

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☐ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>SMITH INTERNATIONAL, INC. 401(K) RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ►	<u>009</u>	
	1c Effective date of plan	<u>01/01/1980</u>	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>SMITH INTERNATIONAL, INC.</u> <u>1310 RANKIN RD</u> <u>HOUSTON, TX 77073</u>	2b Employer Identification Number (EIN) <u>95-3822631</u>	2c Sponsor's telephone number <u>281-443-3370</u>	2d Business code (see instructions) <u>211110</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/17/2011</u>	<u>LISA BARTLEY</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/17/2011</u>	<u>BRIAN TAYLOR</u>
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SMITH INTERNATIONAL, INC. 1310 RANKIN RD HOUSTON, TX 77073	3b Administrator's EIN 95-3822631 3c Administrator's telephone number 281-443-3370
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	6357
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	6384
b Retired or separated participants receiving benefits.....	6b	10
c Other retired or separated participants entitled to future benefits.....	6c	2052
d Subtotal. Add lines 6a , 6b , and 6c	6d	8446
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	8447
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	7961
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	698

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2A 2E 2F 2G 2J 2K 2R

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

<div>A Name of plan</div> <div>SMITH INTERNATIONAL, INC. 401(K) RETIREMENT PLAN</div>	<div>B Three-digit plan number (PN)</div> <div>▶</div> <div>009</div>
<div>C Plan sponsor's name as shown on line 2a of Form 5500</div> <div>SMITH INTERNATIONAL, INC.</div>	<div>D Employer Identification Number (EIN)</div> <div>95-3822631</div>

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

VANGUARD FIDUCIARY TRUST COMPANY

23-2186884

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
26 50	NONE	245003	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan SMITH INTERNATIONAL, INC. 401(K) RETIREMENT PLAN	B Three-digit plan number (PN)	009
C Plan sponsor's name as shown on line 2a of Form 5500 SMITH INTERNATIONAL, INC.	D Employer Identification Number (EIN) 95-3822631	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	980678	1456698
(2) Participant contributions	1b(2)	1232538	1693254
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	18210677	19263316
(9) Value of interest in common/collective trusts.....	1c(9)	11252124	11797044
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	379028999	434581647
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	32236796	61282737
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	442941812	530074696

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	442941812	530074696
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	20911331	
(B) Participants	2a(1)(B)	31359734	
(C) Others (including rollovers)	2a(1)(C)	1058399	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		53329464

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	952927	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		952927

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	579922	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	7899792	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		8479714

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	54307177	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	41632565	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		12674612

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	25325588	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		25325588
(6) Net investment gain (loss) from common/collective trusts	2b(6)		572620
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		32818697
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		134153622

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	46511890	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		46511890
f Corrective distributions (see instructions)	2f		161443
g Certain deemed distributions of participant loans (see instructions).....	2g		21315
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	56844	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		56844
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		46751492

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		87402130
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		269246

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DELOITTE & TOUCHE LLP

(2) EIN: 13-3891517

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
M-I RETIREMENT PLAN	76-0596553	003
WILSON INT'L 401(K) RETIREMENT PLAN	46-0463795	002

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>SMITH INTERNATIONAL, INC. 401(K) RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>009</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SMITH INTERNATIONAL, INC.</u>	D Employer Identification Number (EIN) <u>95-3822631</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>23-2186884</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Smith International, Inc.

