



SMITH INTERNATIONAL, INC. (SII) – COMPLETED MERGER

DESCRIPTION:

On August 24, 2010, Shareholders of Smith International, Inc. (SII) voted and approved the proposed merger with Schlumberger Limited (SLB). Pursuant to the terms of the merger, each existing SII Common Share will be converted into the right to receive **0.6966** SLB Common Shares. Cash will be paid in lieu of fractional SLB shares. **The merger became effective on Friday, August 27, 2010.**

The SLB component of the deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the SLB1 deliverable until the cash in lieu of fractional SLB shares is determined. Until the cash in lieu is determined, OCC will maintain an audit trail of all SLB1 exercise and assignment activity. Upon determination of the cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount. **CLEARING MEMBERS SHOULD REMIND CUSTOMERS THAT SETTLEMENT OF SLB1 EXERCISE/ASSIGNMENT ACTIVITY WILL INCLUDE A FUTURE OBLIGATION TO PAY THE CASH AMOUNT.**

Pending Contract Adjustments:

Pursuant to the By-Laws of the Options Clearing Corporation ("OCC"), the following Smith International, Inc. options will be adjusted as follows.

Adjustment Date:	Monday, August 30, 2010
Option Symbol:	SII becomes SLB1
Underlying Security:	SII becomes SLB1
CUSIP:	806857108
Contract Multiplier:	unchanged
Strike Prices:	unchanged
New Multiplier:	100 (e.g. Premium of 1.00 = \$100)
New Deliverable:	1) 69 Schlumberger Limited. (SLB) Common Shares 2) Cash in lieu of .66 fractional SLB shares

GTC Order Cancellation:

On Friday, August 27, 2010, immediately after the BOX close, all resting orders for SII in the order book will be canceled by the BOX Market Operations Center. If a BOX Participant wishes to enter orders for the adjusted SLB1 series, the BOX Participant will need to reenter the orders before the open on Monday, August 30, 2010.

Pricing Considerations: The underlying price for SLB1 will be determined as follows:
 $SLB1 = .69 (SLB) + .66 \text{ fractional SLB shares}$

Additional Exchange Info:

Old Option Symbol	Old PutCall Code	Old Strike Price	Old Contract Date	New Option Symbol	New PutCall Code	New Strike Price	New Contract Date
SII	C/P	34.00	09/18/2010	SLB1	C/P	34.00	09/18/2010
SII	C/P	35.00	09/18/2010	SLB1	C/P	35.00	09/18/2010
SII	C/P	36.00	09/18/2010	SLB1	C/P	36.00	09/18/2010
SII	C/P	37.00	09/18/2010	SLB1	C/P	37.00	09/18/2010
SII	C/P	38.00	09/18/2010	SLB1	C/P	38.00	09/18/2010
SII	C/P	39.00	09/18/2010	SLB1	C/P	39.00	09/18/2010
SII	C/P	40.00	09/18/2010	SLB1	C/P	40.00	09/18/2010
SII	C/P	41.00	09/18/2010	SLB1	C/P	41.00	09/18/2010
SII	C/P	42.00	09/18/2010	SLB1	C/P	42.00	09/18/2010
SII	C/P	43.00	09/18/2010	SLB1	C/P	43.00	09/18/2010
SII	C/P	44.00	09/18/2010	SLB1	C/P	44.00	09/18/2010
SII	C/P	45.00	09/18/2010	SLB1	C/P	45.00	09/18/2010
SII	C/P	46.00	09/18/2010	SLB1	C/P	46.00	09/18/2010
SII	C/P	47.00	09/18/2010	SLB1	C/P	47.00	09/18/2010
SII	C/P	48.00	09/18/2010	SLB1	C/P	48.00	09/18/2010
SII	C/P	30.00	10/16/2010	SLB1	C/P	30.00	10/16/2010
SII	C/P	31.00	10/16/2010	SLB1	C/P	31.00	10/16/2010
SII	C/P	32.00	10/16/2010	SLB1	C/P	32.00	10/16/2010
SII	C/P	33.00	10/16/2010	SLB1	C/P	33.00	10/16/2010
SII	C/P	34.00	10/16/2010	SLB1	C/P	34.00	10/16/2010
SII	C/P	35.00	10/16/2010	SLB1	C/P	35.00	10/16/2010
SII	C/P	36.00	10/16/2010	SLB1	C/P	36.00	10/16/2010
SII	C/P	37.00	10/16/2010	SLB1	C/P	37.00	10/16/2010
SII	C/P	38.00	10/16/2010	SLB1	C/P	38.00	10/16/2010
SII	C/P	39.00	10/16/2010	SLB1	C/P	39.00	10/16/2010
SII	C/P	40.00	10/16/2010	SLB1	C/P	40.00	10/16/2010
SII	C/P	41.00	10/16/2010	SLB1	C/P	41.00	10/16/2010
SII	C/P	42.00	10/16/2010	SLB1	C/P	42.00	10/16/2010
SII	C/P	43.00	10/16/2010	SLB1	C/P	43.00	10/16/2010
SII	C/P	44.00	10/16/2010	SLB1	C/P	44.00	10/16/2010
SII	C/P	45.00	10/16/2010	SLB1	C/P	45.00	10/16/2010
SII	C/P	46.00	10/16/2010	SLB1	C/P	46.00	10/16/2010
SII	C/P	47.00	10/16/2010	SLB1	C/P	47.00	10/16/2010
SII	C/P	48.00	10/16/2010	SLB1	C/P	48.00	10/16/2010
SII	C/P	50.00	10/16/2010	SLB1	C/P	50.00	10/16/2010
SII	C/P	55.00	10/16/2010	SLB1	C/P	55.00	10/16/2010
SII	C/P	5.00	01/22/2011	SLB1	C/P	5.00	01/22/2011
SII	C/P	7.50	01/22/2011	SLB1	C/P	7.50	01/22/2011
SII	C/P	10.00	01/22/2011	SLB1	C/P	10.00	01/22/2011
SII	C/P	12.50	01/22/2011	SLB1	C/P	12.50	01/22/2011
SII	C/P	15.00	01/22/2011	SLB1	C/P	15.00	01/22/2011
SII	C/P	17.50	01/22/2011	SLB1	C/P	17.50	01/22/2011
SII	C/P	20.00	01/22/2011	SLB1	C/P	20.00	01/22/2011
SII	C/P	22.50	01/22/2011	SLB1	C/P	22.50	01/22/2011
SII	C/P	25.00	01/22/2011	SLB1	C/P	25.00	01/22/2011

