

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

(Mark One)  
 **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-4601

**Schlumberger N.V.  
(Schlumberger Limited)**

(Exact name of registrant as specified in its charter)

**Curaçao**  
(State or other jurisdiction of incorporation or organization)

**42, rue Saint-Dominique  
Paris, France**  
**5599 San Felipe, 17th Floor  
Houston, Texas, United States of America**  
**62 Buckingham Gate,  
London, United Kingdom**  
**Parkstraat 83, The Hague,  
The Netherlands**  
(Addresses of principal executive offices)

**52-0684746**  
(IRS Employer Identification No.)

75007

77056

SW1E 6AJ

2514 JG  
(Zip Codes)

**Registrant's telephone number in the United States, including area code, is: (713) 513-2000**

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of each class**  
Common Stock, par value \$0.01 per share

**Name of each exchange on which registered**  
New York Stock Exchange  
Euronext Paris  
The London Stock Exchange  
SIX Swiss Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES  NO

As of June 30, 2016, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$109.9 billion.

As of December 31, 2016, the number of shares of common stock outstanding was 1,391,475,510.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required to be furnished pursuant to Part III of this Form 10-K is set forth in, and is hereby incorporated by reference herein from, Schlumberger's definitive proxy statement for its 2017 Annual General Meeting of Stockholders, to be filed by Schlumberger with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2016 (the "2017 Proxy Statement").

**SCHLUMBERGER LIMITED**  
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## **PART I**

### **Item 1. Business.**

All references in this report to “Registrant,” “Company,” “Schlumberger,” “we” or “our” are to Schlumberger Limited (Schlumberger N.V., incorporated in Curaçao) and its consolidated subsidiaries.

Founded in 1926, Schlumberger is the world’s leading provider of technology for reservoir characterization, drilling, production and processing to the oil and gas industry. Having invented wireline logging as a technique for obtaining downhole data in oil and gas wells, today Schlumberger supplies the industry’s most comprehensive range of products and services, from exploration through production, and integrated pore-to-pipeline solutions that optimize hydrocarbon recovery to deliver reservoir performance. As of December 31, 2016, the Company employed approximately 100,000 people of over 140 nationalities operating in more than 85 countries. Schlumberger has principal executive offices in Paris, Houston, London and The Hague.

On April 1, 2016, Schlumberger acquired all of the outstanding shares of Cameron International Corporation (“Cameron”), a leading provider of flow equipment products, systems and services to the oil and gas industry worldwide. The acquisition is expected to create technology-driven growth by integrating Schlumberger reservoir and well technologies with Cameron wellhead and surface equipment, flow control and processing technology. The combination of the two complementary technology portfolios provides the industry’s most comprehensive range of products and services, from exploration to production and integrated pore-to-pipeline solutions that optimize hydrocarbon recovery to deliver reservoir performance. In connection with this transaction, Schlumberger issued 138 million shares of its common stock, valued at approximately \$9.9 billion as of the acquisition date, and paid cash of \$2.8 billion.

Schlumberger operates in each of the major oilfield service markets, managing its business through four Groups: Reservoir Characterization, Drilling, Production and Cameron. Each Group consists of a number of technology-based service and product lines, or Technologies. These Technologies cover the entire life cycle of the reservoir and correspond to a number of markets in which Schlumberger holds leading positions. The role of the Groups and Technologies is to support Schlumberger in providing the best possible service to customers and to ensure that Schlumberger remains at the forefront of technology development and services integration. The Groups and Technologies are collectively responsible for driving excellence in execution throughout their businesses; overseeing operational processes, resource allocation and personnel; and delivering superior financial results.

The Groups are as follows:

**Reservoir Characterization Group** – Consists of the principal Technologies involved in finding and defining hydrocarbon resources. These include WesternGeco®, Wireline, Testing & Process, Software Integrated Solutions (SIS) and Integrated Services Management (ISM).

- *WesternGeco* is a leading geophysical services supplier, providing comprehensive worldwide reservoir imaging, monitoring and development services. It provides increasingly accurate measurements and images of subsurface geology and rock properties for both customer proprietary and multiclient surveys. WesternGeco offers the industry’s most extensive multi-client library.
- *Wireline* provides the information necessary to evaluate subsurface formation rocks and fluids to plan and monitor well construction, and to monitor and evaluate well production. Wireline offers both openhole and cased-hole services including wireline perforating. Slickline services provide downhole mechanical well intervention.
- *Testing & Process* provides exploration and production pressure and flow-rate measurement services both at the surface and downhole. Through its Process Systems offering, Testing & Process provides equipment for the upstream, midstream and downstream separation of oil, gas, and produced water and water injection systems. Testing & Process also provides tubing-conveyed perforating services.
- *Software Integrated Solutions* sells proprietary software and provides consulting, information management and IT infrastructure services to customers in the oil and gas industry. SIS also offers expert consulting services for reservoir characterization, field development planning and production enhancement, as well as industry-leading petrotechnical data services and training solutions.
- *Integrated Services Management* provides coordination and management of Schlumberger services, products, and third parties in projects around the world. ISM offers a certified Integrated Services Project Manager as a focal point of contact between the project owner and the various Schlumberger services, ensuring alignment of project objectives.

**Drilling Group** – Consists of the principal Technologies involved in the drilling and positioning of oil and gas wells and comprises Bits & Drilling Tools, M-I SWACO®, Drilling & Measurements, Land Rigs and Integrated Drilling Services (IDS).

- *Bits & Drilling Tools* designs, manufactures and markets roller cone and fixed cutter drill bits for all environments. The drill bits include designs for premium market segments where faster penetration rates and increased footage provide significant economic benefits in lowering overall well costs. Drilling Tools includes a wide variety of bottom-hole-assembly, borehole-enlargement technologies and impact tools, as well as a comprehensive collection of tubulars and tubular services for oil and gas drilling operations.
- *M-I SWACO* is a supplier of drilling fluid systems engineered to improve drilling performance by anticipating fluids-related problems; fluid systems and specialty equipment designed to optimize wellbore productivity; and production technology solutions formulated to maximize production rates. M-I SWACO also provides engineered managed pressure drilling and underbalanced drilling solutions, as well as environmental services and products to safely manage waste volumes generated in both drilling and production operations.
- *Drilling & Measurements* provides mud logging services for geological and drilling surveillance, directional drilling, measurement-while-drilling and logging-while-drilling services for all well profiles as well as engineering support.
- *Land Rigs* provides land drilling rigs and related support services. The land drilling system of the future, currently under development, represents an integrated drilling platform bringing together digitally enabled surface and downhole hardware combined with a common optimization software to create a step-change in operational efficiency.
- *Integrated Drilling Services* supplies all of the services necessary to construct or change the architecture (re-entry) of wells. IDS covers all aspects of well planning, well drilling, engineering, supervision, logistics, procurement and contracting of third parties, and drilling rig management.

**Production Group** – Consists of the principal Technologies involved in the lifetime production of oil and gas reservoirs and includes Well Services, Completions, Artificial Lift, Integrated Production Services (IPS) and Schlumberger Production Management (SPM).

- *Well Services* provides services used during oil and gas well drilling and completion as well as those used to maintain optimal production throughout the life of a well. Such services include pressure pumping, well cementing and stimulation, and coiled tubing equipment for downhole mechanical well intervention, reservoir monitoring and downhole data acquisition.
- *Completions* supplies well completion services and equipment that include packers, safety valves, sand control technology as well as a range of intelligent well completions technology and equipment.
- *Artificial Lift* provides production equipment and optimization services using electrical submersible pumps, gas lift equipment, rod lift systems, progressing cavity pumps and surface horizontal pumping systems.
- *Integrated Production Services* offers the project scope necessary to abandon, maintain, or increase the production of single or multiple wells. All aspects of project planning are addressed and include well engineering, wellsite supervision, civil engineering, logistics, procurement, contracting of third parties, and workovers.
- *Schlumberger Production Management* is a business model for field production projects. This model combines the required services and products of the Technologies with drilling rig management, specialized engineering and project management expertise to provide a complete solution to well construction and production improvement.

SPM commercial arrangements create alignment between Schlumberger and the asset holder and/or the operator whereby Schlumberger receives remuneration in line with its value creation. These projects are generally focused on developing and co-managing production of customer assets under long-term agreements. Schlumberger manages approximately 235,000 barrels per day of oil equivalent on behalf of its clients. Schlumberger will invest its own services and products, and in some cases cash, into the field development activities and operations. Although in certain arrangements Schlumberger is paid for a portion of the services or products it provides, generally Schlumberger will not be paid at the time of providing its services or upon delivery of its products. Instead, Schlumberger is generally compensated based upon cash flow generated or on a fee-per-barrel basis. This may include certain arrangements whereby Schlumberger is only compensated based upon incremental production that it helps deliver above a mutually agreed baseline.