401(k) Retirement Plan

Employer ID No: 76-0596553

Plan No: 513

Financial Statements as of December 31, 2010
and 2009, and for the year ended December 31, 2010,
Supplemental Schedules as of and for the year
ended December 31, 2010 and
Independent Auditors' Report

SMITH INTERNATIONAL, INC. 401(k) RETIREMENT PLAN

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
Smith International, Inc. 401(k) Plan:

We were engaged to audit the financial statements of Smith International, Inc. 401(k) Retirement Plan (the "Plan") as of December 31, 2010, and for the year then ended, and the supplemental schedules as of December 31, 2010 and for the year then ended, listed in the Table of Contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee that the information as of December 31, 2010 and for the year then ended provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and we do not express, an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

We have audited the statement of net assets available for benefits of the Plan as of December 31, 2009, and in our report dated June 23, 2010, we expressed our opinion that such financial statements present fairly, in all material respects, the financial status of the Smith International, Inc. 401(k) Plan as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

October 17, 2011

SMITH INTERNATIONAL, INC. 401(k) RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS:		
Investments — at fair value:	\$ 507,661,428	\$ 422,517,919
Receivables:		
Notes receivable from participants	19,263,316	18,210,677
Employer contribution	1,456,698	980,678
Participant contributions	<u>1,693,254</u>	<u>1,232,538</u>
Total receivables	<u>22,413,268</u>	<u>20,423,893</u>
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	530,074,696	442,941,812
ADJUSTMENT FROM FAIR VALUE TO CONTRACT VALUE FOR FULLY BENEFIT-RESPONSIVE STABLE VALUE FUND	<u>(464,545)</u>	<u>(243,295)</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 529,610,151</u>	<u>\$ 442,698,517</u>

See notes to financial statements.

SMITH INTERNATIONAL, INC. 401(k) RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2010

ADDITIONS:

Contributions:

Participant contributions	\$ 31,359,734
Rollover contributions	1,058,399
Employer contributions	<u>20,911,331</u>

Total contributions	<u>53,329,464</u>
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Interest income on notes receivable from participants	<u>952,927</u>
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Investment income:

Net appreciation in fair value of investments	70,818,898
Dividends	<u>8,831,083</u>

Net investment income	<u>79,649,981</u>
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Total additions	<u>133,932,372</u>
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DEDUCTIONS:

Benefits paid to participants	46,694,648
Administrative expenses	56,844
Net transfers out of Plan	<u>269,246</u>

Total deductions	<u>47,020,738</u>
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INCREASE IN NET ASSETS	86,911,634
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NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of year	<u>442,698,517</u>
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End of year	<u>\$ 529,610,151</u>
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See notes to financial statements.

SMITH INTERNATIONAL, INC. 401(k) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT PLAN PROVISIONS

The following description of the Smith International, Inc. 401(k) Retirement Plan (the “Plan”) provides only general information about the Plan’s provisions in effect for the plan year ended December 31, 2010. Participants should refer to the Plan document for a more complete explanation of the Plan’s provisions.

On August 27, 2010, Schlumberger Limited (“Schlumberger”) acquired all of the outstanding shares of Smith International, Inc. (“Smith” or the “Company”). In connection with this transaction, each share of Smith common stock held in the Smith common stock fund was converted into 0.6966 shares of Schlumberger common stock held within the Schlumberger common stock fund. Subsequent to August 27, 2010, participants ceased to have the option of investing contributions or transferring balances into the Schlumberger common stock fund.

General and Eligibility

The Plan is a defined contribution plan of Smith operated for the sole benefit of the employees of the Company and their beneficiaries and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Plan is available to all employees of the Company who meet certain eligibility requirements under the Plan. Participation in the Plan may commence upon the later of the date the employee completes 30 days of continuous service and the date on which the employee attains the age of 18.

Administration and Trustee

The Company is the plan administrator and sponsor of the Plan as defined under ERISA. The Plan’s operations are monitored by an administrative committee (the “Administrative Committee”) which is comprised of officers and employees of the Company. Vanguard Fiduciary Trust Company (“Vanguard Trust” or the “Trustee”) is the trustee of all investments held by the Plan.

