

SMITH INTERNATIONAL INC

Form 425

March 18, 2010

Schlumberger and Smith International, Inc.

to Merge

March, 2010

Filed

by

Schlumberger  
N.V.  
(Schlumberger  
Limited)  
Pursuant  
to  
Rule  
425  
of  
the  
Securities  
Act  
of  
1933,  
as  
amended,  
and  
deemed  
filed  
pursuant  
to  
Rule  
14a-12  
of  
the  
Securities  
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Act  
of  
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as  
amended  
Schlumberger  
N.V.  
(Schlumberger  
Limited)  
(File  
No.:  
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Subject  
Company:  
Smith  
International,  
Inc.  
(File  
No:  
1-8514)

#### Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The opinions, forecasts, projections, or other statements other than statements of historical fact made by the Company can give no assurance that such expectations will prove to have been correct. These statements are subject to, among other things, the conditions to the merger, the risk that the contemplated merger does not occur, negative effects from the pendency of the merger, the ability of the businesses to realize expected synergies and other risk factors that are discussed in Schlumberger's and Smith's most recent filings with the SEC available at the SEC's Internet site (<http://www.sec.gov>). Actual results may differ materially from those expected.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise our forward-looking statements in light of new information, events or otherwise.

**Additional Information**

**STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND REGISTRATION STATEMENT WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Important information about the proposed transaction that should be read carefully before any decision is made with respect to the proposed transaction is made available to the shareholders of Smith at no expense to them. Investors and security holders will be able to obtain the documents filed with the SEC on the SEC's web site, [www.sec.gov](http://www.sec.gov). In addition, such materials (and all other documents filed with the SEC) will be available free of charge to investors and security holders if the documents are not currently available. You may also read and copy any reports, statements and other information filed by Smith International Corporation at the SEC reference room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at (800) 732-0330 or visit the SEC reference room.

Each company's directors and executive officers and other persons may be deemed, under SEC rules, to be participants in the proposed transaction. Information regarding Schlumberger's directors and officers can be found in its proxy statement filed with the SEC on April 13, 2009. Additional information regarding Smith's directors and officers can be found in its proxy statement filed with the SEC on April 13, 2009. Additional information regarding the proposed transaction, including a solicitation and a description of their direct and indirect interests in the transaction, by security holdings or otherwise, will be included in relevant materials to be filed with the SEC when they become available.

Higher levels of drilling will be necessary to sustain and increase world oil and gas production

Drilling

intensity

and

well

complexity

will  
continue  
to  
increase  
due  
to  
areas  
such  
as deepwater sub-salt and shale gas  
Geosteered  
wells with complex geometries are key to increased recovery and  
maximizing initial production  
Combining our LWD, MWD & DD capabilities with the design and optimization of  
the entire BHA (including bits, drilling tools and drilling fluids) will improve drilling  
performance and reduce drilling risk  
Industry Trends Drilling

Smith Oilfield  
Smith Fluids  
Smith Distribution  
2008A  
2009A  
Revenue:  
\$5,183

\$4,224

Oper. Income:

840

541

Oper. Margin

16%

12%

2008A

2009A

Revenue:

\$2,849

\$2,225

Oper. Income:

747

254

Oper. Margin

26%

10%

2008A

2009A

Revenue:

\$2,739

\$1,769

Oper. Income:

180

(32)

Oper. Margin

7%

NM

Drilling Fluid Systems and Services

Environmental and Process Solutions

Completion Fluids

Production Chemicals

Drill Bits

Motors and Drilling Tools

Reamers and Hole Openers

Fishing and Casing Existing

Tubular Drill String Components

Completion and Artificial Lift Products

LWD, MWD, DD

Coiled Tubing, CH WL and Perforating

Pipe, Valves and Fittings

Mill, Safety and Maintenance Products

Supply Chain Services

Smith International, Inc.

Smith International Organization

Drilling Services Gap Analysis  
Minority SLB JV interest  
Majority JV with SLB

Complementary Services

Integrated fluid engineering and environmental solutions

IDEAS/i-Drill BHA modeling software

Fishing services

Window cutting and exiting services (Trackmaster)

Inspection and machine shop services

Rotating drilling heads pressure containment

Drilling Services Offering

Surface

Control Systems

Enable SLB to provide a fully optimized drilling services offering:

Next generation of BHA offering

Industry leading bit/drillstring  
software modeling

In-house drilling bit/motor/turbine engineering and manufacturing

surface control mechanisms for automation

Higher temperature MWD/LWD capabilities (175 degC)

Broaden

SLB

portfolio re-entry drilling process

Enable SLB to add to completions offerings

Smith manufacturing and distribution channels

Vehicle for high volume business

Merger Rationale

Merger  
Rationale  
(Continued)

Drilling Solutions D&M, IPM  
Integrated fluid engineering and RT hydraulics control (particularly for DW and HT)  
Managed pressure

drilling

Wellbore stability and well strengthening solutions

Loss circulation management while drilling solutions

Zonal Isolation Well Services

More efficient cement operations

Improved logistics/supply chain for chemicals and bulk products

Production Technologies Well Services and Completions

Unique

completion and stimulation solutions

Shale gas environmental solutions water management

Water Services

Environmental

solutions

Optimize interaction between MI-Swaco and SLB segments

Downhole system reliability reduced blockage, abrasivity and chemical damage

1.

Create a drilling group to integrate our drilling services offering

Improved drilling performance integrated BHA design and fluid engineering

Increased operational efficiency new motor (Dyna-Drill) and turbine designs (Neyrfor)

Rotary Steerable Services integration with the bit, plus instrumented bits development

Bits, reamers and drilling tools on D&M and IPM projects, plus new business

Increase SLB exposure to vertical drilling combined bit, PowerV\* vertical drilling system and motors

Comprehensive  
brownfield  
reentry  
drilling  
package fishing,  
exiting  
services

PathFinder

HT and mid tier LWD/MWD expand footprint, access to new customers

Smith manufacturing and distribution channels vehicle for high volume business

Synergy Realization

2. Optimize  
interaction  
between  
MI-Swaco  
and  
SLB  
segments

Drilling Solutions D&M, IPM

Integrated fluid engineering and RT hydraulics control

MPD and Wellbore stability solutions

Well Productivity Well Services

Production Technologies Reservoir Production new business opportunity

Environmental Solutions Water Services

3. Smith products and services complement SLB segment portfolios

Liner hangers SLB Completions segment

Production packers SLB Completions segment

SmithLift SLB Artificial Lift segment

Coiled Tubing Services SLB Well Services segment

Cased

hole

wireline SLB

Wireline

segment

Synergy

Realization

(Continued)

Combines services and products into one focused drilling organization  
Purpose of deal is to improve drilling performance for our customers

Optimized drilling system designs range of drilling environments

New product development evolving  
drilling challenges

Improved total system reliability  
Add to SLB completions offerings  
Strengthens Smith brands

Increase access to new business  
opportunities

Access to SLB R&D  
Summary

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