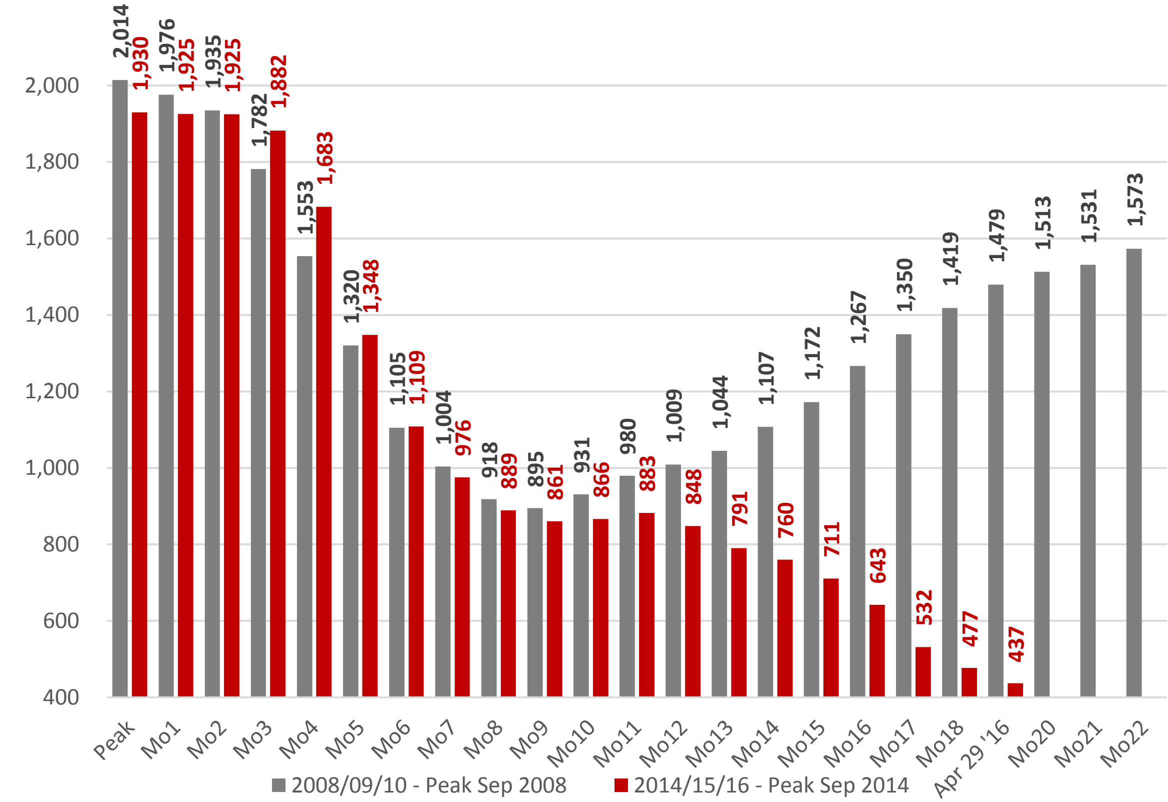
Oil Price & Rig Count Trends

Average Oil Prices - From Peak Month of Last Two Downturns



Source: EIA Cushing, OK WTI Spot Price through Apr 25, 2016

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



Source: Baker Hughes, Inc. Updated for 2016 through Apr 29

Persistent low oil prices amid further rig erosion

Net Income and Diluted EPS Excl. Other Costs Footnotes

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(1) We believe that net income (loss) is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles 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, pre-tax, in the three months ended March 31, 2016 included $4 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 loss. Other costs, net of tax, was approximately $25 million, and includes a $23 million deferred tax asset valuation allowance for the three months ended March 31, 2016.

(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. generally accepted accounting principles 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.