Contributions

The Plan allows participants to contribute a percentage of their compensation, as defined by the Plan, subject to certain limitations of the Internal Revenue Code of 1986, as amended (the “Code”). Employees who are eligible to participate in the Plan and who do not affirmatively elect to 1) not make elective contributions or 2) defer another designated percentage as an elective contribution, will be deemed to have made an automatic elective contribution of three percent of base compensation. The Company makes basic, retirement and, in certain cases, discretionary matching contributions to each participant’s account under the Plan. Eligible participants receive a basic match on contributions to the Plan of up to 1½ percent of qualified compensation and a retirement contribution ranging from two percent to six percent of qualified compensation. In addition, the Board of Directors may provide discretionary profit-sharing matching contributions based upon financial performance to participants who are employed by the Company on December 31.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant’s account is credited with the participant’s contribution, the Company’s matching contribution, participant forfeitures and Plan earnings, and charged with withdrawals, allocation of Plan losses and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Vesting

Participants are fully vested in their contributions and related earnings and vest in Company contributions and related earnings at the rate of 20 percent for each year of service. Upon death, termination of employment by reason of total or permanent disability or retirement from the Company upon reaching the normal retirement age of 65, participants become fully vested in Company contributions and related earnings.

The Plan has certain provisions that provide for service credit for vesting and eligibility purposes for all employees who directly transfer employment between Smith and M-I L.L.C., a majority-owned subsidiary of the Company, or Wilson Industries, L.P., a wholly-owned subsidiary of the Company.

In connection with the purchase of business operations, the Company may elect to amend the Plan to give past service credit to former employees of the acquired operations who become employees of the Company.

Investment Options

Participants have the option of investing their contributions and the Company's retirement, matching and discretionary contributions among a variety of registered investment company funds and a common/collective trust offered by the Vanguard Group of Investment Companies. Participants may transfer some or all of the balances out of any fund into one or any combination of the other funds at any time, subject to certain limitations.

Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, participants would become 100% vested in their accounts.

Participant Loans

Participants may borrow from their accounts provided that they have no more than two loans outstanding at anytime, subject to terms specified by the Plan document. The Plan permits participants to borrow the lesser of \$50,000 or 50 percent of their vested account balances in the Plan. These loans bear interest at prime plus one percent and are repaid through payroll withholdings over a period not to exceed five years, except for qualifying loans to purchase a primary residence which may be repaid over an extended period.

Distributions, Withdrawals and Forfeitures

A participant may elect to receive benefit payments through any one of the several methods provided by the Plan upon termination or retirement. The Plan also provides for hardship distributions to participants with immediate and significant financial needs, subject to authorization by Plan management and limited to the participant's vested account balance.

In the event that a participant terminates employment with the Company, the participant's vested balances will be distributed in accordance with the Plan's distribution provisions including, when applicable, the participant's distribution election. During 2010, forfeitures of \$1,191,460 and \$98,293 were used to reduce the Company's contributions and pay Plan expenses, respectively. Forfeitures available at December 31, 2010 and 2009, totaled \$80,551 and \$46,263, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Administrative Committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for various investments in registered investment company funds, Schlumberger common stock and a common/collective trust. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values and concentrations of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of net assets available for Plan benefits.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Schlumberger common stock fund and the Smith common stock fund are valued at their respective year-end unit closing prices (computed by dividing the sum of (i) the year-end market price plus (ii) the uninvested cash position, by the total number of member units). Money market funds are stated at amortized cost, which approximates fair value. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. The common collective trust value fund is stated at fair value and then adjusted to contract value as described below.

In accordance with GAAP, the Vanguard Retirement Savings Trust, a common collective trust, is included at fair value in participant-directed investments in the statements of net assets available for benefits, and an additional line item is presented representing the adjustment from fair value to contract value. The statement of changes in net assets available for benefits is presented on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the mutual funds and the common collective trust fund are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document.

Administrative Expenses

The Plan is responsible for its administrative expenses. The Company may elect to pay administrative expenses from the forfeitures of the Plan or pay expenses on behalf of the Plan.

