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NATIONAL OILWELL INC
Form 425
September 10, 2004

Filed by Varco International, Inc. Pursuant to Rule 425

under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

under the Securities Exchange Act of 1934

Subject Company: National-Oilwell, Inc.

Commission File No.: 001-12317

This filing relates to the proposed merger of equals transaction (the Transaction) by and between Varco International, Inc. (Varco) and National-Oilwell, Inc. (National-Oilwell) pursuant to the terms of an Agreement and Plan of Merger, dated as of August 11, 2004 (the Merger Agreement), by and between Varco and National-Oilwell. The Merger Agreement is on file with the Securities and Exchange Commission as an exhibit to the Current Report on Form 8-K filed by Varco on August 12, 2004, and is incorporated by reference into this filing.

On September 8, 2004, Varco sent a memorandum to all of its employees regarding the Transaction. The text of the memorandum is as follows:

TO: All employees

FROM: John Lauletta
Joe Winkler

DATE: September 8, 2004

SUBJECT: Merger Progress

We wanted to provide you an update on the status of the merger with National Oilwell. Our initial focus has been to meet with a number of our key customers to explain the merits of the merger and to reassure them of our commitment to service.

Additionally, many departments are busy compiling the preliminary paperwork that must be filed with the various regulatory agencies. Submission of this information should be completed within the next two weeks.

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You may have seen management groups from Varco and National Oilwell touring some of the facilities to learn more about our respective businesses. We have begun doing joint visits of select locations. These visits began in Houston and will continue to other U.S. and international facilities in the weeks to come.

We understand there will be some uncertainty during this time, but ask that everyone's focus remain on doing our jobs and running our operations in a business-as-usual fashion. Your continued dedication and hard work is very much appreciated. We will update you on the progress of the merger as there is additional news to report.

Forward-Looking Statements

This document includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as may, will, project, might, expect, believe, anticipate, intend, could, would, estimate, could, may, negative or other variations thereof or comparable terminology. In particular, they include statements relating to, among other things, future actions, strategies, future performance, future financial results of Varco and National-Oilwell and the merger of National-Oilwell and Varco. These forward-looking statements are based on current expectations and projections about future events.

Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified and, consequently, the actual performance or results of Varco and National-Oilwell may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors as well as other factors described from time to time in the reports filed by each of Varco and National-Oilwell with the Securities and Exchange Commission (including the risks described in Varco's and National-Oilwell's Annual Reports on Form 10-K for the year ended December 31, 2003): general economic, financial and business conditions; the ultimate realization of revenue and profit from existing backlogs; risks associated with growth through acquisitions, including the merger of Varco and National-Oilwell; risks associated with foreign currency exchange rate fluctuations; changes in oil and gas prices; the ability to successfully, timely and cost-effectively integrate the operations of Varco and National-Well; and customer demand for our products and services.

Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. Varco and National-Oilwell disclaim any obligation to update the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date stated, or if no date is stated, as of the date of this press release.

Additional information about Varco is available on the World Wide Web at <http://www.varco.com>. Additional information about National-Oilwell is available on the World Wide Web at <http://www.natoil.com>.

Additional Information about the Transaction and Where to Find It

In connection with the Transaction, Varco and National-Oilwell intend to file relevant materials with the Securities and Exchange Commission (SEC), including a registration statement on Form S-4 that will contain a prospectus and a joint proxy statement. INVESTORS AND SECURITY HOLDERS OF VARCO AND NATIONAL-OILWELL ARE URGED TO READ THE PROSPECTUS AND JOINT PROXY STATEMENT WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT VARCO, NATIONAL-OILWELL AND THE TRANSACTION. The prospectus, joint proxy statement and other relevant materials (when they become available), and any other documents filed by Varco or National-Oilwell with the SEC, may be obtained free of charge at the SEC's web site at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Varco by directing a written request to: Varco International, Inc., 2000 W. Sam Houston Parkway South, Suite 1700, Houston, Texas 77042, Attention: Investor Relations, or National-Oilwell, Inc., 10000 Richmond Avenue, Houston, Texas 77042, Attention: Investor Relations. Investors and security holders are urged to read the joint proxy statement, prospectus and the other relevant materials when they become available before making any voting or investment decision with respect to the Transaction.

Varco, National-Oilwell and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of Varco and National-Oilwell in connection with the Transaction. Information about those executive officers and directors of Varco and their ownership of Varco common stock is set forth in the proxy statement for Varco's 2004 Annual Meeting of Stockholders, which was filed with the SEC on April 20, 2004. Information about the executive officers and directors of National-Oilwell and their ownership of National-Oilwell common stock is set forth in the proxy statement for National-Oilwell's 2004 Annual Meeting of Stockholders, which was filed with the SEC on April 14, 2004. Investors and security holders may obtain additional information regarding the direct and indirect interests of Varco, National-Oilwell and their respective executive officers and directors in the Transaction by reading the joint proxy statement and prospectus regarding the Transaction when it becomes available.

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.