**Cameron Group** – Consists of the principal Technologies involved in pressure and flow control for drilling and intervention rigs, oil and gas wells and production facilities, and includes OneSubsea®, Surface Systems, Drilling Systems, and Valves & Measurement.

- *OneSubsea* provides integrated solutions, products, systems and services for the subsea oil and gas market, including integrated subsea production systems involving wellheads, subsea trees, manifolds and flowline connectors, control systems,

connectors and services designed to maximize reservoir recovery and extend the life of each field. OneSubsea offers integration and optimization of the entire production system over the life of the field by leveraging flow control expertise and process technologies with petrotechnical expertise and reservoir and production technologies.

- *Surface Systems* designs and manufactures onshore and offshore platform wellhead systems and processing solutions, including valves, chokes, actuators and Christmas trees, and provides services to oil and gas operators.
- *Drilling Systems* provides drilling equipment and services to shipyards, drilling contractors, E&P companies and rental tool companies. The products fall into two broad categories: pressure control equipment and rotary drilling equipment. These products are designed for either onshore or offshore applications and include drilling equipment packages, blowout preventers (BOPs), BOP control systems, connectors, riser systems, valves and choke manifold systems, top drives, mud pumps, pipe handling equipment, rig designs and rig kits.
- *Valves & Measurement* serves portions of the upstream, midstream and downstream markets and provides valve products and measurement systems that are primarily used to control, direct and measure the flow of oil and gas as they are moved from wellheads through flow lines, gathering lines and transmission systems to refineries, petrochemical plants and industrial centers for processing.

Supporting the Groups is a global network of research and engineering centers. Through this organization, Schlumberger is committed to advanced technology programs that enhance oilfield efficiency, lower finding and producing costs, improve productivity, maximize reserve recovery and increase asset value while accomplishing these goals in a safe and environmentally sound manner.

Schlumberger's business is also reported through four geographic Areas: North America, Latin America, Europe/CIS/Africa and Middle East & Asia. Within these Areas, a network of GeoMarket\* regions provides logistical, technical and commercial coordination.

The GeoMarket structure offers customers a single point of contact at the local level for field operations and brings together geographically focused teams to meet local needs and deliver customized solutions. The Areas and GeoMarkets are responsible for providing the most efficient and cost effective support possible to the operations.

Schlumberger primarily uses its own personnel to market its offerings. The customer base, business risks and opportunities for growth are essentially uniform across all services. Manufacturing and engineering facilities as well as research centers are shared, and the labor force is interchangeable. Technological innovation, quality of service and price differentiation are the principal methods of competition, which vary geographically with respect to the different services offered. While Schlumberger has numerous competitors, both large and small, Schlumberger believes that it is an industry leader in providing geophysical equipment and services, wireline logging, well production testing, exploration and production software, surface equipment, artificial lift, coiled-tubing services, drilling and completion fluids, solids control and waste management, drilling pressure control, drill bits, measurement-while-drilling, logging-while-drilling, directional-drilling services and surface data (mud) logging.

## **GENERAL**

### **Intellectual Property**

Schlumberger owns and controls a variety of intellectual property, including but not limited to patents, proprietary information and software tools and applications that, in the aggregate, are material to Schlumberger's business. While Schlumberger seeks and holds numerous patents covering various products and processes, no particular patent or group of patents is considered material to Schlumberger's business.

### **Seasonality**

Seasonal changes in weather and significant weather events can temporarily affect the delivery of oilfield services. For example, the spring thaw in Canada and consequent road restrictions can affect activity levels, while the winter months in the North Sea, Russia and China can produce severe weather conditions that typically result in temporarily reduced levels of activity. In addition, hurricanes and typhoons can disrupt coastal and offshore operations. Furthermore, customer spending patterns for multicient data, software and other oilfield services and products generally result in higher activity in the fourth quarter of each year as clients seek to utilize their annual budgets.

### **Customers and Backlog of Orders**

For the year ended December 31, 2016, no single customer exceeded 10% of consolidated revenue. Other than WesternGeco, and the OneSubsea and Drilling Systems businesses acquired in the Cameron transaction, Schlumberger has no significant backlog due to the

nature of its businesses. The WesternGeco backlog was \$0.8 billion at December 31, 2016 (the vast majority of which is expected to be recognized as revenue in 2017) and \$1.1 billion at December 31, 2015. The combined backlog of the OneSubsea and Drilling Systems businesses was \$3.1 billion at December 31, 2016, of which approximately 60% is expected to be recognized as revenue during 2017.

## **Financial Information**

Financial information by business segment and geographic area for the years ended December 31, 2016, 2015 and 2014 is provided in Note 17 of the *Consolidated Financial Statements*.

## **Executive Officers of Schlumberger**

The following table sets forth, as of January 25, 2017, the names and ages of the executive officers of Schlumberger, including all offices and positions held by each for at least the past five years.

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Current Position and Five-Year Business Experience</u></b>
Paal Kibsgaard	49	Chairman of the Board of Directors, since April 2015; Chief Executive Officer, since August 2011; and Director since April 2011.
Simon Ayat	62	Executive Vice President and Chief Financial Officer, since March 2007.
Alexander C. Juden	56	Secretary and General Counsel, since April 2009.
Ashok Belani	58	Executive Vice President Technology, since January 2011.
Jean-Francois Poupeau	55	Executive Vice President Corporate Development and Communications, since June 2012; and President, Drilling Group, May 2010 to June 2012.
Khaled Al Mogharbel	46	President, Drilling Group, since July 2013; and President, Middle East, August 2011 to June 2013.
Stephane Biguet	48	Vice President and Treasurer, since December 2016; Vice President Controller, Operations, from August 2015 to December 2016; Vice President Controller, Operations & Integration, from November 2013 to August 2015; and Vice President, Global Shared Services Organization, August 2011 to October 2013.
Mark Danton	60	Vice President – Director of Taxes, since January 1999.
Simon Farrant	52	Vice President Investor Relations, since February 2014; Special Projects Manager, December 2013 to January 2014; Vice President and General Manager, North Sea GeoMarket, April 2012 to November 2013; and Integration Manager, Smith Merger, April 2010 to April 2012.
Aaron Gatt Floridaia	48	Chief Commercial Officer, since May 2016; and President, Reservoir Characterization Group, August 2011 to May 2016.
Amerino Gatti	46	President, Production Group, since May 2016; President, Well Services, July 2013 to May 2016; and Vice President Production Group North America Land, June 2010 to June 2013.
Howard Guild	45	Chief Accounting Officer, since July 2005.
Imran Kizilbash	50	Vice President, Schlumberger Venture Fund, since December 2016; Vice President and Treasurer, November 2013 to December 2016; Controller, Operations & Integration, July 2013 to October 2013; and Controller, Operations, January 2011 to June 2013.
Saul R. Laureles	51	Director, Corporate Legal, since July 2014; Assistant Secretary, since April 2007; Deputy General Counsel, Governance and Securities, October 2012 to June 2014; and Senior Counsel, April 2007 to October 2012.

Catherine MacGregor	44	President, Reservoir Characterization Group, since August 2016; President, Europe and Africa, July 2013 to July 2016; and Wireline President, May 2009 to June 2013.
Gerard Martellozo	61	Vice President Human Resources, since June 2014; Senior Advisor to the CEO, August 2012 to May 2014; and Human Resources Manager, Drilling Group, May 2010 to July 2012.
Abdellah Merad	43	Vice President Controller, Operations, since December 2016; Vice President, Global Shared Services Organization, from November 2013 to December 2016; GeoMarket Cost Management Project Manager, from August 2013 to November 2013; and North Africa GeoMarket Manager, from June 2010 to July 2013.
R. Scott Rowe	45	President, Cameron Group, since April 2016; President and Chief Executive Officer, Cameron, October 2015 to April 2016; President and Chief Operating Officer, Cameron, October 2014 to September 2015; Chief Executive Officer, OneSubsea, March 2014 to September 2014; President, Subsea System, August 2012 to February 2014; and President, Engineered & Process Values, April 2010 to August 2012.
Patrick Schorn	48	President, Operations, since August 2015; President, Operations & Integration, July 2013 to August 2015; and President, Production Group, January 2011 to June 2013.