Payment of Benefits

Benefit payments to participants are recorded upon distribution. There were no benefits payable to participants as of December 31, 2010 or 2009.

New Accounting Standards

ASU No. 2010-06- In January 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2010-06, *Fair Value Measurements and Disclosures*, which amends ASC 820, *Fair Value Measurements and Disclosures*, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Plan prospectively adopted the new guidance in 2010, except for the Level 3 reconciliation disclosures, which are required in 2011. The adoption in 2010 did not materially affect, and the future adoption is not expected to materially affect, the Plan’s financial statements.

ASU No. 2010-25 - In September 2010, the FASB issued ASU No. 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*. The ASU requires that participant loans be classified as notes receivable rather than a plan investment and measured at unpaid principal balance plus accrued but unpaid interest rather than fair value. The Plan retrospectively adopted the new accounting in 2010. The adoption did not have a material effect on the Plan’s financial statements.

ASU No. 2011-04 - In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amends ASC 820. ASU 2011-04 also requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. In addition, the ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The new guidance is effective for reporting periods beginning after December 15, 2011. The adoption is not expected to have a material effect on the statement of net assets available for benefits and statement of changes in net assets available for benefits. Plan management has not determined the impact on the disclosures in the financial statements.

3. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan’s policy is to recognize significant transfers between levels at the end of the reporting period.

The following tables set forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2010 and 2009.

	Active Markets for Identical <u>Assets (Level 1)</u>	Other Observable <u>Inputs (Level 2)</u>	Significant Unobservable <u>Inputs (Level 3)</u>	2010 <u>Total</u>
<i>Schlumberger Limited Common Stock fund</i>	\$ -	\$ 61,282,737	\$ -	\$ 61,282,737
<i>Mutual funds:</i>		-	-	
<i>Domestic stock funds</i>	164,575,218	-	-	164,575,218
<i>Balanced funds</i>	128,409,131	-	-	128,409,131
<i>International stock fund</i>	38,223,082	-	-	38,223,082
<i>Money Market fund</i>	62,865,870	-	-	62,865,870
<i>Municipal bond funds</i>	40,508,346	-	-	40,508,346
<i>Total mutual funds</i>	<u>434,581,647</u>	<u>-</u>	<u>-</u>	<u>434,581,647</u>
<i>Retirement Savings Trust</i>	-	11,797,044	-	11,797,044
Total	<u>\$ 434,581,647</u>	<u>\$ 73,079,781</u>	<u>\$ -</u>	<u>\$ 507,661,428</u>

	Active Markets for Identical <u>Assets (Level 1)</u>	Other Observable <u>Inputs (Level 2)</u>	Significant Unobservable <u>Inputs (Level 3)</u>	2009 <u>Total</u>
<i>Smith International, Inc. Common Stock Fund</i>	\$ -	\$ 32,236,796	\$ -	\$ 32,236,796
<i>Mutual funds:</i>		-	-	
<i>Domestic stock funds</i>	140,709,678	-	-	140,709,678
<i>Balanced funds</i>	106,500,858	-	-	106,500,858
<i>International stock fund</i>	32,007,976	-	-	32,007,976
<i>Money Market fund</i>	65,811,202	-	-	65,811,202
<i>Municipal bond funds</i>	33,999,285	-	-	33,999,285
<i>Total mutual funds</i>	<u>379,028,999</u>	<u>-</u>	<u>-</u>	<u>379,028,999</u>
<i>Retirement Savings Trust</i>	-	11,252,124	-	11,252,124
Total	<u>\$ 379,028,999</u>	<u>\$ 43,488,920</u>	<u>\$ -</u>	<u>\$ 422,517,919</u>

For the year ended December 31, 2010, there were no significant transfers in or out of Levels 1, 2 or 3.

