NOW INC. CONSOLIDATED BALANCE SHEETS (In millions, except share data)

	December 31,						
		2018		2017			
ASSETS							
Current assets:							
Cash and cash equivalents	\$	116	\$	98			
Receivables, net		482		423			
Inventories, net		602		590			
Prepaid and other current assets		19		18			
Total current assets		1,219		1,129			
Property, plant and equipment, net		106		119			
Deferred income taxes		2		2			
Goodwill		314		328			
Intangibles, net		144		166			
Other assets		10		5			
Total assets	\$	1,795	\$	1,749			
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	\$	329	\$	290			
Accrued liabilities		110		103			
Other current liabilities		2		1			
Total current liabilities		441		394			
Long-term debt		132		162			
Deferred income taxes		6		7			
Other long-term liabilities		2		1			
Total liabilities		581		564			
Commitments and contingencies							
Stockholders' equity:							
Preferred stock—par value \$0.01; 20 million shares authorized; no shares issued and outstanding							
Common stock - par value \$0.01; 330 million shares authorized; 108,426,962 and 108,030,438 shares		_		_			
issued and outstanding at December 31, 2018 and 2017, respectively		1		1			
Additional paid-in capital		2,034		2,019			
Accumulated deficit		(678)		(730)			
Accumulated other comprehensive loss		(143)		(105)			
Total stockholders' equity		1,214		1,185			
Total liabilities and stockholders' equity	\$	1,795	\$	1,749			

See notes to consolidated financial statements.

NOW INC. CONSOLIDATED STATEMENTS OF OPERATIONS (In millions, except per share data)

	Year Ended December 31,						
	 2018		2017		2016		
Revenue	\$ 3,127	\$	2,648	\$	2,107		
Operating expenses:							
Cost of products	2,497		2,147		1,762		
Warehousing, selling and administrative	 557		542		567		
Operating profit (loss)	73		(41)		(222)		
Other expense	(15)		(11)		(8)		
Income (loss) before income taxes	58		(52)		(230)		
Income tax provision (benefit)	6		_		4		
Net income (loss)	\$ 52	\$	(52)	\$	(234)		
Earnings (loss) per share:	 						
Basic earnings (loss) per common share	\$ 0.47	\$	(0.48)	\$	(2.18)		
Diluted earnings (loss) per common share	\$ 0.47	\$	(0.48)	\$	(2.18)		
Weighted-average common shares outstanding, basic	108		108		107		
Weighted-average common shares outstanding, diluted	 109		108		107		

See notes to consolidated financial statements.

NOW INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions)