#### Available Information

The Schlumberger Internet website is [www.slb.com](http://www.slb.com). Schlumberger uses its Investor Relations website, [www.slb.com/ir](http://www.slb.com/ir), as a routine channel for distribution of important information, including news releases, analyst presentations, and financial information. Schlumberger makes available free of charge through its Investor Relations website at [www.slb.com/ir](http://www.slb.com/ir) access to its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, its Proxy Statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers, and amendments to each of those reports, as soon as reasonably practicable after such material is filed with or furnished to the Securities and Exchange Commission (“SEC”). Alternatively, you may access these reports at the SEC’s Internet website at [www.sec.gov](http://www.sec.gov). Copies are also available, without charge, from Schlumberger Investor Relations, 5599 San Felipe, 17<sup>th</sup> Floor, Houston, Texas 77056. Unless expressly noted, the information on our website or any other website is not incorporated by reference in this Form 10-K and should not be considered part of this Form 10-K or any other filing Schlumberger makes with the SEC.

#### Item 1A. Risk Factors.

The following discussion of risk factors known to us contains important information for the understanding of our “forward-looking statements,” which are discussed immediately following Item 7A. of this Form 10-K and elsewhere. These risk factors should also be read in conjunction with Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and the *Consolidated Financial Statements* and related notes included in this Form 10-K.

*We urge you to consider carefully the risks described below, as well as in other reports and materials that we file with the SEC and the other information included or incorporated by reference in this Form 10-K. If any of the risks described below or elsewhere in this Form 10-K were to materialize, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also materially adversely affect our financial condition, results of operations and cash flows.*

**Demand for the majority of our services is substantially dependent on the levels of expenditures by our customers. The current significant oil and gas industry downturn has resulted in reduced demand for oilfield services, which has had, and may continue to have, a material adverse impact on our financial condition, results of operations and cash flows. If these conditions worsen or oil and gas prices do not improve, it could have a further material adverse effect on our financial condition, results of operations and cash flows.**

Demand for the majority of our services depends substantially on the level of expenditures by our customers for the exploration, development and production of oil and natural gas reserves. These expenditures are generally dependent on our customers’ views of future oil and natural gas prices and are sensitive to our customers’ views of future economic growth and the resulting impact on demand for oil and natural gas. Since 2014, oil and gas prices have declined significantly, resulting in lower expenditures by our customers. As a result, many of our customers have reduced or delayed their oil and gas exploration and production spending, reducing the demand for our products and services and exerting downward pressure on the prices that we charge. These conditions have had, and may continue to have, an adverse impact on our financial condition.

The continued low oil and gas prices have caused a reduction in cash flows for our customers, which has had a significant adverse effect on the financial condition of some of our customers. This has resulted, in and may continue to result in, project modifications, delays and cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. These effects could have a material adverse effect on our financial condition, results of operations and cash flows.

The prices for oil and natural gas have historically been volatile and can be affected by a variety of factors, including:

- demand for hydrocarbons, which is affected by general economic and business conditions;
- the ability or willingness of the Organization of Petroleum Exporting Countries (“OPEC”) to set and maintain production levels for oil;
- oil and gas production levels by non-OPEC countries;
- the level of excess production capacity;
- political and economic uncertainty and geopolitical unrest;
- the level of worldwide oil and gas exploration and production activity;
- access to potential resources;
- governmental policies and subsidies;
- the costs of exploring for, producing and delivering oil and gas;
- technological advances affecting energy consumption; and
- weather conditions.

There can be no assurance that the demand or pricing for oil and natural gas will follow historic patterns or recover meaningfully in the near term. Continued or worsening conditions in the oil and gas industry could have a further material adverse affect our financial condition, results of operations and cash flows.

**A significant portion of our revenue is derived from our non-United States operations, which exposes us to risks inherent in doing business in each of the over 85 countries in which we operate.**

Our non-United States operations accounted for approximately 80% of our consolidated revenue in 2016, 76% in 2015 and 71% in 2014. Operations in countries other than the United States are subject to various risks, including:

- volatility in political, social and economic conditions;
- exposure to expropriation of our assets or other governmental actions;
- social unrest, acts of terrorism, war or other armed conflict;
- confiscatory taxation or other adverse tax policies;
- deprivation of contract rights;
- trade and economic sanctions or other restrictions imposed by the United States, the European Union or other countries;
- restrictions under the United States Foreign Corrupt Practices Act (FCPA) or similar legislation;
- restrictions on the repatriation of income or capital;
- currency exchange controls;
- inflation; and
- currency exchange rate fluctuations and devaluations.

**Our failure to comply with complex US and foreign laws and regulations could have a material adverse effect on our operations.**

We are subject to complex US and foreign laws and regulations, such as the FCPA, the U.K. Bribery Act and various other anti-bribery and anti-corruption laws. We are also subject to trade control regulations and trade sanctions laws that restrict the movement of certain goods to, and certain operations in, various countries or with certain persons. Our ability to transfer people and products among certain countries is subject to maintaining required licenses and complying with these laws and regulations. The internal controls, policies and procedures, and employee training and compliance programs we have implemented to deter prohibited practices may not be effective in preventing employees, contractors or agents from violating or circumventing such internal policies or violating applicable laws and regulations. Any determination that we have violated or are responsible for violations of anti-bribery, trade

control, trade sanctions or anti-corruption laws could have a material adverse effect on our financial condition. Violations of international and US laws and regulations or the loss of any required licenses may result in fines and penalties, criminal sanctions, administrative remedies or restrictions on business conduct, and could have a material adverse effect on our reputation and our business, operating results and financial condition.

**Environmental compliance costs and liabilities could reduce our earnings and cash available for operations.**

We are subject to increasingly stringent laws and regulations relating to importation and use of hazardous materials, radioactive materials, chemicals and explosives and to environmental protection, including laws and regulations governing air emissions, hydraulic fracturing, water discharges and waste management. We incur, and expect to continue to incur, capital and operating costs to comply with environmental laws and regulations. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and expensive to implement. These laws may provide for “strict liability” for remediation costs, damages to natural resources or threats to public health and safety. Strict liability can render a party liable for damages without regard to negligence or fault on the part of the party. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances.

We use and generate hazardous substances and wastes in our operations. In addition, many of our current and former properties are, or have been, used for industrial purposes. Accordingly, we could become subject to material liabilities relating to the investigation and cleanup of potentially contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require us to incur costs or become the basis for new or increased liabilities that could reduce our earnings and our cash available for operations.

**We could be subject to substantial liability claims, which could adversely affect our financial condition, results of operations and cash flows.**

The technical complexities of our operations expose us to a wide range of significant health, safety and environmental risks. Our offerings involve production-related activities, radioactive materials, chemicals, explosives and other equipment and services that are deployed in challenging exploration, development and production environments. An accident involving these services or equipment, or a failure of a product, could cause personal injury, loss of life, damage to or destruction of property, equipment or the environment, or suspension of operations. Our insurance may not protect us against liability for certain kinds of events, including events involving pollution, or against losses resulting from business interruption. Moreover, we may not be able to maintain insurance at levels of risk coverage or policy limits that we deem adequate. Any damages caused by our services or products that are not covered by insurance, or are in excess of policy limits or subject to substantial deductibles, could adversely affect our financial condition, results of operations and cash flows.

**Demand for our products and services could be reduced by existing and future legislation or regulations.**

Environmental advocacy groups and regulatory agencies in the United States and other countries have been focusing considerable attention on the emissions of carbon dioxide, methane and other greenhouse gasses and their potential role in climate change. Existing or future legislation and regulations related to greenhouse gas emissions and climate change, as well as government initiatives to conserve energy or promote the use of alternative energy sources, may significantly curtail demand for and production of fossil fuels such as oil and gas in areas of the world where our customers operate and thus adversely affect future demand for our services. This may, in turn, adversely affect our financial condition, results of operations and cash flows.

Some international, national, state and local governments and agencies have also adopted laws and regulations or are evaluating proposed legislation and regulations that are focused on the extraction of shale gas or oil using hydraulic fracturing. Hydraulic fracturing is a stimulation treatment routinely performed on oil and gas wells in low-permeability reservoirs. Specially engineered fluids are pumped at high pressure and rate into the reservoir interval to be treated, causing cracks in the target formation. Proppant, such as sand of a particular size, is mixed with the treatment fluid to keep the cracks open when the treatment is complete. Future hydraulic fracturing-related legislation or regulations could limit or ban hydraulic fracturing, or lead to operational delays and increased costs, and therefore reduce demand for our pressure pumping services. If such additional international, national, state or local legislation or regulations are enacted, it could adversely affect our financial condition, results of operations and cash flows.