4. INVESTMENTS

Individual investments which exceed five percent of net assets available for Plan benefits as of December 31, 2010 or December 31, 2009 are as follows:

	2010	2009
Vanguard Wellington Fund	\$ 80,388,343	\$ 67,540,292
Vanguard Prime Money Market Fund	62,865,870	65,811,202
Schlumberger Limited Common Stock Fund	61,282,737	-
Vanguard PRIMECAP Fund	48,248,361	46,345,224
Vanguard 500 Index Portfolio Fund	44,992,722	39,144,653
Smith International, Inc. Common Stock Fund	-	32,236,796
Vanguard International Growth Fund	38,223,082	32,007,976
Vanguard Windsor Fund	35,426,576	31,047,913
Vanguard Extended Market Index Fund	25,880,703	17,626,884

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

	2010
Equity Funds	\$ 25,143,640
Schlumberger Limited Common Stock Fund	22,460,999
Smith International, Inc. Common Stock Fund	12,200,118
Balanced Funds	11,014,141
	<u>\$ 70,818,898</u>

5. VANGUARD RETIREMENT SAVINGS TRUST

The Vanguard Retirement Savings Trust (the "Fund") is a collective trust fund sponsored by Vanguard. The beneficial interest of each participant is represented by units. Units are issued and redeemed daily at the Fund's constant net asset value ("NAV") of \$1 per unit. Distribution to the Fund's unit holders is declared daily from the net investment income and automatically reinvested in the Fund on a monthly basis, when paid. It is the policy of the Fund to use its best efforts to maintain a stable net asset value of \$1 per unit; although there is no guarantee that the Fund will be able to maintain this value.

Participants ordinarily may direct the withdrawal or transfer of all or a portion of their investment at contract value. Contract value represents contributions made to the Fund, plus earnings, less participant withdrawals and administrative expenses. The Fund imposes certain restrictions on the Plan, and the Fund itself may be subject to circumstances that affect its ability to transact at contract value. Plan management believes that the occurrence of events that would cause the Fund to transact at less than contract value is not probable.

The crediting interest rates were 3.2% and 3.3% at December 31, 2010 and 2009, respectively. The average yield for the year ended December 31, 2010 was 3.4%.

6. NET ASSET VALUE PER SHARE

The following tables set forth a summary of the Plan's investments with a reported NAV at December 31, 2010 and 2009.

Fair Value Estimated Using Net Asset Value per Share December 31, 2010					
Investments	<u>Fair Value *</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
Vanguard Retirement Trust Fund (a)	\$ 11,797,044	None	Immediate	None	None
Schlumberger Limited Common Stock Fund (b)	<u>61,282,737</u>	None	Immediate	None	None
Total	<u>\$ 73,079,781</u>				

Fair Value Estimated Using Net Asset Value per Share December 31, 2009					
Investments	<u>Fair Value *</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
Vanguard Retirement Trust Fund (a)	\$ 11,252,124				
Smith International, Inc. Common Stock Fund (b)	<u>32,236,796</u>	None	Immediate	None	None
Total	<u>\$ 43,488,920</u>				

* The fair values of the investments have been estimated using the net asset value of the investment.

(a) Vanguard Retirement Savings Trust seeks stability of principal and a high level of current income consistent with a 2-3 year average maturity. The trust is a tax-exempt collective trust invested primarily in investment contracts issued by insurance companies.

7. FEDERAL INCOME TAX STATUS

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated April 11, 2008, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Company and Plan Management believes the Plan, as amended, is designed and is currently being operated in compliance with the applicable requirements of the Code. Therefore, the Company and Plan Management believe that the Plan is qualified and the related trust was tax-exempt as of the financial statement date.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

8. INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The following is a summary of the unaudited information regarding the Plan as of December 31, 2010, and for the year then ended, included in the Plan's financial statements and supplemental schedules, that was prepared by or derived from information prepared by Vanguard Fiduciary Trust Company the trustee of the Plan, and furnished to the Plan administrator. The Plan administrator has obtained certifications from the trustee that such information is complete and accurate.