Old Option Symbol	Old PutCall Code	Old Strike Price	Old Contract Date	New Option Symbol	New PutCall Code	New Strike Price	New Contract Date
SII	C/P	27.50	01/22/2011	SLB1	C/P	27.50	01/22/2011
SII	C/P	30.00	01/22/2011	SLB1	C/P	30.00	01/22/2011
SII	C/P	32.50	01/22/2011	SLB1	C/P	32.50	01/22/2011
SII	C/P	35.00	01/22/2011	SLB1	C/P	35.00	01/22/2011
SII	C/P	36.00	01/22/2011	SLB1	C/P	36.00	01/22/2011
SII	C/P	37.50	01/22/2011	SLB1	C/P	37.50	01/22/2011
SII	C/P	39.00	01/22/2011	SLB1	C/P	39.00	01/22/2011
SII	C/P	40.00	01/22/2011	SLB1	C/P	40.00	01/22/2011
SII	C/P	41.00	01/22/2011	SLB1	C/P	41.00	01/22/2011
SII	C/P	42.50	01/22/2011	SLB1	C/P	42.50	01/22/2011
SII	C/P	44.00	01/22/2011	SLB1	C/P	44.00	01/22/2011
SII	C/P	45.00	01/22/2011	SLB1	C/P	45.00	01/22/2011
SII	C/P	50.00	01/22/2011	SLB1	C/P	50.00	01/22/2011
SII	C/P	55.00	01/22/2011	SLB1	C/P	55.00	01/22/2011
SII	C/P	60.00	01/22/2011	SLB1	C/P	60.00	01/22/2011
SII	C/P	65.00	01/22/2011	SLB1	C/P	65.00	01/22/2011
SII	C/P	70.00	01/22/2011	SLB1	C/P	70.00	01/22/2011
SII	C/P	75.00	01/22/2011	SLB1	C/P	75.00	01/22/2011
SII	C/P	80.00	01/22/2011	SLB1	C/P	80.00	01/22/2011
SII	C/P	34.00	04/16/2011	SLB1	C/P	34.00	04/16/2011
SII	C/P	35.00	04/16/2011	SLB1	C/P	35.00	04/16/2011
SII	C/P	36.00	04/16/2011	SLB1	C/P	36.00	04/16/2011
SII	C/P	37.00	04/16/2011	SLB1	C/P	37.00	04/16/2011
SII	C/P	38.00	04/16/2011	SLB1	C/P	38.00	04/16/2011
SII	C/P	39.00	04/16/2011	SLB1	C/P	39.00	04/16/2011
SII	C/P	40.00	04/16/2011	SLB1	C/P	40.00	04/16/2011
SII	C/P	41.00	04/16/2011	SLB1	C/P	41.00	04/16/2011
SII	C/P	42.00	04/16/2011	SLB1	C/P	42.00	04/16/2011
SII	C/P	43.00	04/16/2011	SLB1	C/P	43.00	04/16/2011
SII	C/P	44.00	04/16/2011	SLB1	C/P	44.00	04/16/2011
SII	C/P	45.00	04/16/2011	SLB1	C/P	45.00	04/16/2011
SII	C/P	15.00	01/21/2012	SLB1	C/P	15.00	01/21/2012
SII	C/P	20.00	01/21/2012	SLB1	C/P	20.00	01/21/2012
SII	C/P	25.00	01/21/2012	SLB1	C/P	25.00	01/21/2012
SII	C/P	30.00	01/21/2012	SLB1	C/P	30.00	01/21/2012
SII	C/P	35.00	01/21/2012	SLB1	C/P	35.00	01/21/2012
SII	C/P	40.00	01/21/2012	SLB1	C/P	40.00	01/21/2012
SII	C/P	45.00	01/21/2012	SLB1	C/P	45.00	01/21/2012
SII	C/P	50.00	01/21/2012	SLB1	C/P	50.00	01/21/2012
SII	C/P	55.00	01/21/2012	SLB1	C/P	55.00	01/21/2012

Questions regarding this memo can be addressed to the BOX Market Operations Center at 617-235-2291 or toll free at 1-866-768-8845.