Cash flows from operating activities: 0.10 0.20 0.30 0.30 0.10 0.10 0.20 0.30 0.30 0.10 0.10 0.20 0.20 0.23 Provision for doubtful accounts 0.10 0.10 0.20 2.33 1.71 Provision for inventory 0.8 1.11 3.6 0.00		Year Ended December 31,					
Net income (loss)		2	018		2017		2016
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: Depreciation and amortization	Cash flows from operating activities:						
Depreciation and amortization	Net income (loss)	\$	52	\$	(52)	\$	(234)
Depreciation and amortization	Adjustments to reconcile net income (loss) to net cash provided by (used in) operating						
Deferred income taxes (1) (1) (2) Stock-based compensation 16 20 23 Provision for doubtful accounts 2 3 17 Provision for inventory 8 11 36 Other, net 1 (11) — Change in operating assets and liabilities, net of acquisitions: (69) (64) 102 Receivables (69) (64) 102 Inventories (30) (110) 190 Prepaid and other current assets (11) (2) 4 Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — 2 (1) Other assets/ liabilities, net — — 2 (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities 73 (115) (4) (4) Business acquisitions, net of cash acquired — — — (7) Purchases of							
Stock-based compensation 16 20 23 Provision for doubtful accounts 2 3 17 Provision for inventory 8 11 36 Other, net 1 (11) — Change in operating assets and liabilities, net of acquisitions: (69) (64) 102 Inventories (30) (110) 190 Prepaid and other current assets (11) (2) 4 Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — — 25 Other assets/ liabilities, net — — — 25 Other assets/ liabilities, net — — — 2 (1) Net cash provided by (used in) operating activities 73 (15) 235 Cash flows from investing activities — — — (1) Purchases of property, plant and equipment (11) (4) (4) (175) Purchases of property, plant and equipment (11) (4	Depreciation and amortization		41		50		
Provision for doubtful accounts	Deferred income taxes		(1)		(1)		(2)
Provision for inventory 8 11 36 Other, net 1 (11) — Change in operating assets and liabilities, net of acquisitions: Temperature assets (69) (64) 102 Inventories (69) (64) 102 Inventories (30) (110) 190 Prepaid and other current assets (1) (2) 4 Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — — 25 Other assets / liabilities, net — — 20 (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities — — (2) (1) Purchases of property, plant and equipment (11) (4) (4) (175) Purchases of property, plant and equipment (11) (4) (4) (175) Purchases of intangible assets — — (7) (3) (4) (175) <	Stock-based compensation		16		20		23
Other, net 1 (11) — Change in operating assets and liabilities, net of acquisitions: 669 644 102 Receivables (69) (64) 102 Inventories (30) (110) 190 Prepaid and other current assets (1) (2) 4 Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — 2 25 Other assets / liabilities, net — — (2) (1) Net cash provided by (used in) operating activities 73 (15) 235 Cash flows from investing activities: — — (2) (1) Purchases of property, plant and equipment (11) (4) (4) (4) Business acquisitions, net of cash acquired — — (4) (175) Purchases of intangible assets — — (7) (3) (4) (4) Business acquisitions, net of cash acquired — — (7) (3) (4) <td>Provision for doubtful accounts</td> <td></td> <td>2</td> <td></td> <td>3</td> <td></td> <td>17</td>	Provision for doubtful accounts		2		3		17
Change in operating assets and liabilities, net of acquisitions: Receivables (69) (64) 102 Inventories (30) (110) 190 Prepaid and other current assets (1) (2) 4 Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — — 25 Other assets / liabilities, net — — (2) (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities Total Contract of Co	Provision for inventory		8		11		36
Receivables (69) (64) 102 Inventories (30) (110) 190 Prepaid and other current assets (1) (2) 4 Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — — 25 Other assets/ liabilities, net — — (2) (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities Purchases of property, plant and equipment (11) (4) (4) Business acquisitions, net of cash acquired — — (7) Purchases of intangible assets — — (7) Purchases of intangible assets — — (7) Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities 9 8 (183) Cash flows from financing activities 503 359 253 Repayments under the revolving cre			1		(11)		_
Inventories	Change in operating assets and liabilities, net of acquisitions:						
Prepaid and other current assets (1) (2) 4 Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — 25 Other assets/liabilities, net — (2) (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities: — (2) (1) Purchases of property, plant and equipment (11) (4) (4) Business acquisitions, net of cash acquired — (4) (175) Purchases of intangible assets — — (7) Purchases of intangible assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities — — (7) (7) Proceeds from disposal of assets, and other 503 359 253 (83) Cash flows from financing activities — — — (7) (3) (4) (8) (5) <td>Receivables</td> <td></td> <td>(69)</td> <td></td> <td>(64)</td> <td></td> <td>102</td>	Receivables		(69)		(64)		102
Accounts payable and accrued liabilities 54 43 22 Income taxes receivable, net — — — 25 Other assets / liabilities, net — — (2) (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities — — (4) (4) Business acquisitions, net of cash acquired — — (4) (175) Purchases of intangible assets — — (7) (7) Proceeds from disposal of assets, and other — — — (7) (3) (183) Cash flows from financing activities — — — (7) (3) (8) (183) Cash flows from financing activities — — — — — (7) — 23 16 — 3 (8) 183 18 (8) 18 (8) 16 (9) — 5 11 1 1 4 4 <t< td=""><td>Inventories</td><td></td><td>(30)</td><td></td><td>(110)</td><td></td><td>190</td></t<>	Inventories		(30)		(110)		190
Income taxes receivable, net — — 25 Other assets / liabilities, net — (2) (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities: Purchases of property, plant and equipment (11) (4) (4) Business acquisitions, net of cash acquired — (4) (175) Purchases of intangible assets — — (7) Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: Borrowing under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 98 106 90 Cash and cash equivalents, beginning of period	Prepaid and other current assets		(1)		(2)		4
Other assets / liabilities, net — (2) (1) Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities: Purchases of property, plant and equipment (11) (4) (4) Business acquisitions, net of cash acquired — — (4) (175) Purchases of intangible assets — — — (7) Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities Borrowing under the revolving credit facility 503 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 98 106 90 <tr< td=""><td></td><td></td><td>54</td><td></td><td>43</td><td></td><td>22</td></tr<>			54		43		22