**If we are unable to maintain technology leadership, this could adversely affect any competitive advantage we hold.**

The oilfield service industry is highly competitive. Our ability to continually provide competitive technology and services can impact our ability to defend, maintain or increase prices for our services, maintain market share, and negotiate acceptable contract terms with our customers. If we are unable to continue to develop and produce competitive technology or deliver it to our clients in a timely and cost-competitive manner in the various markets we serve, it could adversely affect our financial condition, results of operations and cash flows.

**Limitations on our ability to protect our intellectual property rights, including our trade secrets, could cause a loss in revenue and any competitive advantage we hold.**

Some of our products or services, and the processes we use to produce or provide them, have been granted patent protection, have patent applications pending or are trade secrets. Our business may be adversely affected if our patents are unenforceable, the claims allowed under our patents are not sufficient to protect our technology, our patent applications are denied or our trade secrets are not adequately protected. Our competitors may be able to develop technology independently that is similar to ours without infringing on our patents or gaining access to our trade secrets, which could adversely affect our financial condition, results of operations and cash flows.

**We may be subject to litigation if another party claims that we have infringed upon its intellectual property rights.**

The tools, techniques, methodologies, programs and components we use to provide our services may infringe upon the intellectual property rights of others. Infringement claims generally result in significant legal and other costs and may distract management from running our core business. Royalty payments under licenses from third parties, if available, would increase our costs. Additionally, developing non-infringing technologies would increase our costs. If a license were not available, we might not be able to continue providing a particular service or product, which could adversely affect our financial condition, results of operations and cash flows.

**Failure to obtain and retain skilled technical personnel could impede our operations.**

We require highly skilled personnel to operate and provide technical services and support for our business. Competition for the personnel required for our businesses intensifies as activity increases. In periods of high utilization it may become more difficult to find and retain qualified individuals. This could increase our costs or have other adverse effects on our operations.

**Severe weather conditions may adversely affect our operations.**

Our business may be materially affected by severe weather conditions in areas where we operate. This may entail the evacuation of personnel and stoppage of services. In addition, if particularly severe weather affects platforms or structures, this may result in a suspension of activities. Any of these events could adversely affect our financial condition, results of operations and cash flows.

**Cybersecurity risks and threats could adversely affect our business.**

We rely heavily on information systems to conduct our business. There can be no assurance that the systems we have designed to prevent or limit the effects of cyber incidents or attacks will be sufficient to prevent or detect such incidents or attacks, or to avoid a material impact on our systems when such incidents or attacks do occur. If our systems for protecting against cybersecurity risks are circumvented or breached, this could result in the loss of our intellectual property or other proprietary information, including customer data, and disruption of our business operations.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

Schlumberger owns or leases numerous manufacturing facilities, administrative offices, service centers, research centers, data processing centers, mines, ore, drilling fluid and production chemical processing centers, sales offices and warehouses throughout the world. Schlumberger views its principal manufacturing, mining and processing facilities, research centers and data processing centers as its “principal owned or leased facilities.”

The following sets forth Schlumberger’s principal owned or leased facilities:

Beijing, China; Beziers and Clamart, France; Fuchinobe, Japan; Kleppestø and Stavanger, Norway; Singapore; Abingdon and Cambridge, United Kingdom; Moscow, Russia; Johor, Malaysia; and within the United States: Boston, Massachusetts; Houston, Katy, Rosharon and Sugar Land, Texas; Berwick, Louisiana; Battle Mountain, Nevada and Greybull, Wyoming.

**Item 3. Legal Proceedings.**

The information with respect to this Item 3. Legal Proceedings is set forth in Note 16 of the *Consolidated Financial Statements*.

**Item 4. Mine Safety Disclosures.**

The barite and bentonite mining operations of M-I LLC, an indirect wholly-owned subsidiary, are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-K.

**PART II****Item 5. Market for Schlumberger's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

As of December 31, 2016, there were 26,201 stockholders of record. The principal United States market for Schlumberger's common stock is the New York Stock Exchange (NYSE), where it is traded under the symbol "SLB," although it is traded on other exchanges in and outside the United States, including the Euronext Paris, the London Stock Exchange and the SIX Swiss Exchange.

**Common Stock, Market Prices and Dividends Declared per Share**

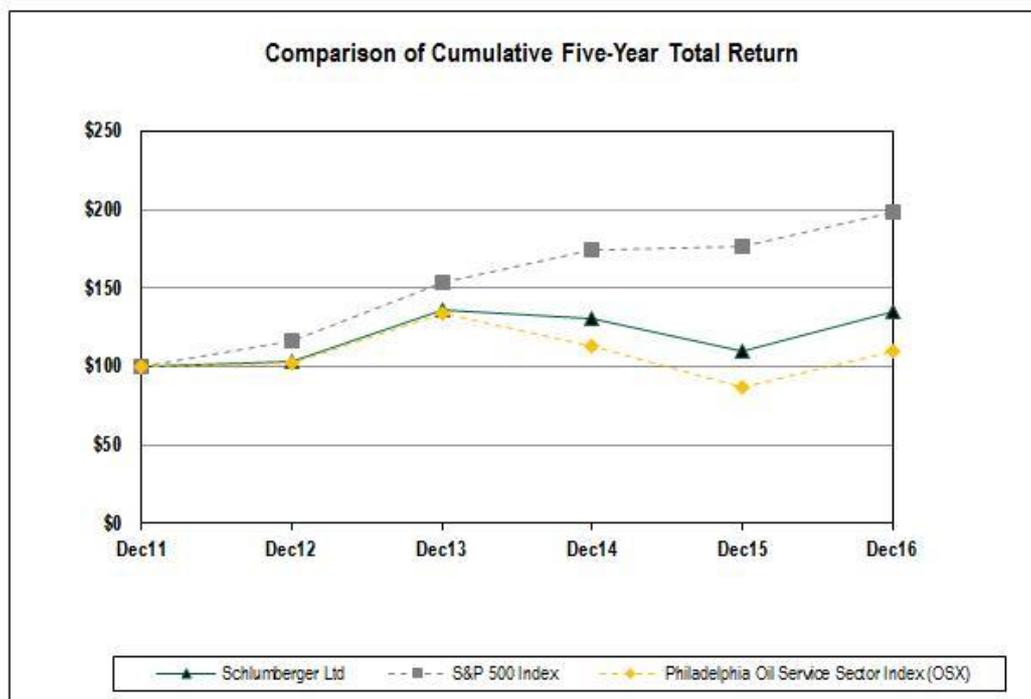
Quarterly high and low prices for Schlumberger's common stock as reported by the NYSE (composite transactions), together with dividends declared per share in each quarter of 2016 and 2015, were as follows:

	Price Range		Dividends Declared
	High	Low	
<b>2016</b>			
<b>QUARTERS</b>			
First	\$ 76.16	\$ 59.60	\$ 0.50
Second	81.96	71.69	0.50
Third	83.97	74.33	0.50
Fourth	87.00	77.48	0.50
<b>2015</b>			
<b>QUARTERS</b>			
First	\$ 89.00	\$ 75.60	\$ 0.50
Second	95.13	83.60	0.50
Third	86.69	67.75	0.50
Fourth	82.43	66.57	0.50

There are no legal restrictions on the payment of dividends or ownership or voting of such shares, except as to shares held as treasury stock. Under current legislation, stockholders are not subject to any Curaçao withholding or other Curaçao taxes attributable to the ownership of such shares.

The following graph compares the cumulative total stockholder return on Schlumberger common stock with the cumulative total return on the Standard & Poor's 500 Index ("S&P 500 Index") and the cumulative total return on the Philadelphia Oil Service Index. It assumes \$100 was invested on December 31, 2011 in Schlumberger common stock, in the S&P 500 Index and in the Philadelphia Oil Service Index, as well as the reinvestment of dividends on the last day of the month of payment. The stockholder return set forth below is not necessarily indicative of future performance. The following graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Schlumberger specifically incorporates it by reference into such filing.

**Comparison of Five-Year Cumulative Total Return Among  
Schlumberger Common Stock, the S&P 500 Index and the  
Philadelphia Oil Service Index**



**Share Repurchases**

On July 18, 2013, the Schlumberger Board of Directors (the "Board") approved a \$10 billion share repurchase program for Schlumberger common stock, to be completed at the latest by June 30, 2018.