	<u>2010</u>
Statements of net assets:	
Investments at fair value:	\$ 507,661,428
Notes receivable from participants	19,263,316
Statement of changes in net assets:	
Net appreciation in fair value of investments	70,818,898
Dividends	8,831,083
Interest income on notes receivable from participants	952,957
Supplemental schedules: All investment balances and information included in the supplemental schedule of assets (held at end of year)	
Notes 3, 4, 5 and 6: All investment balances in the note, except for the adjustment from fair value to contract value for the common collective trust fund in Note 3.	

9. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in shares of common stock of Schlumberger. As Schlumberger is the ultimate owner of the sponsor, these transactions qualify as party-in-interest transactions. In addition, the Plan invests in shares of registered investment company funds and a common/collective trust fund managed by the Vanguard Group, an affiliate of Vanguard Trust. As Vanguard Trust is the Trustee of the Plan, these transactions qualify as party-in-interest transactions.

The Plan held \$61,282,737 of common stock of Schlumberger, with a cost basis of \$35,957,149 at December 31, 2010. At December 31, 2009 the Plan held \$32,236,796 of common stock of Smith, with a cost basis of \$39,520,560. During the year ended December 31, 2010, the Plan recorded dividend income of \$124,212 from Schlumberger common stock and \$424,079 from Smith common stock.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Net assets available for benefits per financial statements, contract value	\$ 529,610,151	\$ 442,698,517
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	<u>464,545</u>	<u>243,295</u>
Net assets available for benefits per Form 5500, fair value	<u>\$ 530,074,696</u>	<u>\$ 442,941,812</u>

The following is a reconciliation of the increase in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2010:

	<u>2010</u>
Increase in net assets available for benefits per financial statements	\$ 86,911,634
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	<u>221,250</u>
Increase in net assets available for benefits per Form 5500, fair value	<u>\$ 87,132,884</u>

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through October 17, 2011, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

SMITH INTERNATIONAL, INC. 401(k) RETIREMENT PLAN**EIN: 95-3822631****PLAN:009****FORM 5500, SCHEDULE H: PART IV, LINE 4i SCHEDULE OF ASSETS (Held at End of Year)****DECEMBER 31, 2010**

Identity of Issuer, Borrower, Lessor or Similar Party	Type of Investment	Cost	Current Value
Mutual Funds:			
* Vanuard Wellington Fund	Mutual Funds	**	\$ 80,388,343
* Vanguard Prime Money Market Fund	Mutual Funds	**	62,865,870
* Vanguard PRIMECAP Fund	Mutual Funds	**	48,248,361
* Vanguard 500 Index Portfolio Fund	Mutual Funds	**	44,992,722
* Vanguard International Growth Fund	Mutual Funds	**	38,223,082
* Vanguard Windsor Fund	Mutual Funds	**	35,426,576
* Vanguard Extended Market Index Fund	Mutual Funds	**	25,880,703
* Vanguard Total Bond Market Index Fund	Mutual Funds	**	18,524,025
* Vanguard Long-Term Investment Grade Fund	Mutual Funds	**	14,141,742
* Vanguard Explorer Fund	Mutual Funds	**	9,877,453
* Vanguard Target Retirement 2015 Fund	Mutual Funds	**	8,629,637
* Vanguard Target Retirement 2025 Fund	Mutual Funds	**	8,606,624
* Vanguard Target Retirement 2020 Fund	Mutual Funds	**	7,945,483
* Vanguard Target Retirement 2035 Fund	Mutual Funds	**	6,508,986
* Vanguard Target Retirement 2030 Fund	Mutual Funds	**	3,893,618
* Vanguard Target Retirement 2045 Fund	Mutual Funds	**	3,800,892
* Vanguard Target Retirement 2040 Fund	Mutual Funds	**	2,270,250
* Vanguard Target Retirement 2010 Fund	Mutual Funds	**	3,495,899
* Vanguard Long-Term Treasury Fund	Mutual Funds	**	3,067,283
* Vanguard Intermediate-Term Treasury Fund	Mutual Funds	**	2,599,153
* Vanguard Short-Term Treasury Fund	Mutual Funds	**	2,176,143
* Vanguard Target Retirement Income Fund	Mutual Funds	**	1,677,044
* Vanguard Target Retirement 2050 Fund	Mutual Funds	**	941,911
* Vanguard Target Retirement 2005 Fund	Mutual Funds	**	248,066
* Vanguard Brokerage Option Fund	Mutual Funds	**	149,402
* Vanguard Target Retirement 2055 Fund	Mutual Funds	**	2,379
Total mutual funds			<u>434,581,647</u>
Common Stock:			
* Schlumberger Limited Common Stock Fund	Common Stock	\$ 35,957,149	<u>61,282,737</u>
Common Collective Trust:			
* Vanguard Retirement Savings Trust	Common Collective Trust	**	<u>11,797,044</u>
* Plan Participants	Notes receivable from participants (maturing through 2040 at interest rates of 3.25% - 10.5%)		<u>19,263,316</u>
Total Assets Held at End of Year - At Fair Value			<u>\$ 526,924,744</u>