Net cash provided by (used in) operating activities 73 (115) 235 Cash flows from investing activities: Purchases of property, plant and equipment (11) (4) (4) Business acquisitions, net of cash acquired — (4) (175) Purchases of intangible assets — — (7) Proceds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: — — (7) (3) (4) Borrowing under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net cash provided by (used in) financing activities 9 5 11 Net cash provided by (used in) financing activities (9) 5 11 Net cash provided by (used in) financing activities 9 </td <td>Income taxes receivable, net</td> <td></td> <td>_</td> <td></td> <td>_</td> <td></td> <td>25</td>	Income taxes receivable, net		_		_		25
Cash flows from investing activities: Purchases of property, plant and equipment (11) (4) (4) Business acquisitions, net of cash acquired — (4) (175) Purchases of intangible assets — — (7) Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: So3 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents (9) 5 11 Cash and cash equivalents, beginning of period 98 106 <t< td=""><td>Other assets / liabilities, net</td><td></td><td></td><td></td><td>(2)</td><td></td><td>(1)</td></t<>	Other assets / liabilities, net				(2)		(1)
Purchases of property, plant and equipment (11) (4) (4) Business acquisitions, net of cash acquired — (4) (175) Purchases of intangible assets — — (7) Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: 8 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents (9) 5 11 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 98 106 Supplemental disclosures of cash flow information: <t< td=""><td>Net cash provided by (used in) operating activities</td><td></td><td>73</td><td></td><td>(115)</td><td></td><td>235</td></t<>	Net cash provided by (used in) operating activities		73		(115)		235
Business acquisitions, net of cash acquired — (4) (175) Purchases of intangible assets — — (7) Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: 8 503 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 \$ 98 106 Supplemental disclosures of cash flow information: 10 \$ 6 \$ 2 \$ (23)	Cash flows from investing activities:						
Purchases of intangible assets — — (7) Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: Borrowing under the revolving credit facility 503 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 98 106 Supplemental disclosures of cash flow information: \$ 6 \$ 2 \$ (23)			(11)		(4)		(4)
Proceeds from disposal of assets, and other 2 16 3 Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: Borrowing under the revolving credit facility 503 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 98 106 Supplemental disclosures of cash flow information: 116 98 106 Income taxes paid (refunded), net \$ 6 2 \$ (23)			_		(4)		(175)
Net cash provided by (used in) investing activities (9) 8 (183) Cash flows from financing activities: Borrowing under the revolving credit facility 503 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 \$ 98 106 Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)	Purchases of intangible assets		_		_		(7)
Cash flows from financing activities: Borrowing under the revolving credit facility 503 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 \$ 98 106 Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)	Proceeds from disposal of assets, and other				16		3
Borrowing under the revolving credit facility 503 359 253 Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 \$ 98 106 Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)	Net cash provided by (used in) investing activities		(9)		8		(183)
Repayments under the revolving credit facility (533) (262) (296) Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 \$ 98 106 Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)	Cash flows from financing activities:						
Other, net (7) (3) (4) Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 \$ 98 106 Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)	Borrowing under the revolving credit facility		503		359		253
Net cash provided by (used in) financing activities (37) 94 (47) Effect of exchange rates on cash and cash equivalents (9) 5 11 Net change in cash and cash equivalents 18 (8) 16 Cash and cash equivalents, beginning of period 98 106 90 Cash and cash equivalents, end of period \$ 116 \$ 98 \$ 106 Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)	Repayments under the revolving credit facility		(533)		(262)		(296)
Effect of exchange rates on cash and cash equivalents Net change in cash and cash equivalents Cash and cash equivalents, beginning of period Cash and cash equivalents, end of period Cash and cash equivalents, end of period Supplemental disclosures of cash flow information: Income taxes paid (refunded), net 10 11 18 18 18 18 10 98 106 98 106 98 106 98 106 98 106 99 106 90 106 106 106 107 107 108 108 108 108 108 108	Other, net		(7)		(3)		(4)
Net change in cash and cash equivalents Cash and cash equivalents, beginning of period Cash and cash equivalents, end of period Cash and cash equivalents, end of period Supplemental disclosures of cash flow information: Income taxes paid (refunded), net 18 (8) 16 90 90 106 91 106 92 106 92 106 92 106	Net cash provided by (used in) financing activities		(37)		94		(47)
Cash and cash equivalents, beginning of period Cash and cash equivalents, end of period Supplemental disclosures of cash flow information: Income taxes paid (refunded), net 98 106 99 \$ 106 \$ 98 \$ 106 \$ 98 \$ 2 \$ (23)	Effect of exchange rates on cash and cash equivalents		(9)		5		11
Cash and cash equivalents, beginning of period Cash and cash equivalents, end of period Supplemental disclosures of cash flow information: Income taxes paid (refunded), net 98 106 99 \$ 106 \$ 98 \$ 106 \$ 98 \$ 2 \$ (23)	Net change in cash and cash equivalents		18		(8)		16
Cash and cash equivalents, end of period \$\\ \\$ 116 \\ \\$ 98 \\ \\$ 106 Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$\\ \\$ 6 \\ \\$ 2 \\ \\$ (23)			98		106		90
Supplemental disclosures of cash flow information: Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)		\$	116	\$	98	\$	106
Income taxes paid (refunded), net \$ 6 \$ 2 \$ (23)							
		\$	6	\$	2	\$	(23)
	Interest paid	\$		\$	6	\$	

See notes to consolidated financial statements.