Schlumberger's common stock repurchase program activity for the three months ended December 31, 2016 was as follows:

(Stated in thousands, except per share amounts)

	Total Number of Shares Purchased	Average price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Value of Shares that may yet be Purchased Under the Program
October 1 through October 31, 2016	327.5	\$ 77.98	327.5	\$ 735,996
November 1 through November 30, 2016	1,091.0	\$ 78.22	1,091.0	\$ 650,653
December 1 through December 31, 2016	71.0	\$ 79.02	71.0	\$ 645,040
	<u>1,489.5</u>	<u>\$ 73.86</u>	<u>1,489.5</u>	

In connection with the exercise of stock options under Schlumberger's stock incentive plans, Schlumberger routinely receives shares of its common stock from optionholders in consideration of the exercise price of the stock options. Schlumberger does not view these transactions as requiring disclosure under this Item 5 as the number of shares of Schlumberger common stock received from optionholders is not material.

On January 21, 2016, the Board approved a new \$10 billion share repurchase program for Schlumberger common stock. This new program will take effect once the remaining \$0.6 billion authorized to be repurchased under the July 18, 2013 program is exhausted.

#### Unregistered Sales of Equity Securities

None.

#### Item 6. Selected Financial Data.

The following selected consolidated financial data should be read in conjunction with both "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" of this Form 10-K in order to understand factors, such as business combinations and charges and credits, which may affect the comparability of the Selected Financial Data:

(Stated in millions, except per share amounts)

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Revenue	\$ 27,810	\$ 35,475	\$ 48,580	\$ 45,266	\$ 41,731
Income (loss) from continuing operations	\$ (1,687)	\$ 2,072	\$ 5,643	\$ 6,801	\$ 5,230
Diluted earnings (loss) per share from continuing operations	\$ (1.24)	\$ 1.63	\$ 4.31	\$ 5.10	\$ 3.91
Cash	\$ 2,929	\$ 2,793	\$ 3,130	\$ 3,472	\$ 1,905
Short-term investments	\$ 6,328	\$ 10,241	\$ 4,371	\$ 4,898	\$ 4,369
Working capital	\$ 8,868	\$ 12,791	\$ 10,518	\$ 12,700	\$ 11,788
Fixed income investments, held to maturity	\$ 238	\$ 418	\$ 442	\$ 363	\$ 245
Total assets	\$ 77,956	\$ 68,005	\$ 66,904	\$ 67,100	\$ 61,547
Long-term debt	\$ 16,463	\$ 14,442	\$ 10,565	\$ 10,393	\$ 9,509
Total debt	\$ 19,616	\$ 18,999	\$ 13,330	\$ 13,176	\$ 11,630
Schlumberger stockholders' equity	\$ 41,078	\$ 35,633	\$ 37,850	\$ 39,469	\$ 34,751
Cash dividends declared per share	\$ 2.00	\$ 2.00	\$ 1.60	\$ 1.25	\$ 1.10

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion and analysis contains forward-looking statements, including, without limitation, statements relating to our plans, strategies, objectives, expectations, intentions and resources. Such forward-looking statements should be read in conjunction with our disclosures under "Item 1A. Risk Factors" of this Form 10-K.

### **2016 Executive Overview**

On April 1, 2016, Schlumberger completed its acquisition of Cameron, combining their complementary portfolios into a pore-to-pipeline products and services offering for the world's oil and gas industry. The transaction enables the creation of technology-driven growth by integrating Schlumberger reservoir and well technology with Cameron wellhead and surface equipment, flow control and processing technology.

Schlumberger revenue of \$27.8 billion in 2016 represented a decrease of 22% from 2015, despite three quarters of activity from the acquired Cameron Group, which contributed \$4.2 billion in revenue. Excluding the Cameron Group, revenue declined 34%. This revenue drop was due to continued weakness in exploration and production spending as a result of the deepest and longest industry crisis in more than 30 years.

The year began with Brent crude prices experiencing the sharpest fall in 30 years to \$26 per barrel in January 2016, thus continuing the downturn that the oil and gas industry endured during the previous year.

Given two successive years of investment cuts, oil supply growth slowed significantly despite record OPEC production. Non-OPEC production fell sharply, largely due to a significant drop in US light tight oil production. However, robust global demand enabled the oil markets to tighten and draw down on the vast accumulation of crude and product stocks by mid-year.

The year's end was marked by OPEC and certain non-OPEC countries, including Russia, agreeing to cut production by a combined 1.7 million barrels per day. These agreements are expected to accelerate the drawdown of stocks in 2017 and have subsequently spurred a recovery in oil prices, which reached \$55 per barrel at the end of 2016.

In the natural gas markets, US production declined during 2016 as a result of the drop in gas drilling activity, while demand growth was robust throughout the year. Low gas prices during most of 2016 encouraged the power sector to continue to favor gas over coal. The year was also marked by the start-up of the Sabine Pass liquefied natural gas (LNG) plant in Texas, which exported its first shipment in early 2016, thus starting a trend that should make the US the third largest exporter of LNG by the end of 2020.

Europe continued to see modest demand growth due in part to coal plant retirements. Gas prices, however, fell to a seven-year low as supplies from Russia, Norway and North Africa reached record highs. The Asian markets continued to be in slow growth mode, albeit with slight improvements in China. Nonetheless, oversupply persisted as Australian LNG exports ramped up, driving LNG prices down even further from the already low-levels of 2015. The global outlook for LNG is largely unchanged, with continued oversupply and low prices.

Schlumberger's financial performance in 2016 was severely impacted by the significant decrease in land-based activity, particularly in North America where the average land rig count dropped 46% as compared to the previous year. Supply overcapacity in the land market remained high for most of 2016, resulting in pricing pressure across a broad range of oilfield services. As a result, North America revenue, excluding the impact of the Cameron Group, declined 48% due to a decrease in US land revenue of 52%. Including the Cameron Group, North America revenue decreased 32%. Internationally, revenue declined 28%, excluding the impact of Cameron (17% including the Cameron Group) due to customer budget cuts, activity disruptions and a shift in revenue mix that impacted Schlumberger's results in most basins and market segments around the world. Revenue in the Europe, CIS & Africa Area decreased due to lower demand for exploration and development-related products and services as E&P budgets were reduced, particularly in Sub-Saharan Africa. In Latin America, revenue declined due to customer budget constraints across the Area and, more specifically, in Venezuela where operations were scaled back to align with collections. Middle East & Asia revenue decreased primarily due to reduced activity in Asia-Pacific countries, while robust activity in the Middle East was more than offset by pricing concessions.

Since the start of this downturn, and as it deepened during 2016, Schlumberger has navigated the commercial landscape by balancing pricing concessions and market share and also by proactively removing significant costs through workforce reductions, internal efficiency improvements and strong supply chain management. As a result, Schlumberger has delivered superior financial results by maintaining pretax operating margins well above 10% and delivering sufficient free cash flow to cover a range of strategic capital investments, as well as our ongoing dividend commitments.

After nine quarters of unprecedented activity decline, the business environment stabilized in the third quarter of 2016 and revenue increased slightly in the fourth quarter, suggesting that the bottom of this cycle has been reached.

Schlumberger expects the growth in E&P investments in 2017 to be led initially by land operators in North America. E&P spending surveys currently indicate that 2017 E&P investments in North America will increase by approximately 30%, which should lead to both higher activity and a recovery in service industry pricing.

Schlumberger expects the 2017 recovery in the international markets to proceed more slowly than in North America. This will likely lead to a third successive year of underinvestment, with a continued low rate of new project approvals and an accelerating production decline in the aging production base. These factors taken together are increasing the likelihood of a significant supply deficit in the medium term, which can only be avoided by a broad-based global increase in E&P spending, which is expected to start unfolding in the later parts of 2017 and leading into 2018.

#### Fourth Quarter 2016 Results

*(Stated in millions)*

	Fourth Quarter 2016		Third Quarter 2016	
	Revenue	Income Before Taxes	Revenue	Income Before Taxes
Reservoir Characterization	\$ 1,699	\$ 316	\$ 1,689	\$ 322
Drilling	2,013	234	2,021	218
Production	2,179	132	2,083	98
Cameron	1,346	188	1,341	215
Eliminations & other	(130)	(60)	(115)	(38)
Pretax operating income		810		815
Corporate & other (1)		(245)		(267)
Interest income (2)		23		24
Interest expense (3)		(126)		(135)
Charges & credits (4)		(675)		(237)
	\$ 7,107	\$ (213)	\$ 7,019	\$ 200

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Excludes interest income included in the segments' income (fourth quarter 2016: \$7 million; third quarter 2016: \$7 million).

(3) Excludes interest expense included in the segments' income (fourth quarter 2016: \$13 million; third quarter 2016: \$14 million).