* Party-in-interest.

**Cost information not provided as investments are participant-directed.

See notes to financial statements.

SMITH INTERNATIONAL, INC. 401(k) RETIREMENT PLAN

EIN: 95-3822631

PLAN:009

FORM 5500, SCHEDULE H, PAR

SCHEDULE OF REPORTABLE TRANSACTIONS

DECEMBER 31, 2010

<u>Identity of Investment Issuer</u>	<u>Description of Investment</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Historical Cost of Asset</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Historical Net Gain</u>
<u>Single Transactions</u>						
Vanguard	Vanguard Prime Money Market Fund	\$ 26,727,163			\$ 26,727,163	
Vanguard	Vanguard Prime Money Market Fund		\$ 29,790,152	\$ 29,790,152	29,790,152	
Vanguard	Vanguard Wellington Fund	23,261,305		23,261,305		
Vanguard	Vanguard Wellington Fund		16,027,163	15,252,928	16,027,163	\$ 774,235
Vanguard	Schlumberger Limited Common Stock Fund	40,671,662		40,671,662		
Vanguard	Schlumberger Limited Common Stock Fund		1,849,924	1,380,700	1,849,924	469,224
Vanguard	Smith International, Inc. Common Stock Fund	7,979,814		7,979,814		
Vanguard	Smith International, Inc. Common Stock Fund		52,412,103	47,500,375	52,412,103	4,911,728

See notes to financial statements.

Plan Name	SMITH INTERNATIONAL, INC. 401(K) RETIREMENT PLAN
Plan Sponsor EIN	95-3822631
ERISA Plan #	009
Plan Year Ending	12 / 31 / 2010

The required attachment marked with an “X” in the Attachment column is included within the Accountant’s Opinion attachment to Sch. H, Part III, Line 3, which consists of the entire audit report issued by the plan’s Independent Qualified Public Accountant (IQPA).

Form / Schedule	Line #	Description	Attachment
5500 Sch. H	Line 3	Financial statements used in formulating the IQPA's opinion	X
5500 Sch. H	Line 4i	Schedule of Assets (Held at End of Year)	X
5500 Sch. H	Line 4i	Schedule of Assets (Acquired and Disposed of Within Year)	
5500 Sch. H	Line 4j	Schedule of Reportable Transactions	X
5500 Sch. H	Line 4a	Schedule of Delinquent Participant Contributions	

Plan Name	SMITH INTERNATIONAL, INC. 401(K) RETIREMENT PLAN
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5500 Sch. H	Line 4a	Schedule of Delinquent Participant Contributions	

Plan Name	SMITH INTERNATIONAL, INC. 401(K) RETIREMENT PLAN
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