(4) Charges and credits are described in detail in Note 3 to the *Consolidated Financial Statements*.

Fourth-quarter revenue of \$7.1 billion increased 1% sequentially. This increase was primarily driven by the Production Group, which grew 5% due to increased hydraulic fracturing activity in the Middle East and in North America land.

Fourth-quarter pretax operating margin was essentially flat sequentially at 11.4% as margin improvements in the Production and Drilling Groups were balanced by contractions in the Cameron and Reservoir Characterization Groups.

#### **Reservoir Characterization Group**

Fourth-quarter revenue of \$1.7 billion increased 1% sequentially due to the ramp-up in Testing & Process activity in Kuwait and increased software license and maintenance sales. These effects were slightly offset by the seasonal decrease in Wireline activity in Norway and Russia.

Pretax operating margin of 19% decreased 49 basis points (bps) sequentially as the increased contribution from software and maintenance sales was more than offset by the decline in high-margin Wireline activities.

## Drilling Group

Fourth-quarter revenue of \$2.0 billion was flat sequentially as the continued strong directional drilling activity in North America land was offset by lower drilling activity in the International Areas. The improvement in North America revenue primarily came from increased uptake of Drilling & Measurements, Bits & Drilling Tools technologies. The lower revenue in the International Areas was primarily due to completed Drilling & Measurement projects, while the winter slowdown in Russia and Norway affected Drilling & Measurements and M-I SWACO activity.

Pretax operating margin of 12% expanded 81 bps sequentially despite revenue being flat. This was largely due to pricing improvements from greater uptake of drilling technologies on increasing activity on land in the US, which mainly affected Drilling & Measurements and Bits & Drilling Tools.

## Production Group

Fourth-quarter revenue of \$2.2 billion increased 5% sequentially as a result of strong fracturing activity on unconventional resource developments on land in the Middle East, mainly in Saudi Arabia, and in North America where the land rig count and fracturing stage count increased. Revenue on land in the US increased both on volume and on a modest pricing recovery.

Pretax operating margin of 6% increased 134 bps sequentially on increased activity, which drove efficiency and better operational execution in the Middle East. The modest pricing recovery on land in the US also contributed to the margin expansion.

## Cameron Group

Fourth-quarter revenue of \$1.3 billion was flat sequentially. Among the Group's businesses, OneSubsea reported an 11% sequential increase from strong project activity and execution, while Surface Systems posted strong sales in the Middle East. These increases, however, were offset by a decline in revenue in Drilling Systems driven by a declining backlog and lower bookings. Valves & Measurement was also lower following the prior quarter's strong international shipments.

Pretax operating margin of 14% declined 207 bps sequentially due to the drop in high-margin Drilling Systems project volume.

## Full-Year 2016 Results

(Stated in millions)

	2016		2015	
	Revenue	Income Before Taxes	Revenue	Income Before Taxes
Reservoir Characterization	\$ 6,743	\$ 1,228	\$ 9,738	\$ 2,465
Drilling	8,561	994	13,563	2,538
Production	8,709	528	12,311	1,570
Cameron	4,211	653	-	-
Eliminations & other	(414)	(130)	(137)	(63)
Pretax operating income		3,273		6,510
Corporate & other (1)		(925)		(768)
Interest income (2)		84		30
Interest expense (3)		(517)		(316)
Charges & credits (4)		(3,820)		(2,575)
	<u>\$ 27,810</u>	<u>\$ (1,905)</u>	<u>\$ 35,475</u>	<u>\$ 2,881</u>

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items. Full-year 2016 includes \$189 million of amortization expense associated with intangible assets recorded as a result of the acquisition of Cameron, which was completed on April 1, 2016.

(2) Excludes interest income included in the segments' income (2016: \$26 million; 2015: \$22 million).

(3) Excludes interest expense included in the segments' income (2016: \$53 million; 2015: \$30 million).

(4) Charges and credits are described in detail in Note 3 to the *Consolidated Financial Statements*.

Full-year 2016 revenue of \$27.8 billion decreased 22% year-on-year. This included nine months of activity from the acquired Cameron Group, which contributed \$4.2 billion of revenue.

Full-year 2016 revenue from the Reservoir Characterization and Production Groups declined by 31% and 29%, respectively, as a result of lower demand for exploration- and development-related products and services as E&P budgets were further reduced. Drilling Group revenue fell 37% due to the rig count decline in both North America and internationally.

Full-year 2016 pretax operating income margin decreased 658 bps to 12% as a result of the overall decline in activity and pervasive pricing concessions. The margin decrease was highest in the Reservoir Characterization Group, which contracted by 710 bps to 18%. Drilling Group pretax operating margin fell 710 bps to 12%, while the Production Group decreased 669 bps to 6%. The Cameron Group posted a pretax margin of 16%.

#### **Reservoir Characterization Group**

Full-year 2016 revenue of \$6.7 billion decreased 31% year-on-year primarily due to sustained cuts in exploration and discretionary spending.

Year-on-year, pretax operating margin decreased 710 bps to 18% due to reduced high-margin Wireline and Testing Services activities.

#### **Drilling Group**

Full-year 2016 revenue of \$8.6 billion decreased 37% year-on-year primarily due to the severe drop in rig count in both North America and internationally combined with pricing pressure that mainly affected Drilling & Measurements and M-I SWACO activity.

Year-on-year, pretax operating margin decreased 710 bps to 12% primarily due to the significant decline in higher-margin activities of Drilling & Measurements combined with pricing weakness.

#### **Production Group**

Full-year 2016 revenue of \$8.7 billion decreased 29% year-on-year with most of the decrease attributable to a decline in North America, particularly on Well Services pressure pumping technologies driven by activity declines and pricing pressure as the land rig count declined dramatically.

Year-on-year, pretax operating margin decreased 669 bps to 6% as a result of lower activity and increasing pricing pressure, which continued to impact North America land.

#### **Cameron Group**

Cameron Group contributed nine-month revenue of \$4.2 billion and pretax operating margin of 16%. Revenue was impacted by a declining project backlog as well as a further slowdown in North America land activity, which also affected the short-cycle businesses of the Valves & Measurement and Surface product lines.

Pretax operating margin of 16% was driven by strong project execution and manufacturing efficiency in OneSubsea and overall cost control across the Group.

## Full-Year 2015 Results

(Stated in millions)

	2015		2014	
	Revenue	Income Before Taxes	Revenue	Income Before Taxes
Reservoir Characterization	\$ 9,738	\$ 2,465	\$ 13,339	\$ 3,770
Drilling	13,563	2,538	18,128	3,805
Production	12,311	1,570	17,329	3,130
Eliminations & other	(137)	(63)	(216)	(129)
Pretax operating income		6,510		10,576
Corporate & other (1)		(768)		(848)
Interest income (2)		30		31
Interest expense (3)		(316)		(347)
Charges and credits (4)		(2,575)		(1,773)
	\$ 35,475	\$ 2,881	\$ 48,580	\$ 7,639

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Excludes interest income included in the segments' income (2015: \$22 million; 2014: \$20 million).

(3) Excludes interest expense included in the segments' income (2015: \$30 million; 2014: \$22 million).

(4) Charges and credits are described in detail in Note 3 to the *Consolidated Financial Statements*.

Full-year 2015 revenue of \$35.5 billion decreased 27% year-on-year. This decrease was primarily due to customer budget cuts and pricing concessions as customers responded to lower commodity prices. Revenue was also impacted by the fall of certain currencies against the US dollar, which accounted for approximately 20% of the revenue decline.

Full-year 2015 revenue from the Reservoir Characterization and Drilling Groups declined by 27% and 25%, respectively, as a result of lower demand as E&P budgets were reduced due to lower commodity prices. Production Group revenue fell by 29% due to activity reductions and pricing pressure as the land rig count dropped drastically in North America.

Full-year 2015 pretax operating income margin decreased 342 bps to 18% as a result of the overall decline in activity combined with the pricing pressure which most notably impacted the businesses in North America.

### Reservoir Characterization Group

Full-year 2015 revenue of \$9.7 billion was 27% lower than the same period last year primarily due to sustained customer cuts in exploration and discretionary spending that impacted all Technologies.

Year-on-year, pretax operating margin decreased 295 bps to 25% as a result of an unfavorable overall revenue mix reflecting the decline in high-margin exploration activity as well as lower high-margin multiclient and software sales.

### Drilling Group

Full-year 2015 revenue of \$13.6 billion was 25% lower than the previous year primarily due to the severe drop in rig count in North America, reduced activity levels and service pricing concessions internationally. Unfavorable currency effects in Russia and Venezuela also contributed to the decline.

Year-on-year, pretax operating margin decreased 228 bps to 19%, primarily due to a decrease in higher-margin activities of Drilling & Measurements as well as pricing concessions. Despite the revenue decline, prompt action on cost management and the benefit of a local cost structure that minimized the impact of unfavorable currency effects on pretax operating income helped limit the operating margin decline.

## Production Group

Full-year 2015 revenue of \$12.3 billion decreased 29% year-on-year, with approximately two-thirds of the decline attributable to Well Services pressure pumping technologies as a result of activity reductions and pricing pressure as the land rig count declined dramatically in North America.

Year-on-year, pretax operating margin declined 531 bps to 13% as lower activity and increasing pricing pressure continued in North America land.

## Interest and Other Income

Interest & other income consisted of the following:

(Stated in millions)

	2016	2015	2014
Interest income	\$ 110	\$ 52	\$ 51
Earnings of equity method investments	90	184	240
	<u>\$ 200</u>	<u>\$ 236</u>	<u>\$ 291</u>

The increase in interest income in 2016 as compared to 2015 and 2014 is primarily attributable to the higher cash and short-term investment balances as a result of the issuance of \$6.0 billion of Senior Notes during the fourth quarter of 2015.

The decrease in earnings of equity method investments primarily reflects the effects of the downturn in the oil and gas industry, which has negatively impacted the majority of Schlumberger's investments in affiliates, particularly those in North America. The decrease in 2016 also reflects the fact that Schlumberger stopped recording equity income from the OneSubsea joint venture in April 2016 as a result of Schlumberger's acquisition of Cameron.

## Interest Expense

Interest expense of \$570 million in 2016 increased by \$224 million compared to 2015 primarily due to the issuance of \$6.0 billion of Senior Notes during the fourth quarter of 2015 and the impact of the \$3.0 billion of debt assumed in the acquisition of Cameron.

Interest expense of \$346 million in 2015 decreased by \$23 million compared to 2014, as the impact of a higher weighted average debt balance of approximately \$0.5 billion was more than offset by a 30 bps decrease in the weighted average borrowing rates from 2.8% in 2014 to 2.5% in 2015.

## Other

Research & engineering and General & administrative expenses, as a percentage of Revenue, were as follows:

	2016	2015	2014
Research & engineering	3.6%	3.1%	2.5%
General & administrative	1.4%	1.4%	1.0%

Although Research & engineering and General & administrative costs have either increased or remained flat as a percentage of Revenue in 2016 as compared to 2015, they have decreased in absolute dollar terms as a result of cost control measures that have been implemented, offset in part by the impact of the Cameron acquisition.

## Income Taxes

The Schlumberger effective tax rate was 14.6% in 2016, 25.9% in 2015, and 25.2% in 2014.

The Schlumberger effective tax rate is sensitive to the geographic mix of earnings. When the percentage of pretax earnings generated outside of North America increases, the Schlumberger effective tax rate will generally decrease. Conversely, when the percentage of pretax earnings generated outside of North America decreases, the Schlumberger effective tax rate will generally increase.

The effective tax rate for each of 2016, 2015 and 2014 was significantly impacted by the charges and credits described in Note 3 to the *Consolidated Financial Statements* because they were only partially tax effective. Excluding the impact of these charges and credits, the effective tax rate was 15.9% in 2016, 20.2% in 2015 and 21.9% in 2014. The decrease in the effective tax rate, excluding the impact of charges and credits, was primarily attributable to a change in the geographic mix of earnings and the favorable resolution of tax examinations in certain jurisdictions.

It is expected that the effective tax rate will gradually increase over the course of 2017 as a result of the expected improvement in activity in North America.

### **Charges and Credits**

Schlumberger recorded significant charges and credits in continuing operations during 2016, 2015 and 2014. These charges and credits, which are summarized below, are more fully described in Note 3 to the *Consolidated Financial Statements*.

The following is a summary of the 2016 charges and credits, of which \$3.172 billion were classified as *Impairments & other* and \$648 million were classified as *Merger & integration* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax	Tax	Net
Workforce reductions	\$ 880	\$ 69	\$ 811
Fixed asset impairments	684	52	632
Inventory write-downs	616	49	567
Amortization of inventory fair value adjustment	299	90	209
Facility closure costs	226	53	173
North America pressure pumping asset impairments	209	67	142
Multiclient seismic data impairment	198	62	136
Facility impairments	165	58	107
Other merger and integration-related	160	28	132
Costs associated with exiting certain activities	98	23	75
Merger-related employee benefits	83	13	70
Currency devaluation loss in Egypt	63	-	63
Other restructuring charges	55	-	55
Professional fees	45	10	35
Contract termination costs	39	9	30
	<u>\$ 3,820</u>	<u>\$ 583</u>	<u>\$ 3,237</u>

The following is a summary of the 2015 charges and credits, all of which were classified as *Impairments & other* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax	Tax	Net
Workforce reductions	\$ 920	\$ 107	\$ 813
Fixed asset impairments	776	141	635
Inventory write-downs	269	27	242
Impairment of SPM project	182	36	146
Facility closures	177	37	140
Geopolitical events	77	-	77
Currency devaluation loss in Venezuela	49	-	49
Contract termination costs	41	2	39
Other	84	7	77
	<u>\$ 2,575</u>	<u>\$ 357</u>	<u>\$ 2,218</u>

The following is a summary of the 2014 charges and credits, all of which were classified as *Impairments & other* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax	Tax	Net
WesternGeco restructuring	\$ 806	\$ 25	\$ 781
Currency devaluation loss in Venezuela	472	-	472
Workforce reduction	296	37	259
Impairment of SPM project	199	72	127
	<u>\$ 1,773</u>	<u>\$ 134</u>	<u>\$ 1,639</u>

### Liquidity and Capital Resources

Schlumberger had total *Cash, Short-term investments* and *Fixed income investments, held to maturity* of \$9.5 billion, \$13.5 billion and \$7.9 billion at December 31, 2016, 2015 and 2014, respectively. Total debt was \$19.6 billion, \$19.0 billion and \$13.3 billion at December 31, 2016, 2015 and 2014, respectively.

Details of the components of liquidity as well as changes in liquidity follows:

(Stated in millions)

<b>Components of Liquidity:</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>
Cash	\$ 2,929	\$ 2,793	\$ 3,130
Short-term investments	6,328	10,241	4,371
Fixed income investments, held to maturity	238	418	442
Long-term debt – current portion	(1,975)	(3,011)	(1,244)
Short-term borrowings	(1,178)	(1,546)	(1,521)
Long-term debt	(16,463)	(14,442)	(10,565)
Net debt (1)	<u>\$ (10,121)</u>	<u>\$ (5,547)</u>	<u>\$ (5,387)</u>
<b>Changes in Liquidity:</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Income (loss) from continuing operations before noncontrolling interests	\$ (1,627)	\$ 2,135	\$ 5,711
Impairments and other charges	3,820	2,575	1,773
Depreciation and amortization (2)	4,094	4,078	4,094
Earnings of equity method investments, less dividends received	(60)	(125)	(113)
Pension and other postretirement benefits expense	187	438	355
Stock-based compensation expense	267	326	329
Pension and other postretirement benefits funding	(174)	(346)	(390)
Decrease (increase) in working capital (3)	416	(478)	(36)
Other	(662)	202	(528)
<b>Cash flow from operations</b>	<b>6,261</b>	<b>8,805</b>	<b>11,195</b>
Capital expenditures	(2,055)	(2,410)	(3,976)
SPM investments	(1,031)	(953)	(740)
Multiclient seismic data capitalized	(630)	(486)	(321)
<b>Free cash flow (4)</b>	<b>2,545</b>	<b>4,956</b>	<b>6,158</b>
Dividends paid	(2,647)	(2,419)	(1,968)
Proceeds from employee stock plans	415	448	825
Stock repurchase program	(778)	(2,182)	(4,678)
	(465)	803	337
Business acquisitions and investments, net of cash acquired plus debt assumed	(4,022)	(478)	(1,501)
Discontinued operations - settlement with U.S. Department of Justice (5)	-	(233)	-
Other	(87)	(252)	220
Increase in Net Debt	(4,574)	(160)	(944)
Net Debt, Beginning of period	(5,547)	(5,387)	(4,443)
Net Debt, End of period	<u>\$ (10,121)</u>	<u>\$ (5,547)</u>	<u>\$ (5,387)</u>

- (1) "Net Debt" represents gross debt less cash, short-term investments and fixed income investments, held to maturity. Management believes that Net Debt provides useful information regarding the level of Schlumberger's indebtedness by reflecting cash and investments that could be used to repay debt. Net Debt is a non-GAAP financial measure that should be considered in addition to, not as a substitute for, or superior to, total debt.
- (2) Includes depreciation of property, plant and equipment and amortization of intangible assets, multiclient seismic data costs and SPM investments.
- (3) Includes severance payments of approximately \$850 million during 2016 and \$810 million during 2015.
- (4) "Free cash flow" represents cash flow from operations less capital expenditures, SPM investments and multiclient seismic data costs capitalized. Management believes that free cash flow is an important liquidity measure for the company and that it is useful to investors and management as a measure of the ability of our business to generate cash. Once business needs and obligations are met, this cash can be used to reinvest in the company for future growth or to return to shareholders through dividend payments or share repurchases. Free cash flow does not represent the residual cash flow available for discretionary expenditures. Free cash flow is a non-GAAP financial measure that should be considered in addition to, not as substitute for, or superior to, cash flow from operations.
- (5) Refer to Note 20 to the *Consolidated Financial Statements* for details.

Key liquidity events during 2016, 2015 and 2014 included:

- Cash flow from operations was \$6.3 billion in 2016, \$8.8 billion in 2015 and \$11.2 billion in 2014. The decrease in operating cash flows in each of the last two years is largely attributable to lower earnings before non-cash charges and credits and depreciation and amortization expense.
- Schlumberger paid \$2.8 billion of cash in connection with the April 1, 2016 acquisition of Cameron. Additionally, as a result of the acquisition of Cameron, Schlumberger assumed \$3.0 billion of debt (including a \$244 million adjustment to increase Cameron's long-term fixed rate debt to its estimated fair value) and \$2.2 billion of cash and short-term investments.
- During the second quarter of 2016, Schlumberger repurchased approximately \$1.4 billion of Cameron's long-term fixed-rate debt.
- In connection with Schlumberger's acquisition of Cameron, Cameron merged with Schlumberger Holdings Corporation (SHC), an indirect wholly-owned United States subsidiary of Schlumberger. Under the terms of the agreement, Cameron shareholders received 0.716 shares of Schlumberger Limited common stock and a cash payment of \$14.44 in exchange for each Cameron share of common stock outstanding. In connection with this transaction, SHC acquired approximately 138 million shares of common stock from Schlumberger Limited and transferred those shares to Cameron's shareholders.

In order to partially fund the purchase of the 138 million shares of common stock from Schlumberger Limited that were transferred to Cameron stockholders, SHC issued \$6 billion of notes during the fourth quarter of 2015 consisting of the following:

- \$500 million of 1.90% Senior Notes due 2017;
- \$1.3 billion of 2.35% Senior Notes due 2018;
- \$1.6 billion of 3.00% Senior Notes due 2020;
- \$850 million of 3.63% Senior Notes due 2022; and
- \$1.75 billion of 4.00% Senior Notes due 2025.
- On July 18, 2013, the Board approved a new \$10 billion share repurchase program to be completed at the latest by June 30, 2018. Schlumberger had repurchased \$9.4 billion of shares under this share repurchase program as of December 31, 2016.

The following table summarizes the activity under this share repurchase program during 2016, 2015 and 2014:

(Stated in thousands, except per share amounts)

	Total Cost of Shares Purchased	Total Number of Shares Purchased	Average Price Paid per Share
<b>2016</b>	<b>\$ 778,018</b>	<b>10,988.5</b>	<b>\$ 70.80</b>
2015	\$ 2,182,180	26,751.0	\$ 81.57
2014	\$ 4,677,687	47,545.9	\$ 98.38

On January 21, 2016, the Board approved a new \$10 billion share repurchase program for Schlumberger common stock. This new program will take effect once the remaining \$0.6 billion authorized to be repurchased under the July 18, 2013 program is exhausted.

- Dividends paid during 2016, 2015 and 2014 were \$2.6 billion, \$2.4 billion and \$2.0 billion, respectively.  
On January 15, 2015, Schlumberger announced that the Board approved a 25% increase in the quarterly dividend, to \$0.50 per share.
- Capital expenditures were \$2.1 billion in 2016, \$2.4 billion in 2015 and \$4.0 billion in 2014. Capital expenditures are expected to be approximately \$2.2 billion in 2017.
- During 2016, 2015 and 2014 Schlumberger made contributions of \$174 million, \$346 million and \$390 million, respectively, to its postretirement benefit plans. The US pension plans were 85% funded at December 31, 2016 and 86% funded at December 31, 2015 based on the projected benefit obligation. Schlumberger's international defined benefit pension plans were a combined 92% funded at December 31, 2016 based on the projected benefit obligation. This compares to 93% funded at December 31, 2015.  
Schlumberger expects to contribute approximately \$200 million to its postretirement benefit plans in 2017, subject to market and business conditions.

In April 2016, Schlumberger announced that it would reduce its activity in Venezuela to align operations with cash collections as a result of insufficient payments received in recent quarters and a lack of progress in establishing new mechanisms that address past and future accounts receivable. Schlumberger continues to experience delays in payment from its national oil company customer in Venezuela. Venezuela represented less than 5% of Schlumberger's consolidated revenue for each of the years ended December 31, 2016, 2015 and 2014. Schlumberger's net receivable balance in Venezuela as of December 31, 2016 was approximately \$1.2 billion.

Although accounts receivable collections improved during the fourth quarter of 2016, Schlumberger continues to experience payment delays from many of its customers. This is attributable to the impact of lower oil and gas prices on the industry. In this regard, Ecuador now represents approximately 12% of Schlumberger's accounts receivable balance at December 31, 2016.

Schlumberger operates in more than 85 countries. At December 31, 2016, only five of those countries individually accounted for greater than 5% of Schlumberger's accounts receivable balances, of which only three (the United States, Ecuador and Venezuela) accounted for greater than 10%.

Schlumberger maintains a €5.0 billion Guaranteed Euro Medium Term Note program. This program provides for the issuance of various types of debt instruments such as fixed or floating rate notes in Euro, US dollar or other currencies. Schlumberger has issued €0.5 billion 1.50% Guaranteed Notes due 2019 under this program.

As of December 31, 2016, Schlumberger had \$9.3 billion of cash and short-term investments on hand. Schlumberger also has separate committed debt facility agreements aggregating \$6.6 billion with commercial banks, of which \$4.0 billion was available and unused as of December 31, 2016. The \$6.6 billion of committed debt facility agreements included \$6.3 billion of committed facilities which support commercial paper programs. Schlumberger believes that these amounts are sufficient to meet future business requirements for at least the next 12 months.

The total outstanding commercial paper borrowings were \$2.571 billion as of December 31, 2016 and \$2.383 billion as of December 31, 2015.

### **Summary of Contractual Obligations**

*(Stated in millions)*

	Total	Payment Period			
		2017	2018-2019	2020-2021	After 2021
Debt (1)	\$ 19,616	\$ 3,153	\$ 3,345	\$ 7,368	\$ 5,750
Interest on fixed rate debt obligations (2)	2,691	445	783	609	854
Operating leases	1,477	292	415	299	471
Purchase obligations (3)	2,698	2,400	237	17	44
	<u>\$ 26,482</u>	<u>\$ 6,290</u>	<u>\$ 4,780</u>	<u>\$ 8,293</u>	<u>\$ 7,119</u>

(1) Excludes future payments for interest.

- (2) Excludes interest on \$4.9 billion of variable rate debt, which had a weighted average interest rate of 1.7% as of December 31, 2016.
- (3) Represents an estimate of contractual obligations in the ordinary course of business. Although these contractual obligations are considered enforceable and legally binding, the terms generally allow Schlumberger the option to reschedule and adjust its requirements based on business needs prior to the delivery of goods.

Refer to Note 18, *Pension and Other Benefit Plans*, of the *Consolidated Financial Statements* for details regarding Schlumberger's pension and other postretirement benefit obligations.

As discussed in Note 14, *Income Taxes*, of the *Consolidated Financial Statements*, included in the *Schlumberger Consolidated Balance Sheet* at December 31, 2016 is approximately \$1.4 billion of liabilities associated with uncertain tax positions in the over 100 jurisdictions in which Schlumberger conducts business. Due to the uncertain and complex application of tax regulations, combined with the difficulty in predicting when tax audits throughout the world may be concluded, Schlumberger cannot make reliable estimates of the timing of cash outflows relating to these liabilities.

Schlumberger has outstanding letters of credit/guarantees that relate to business performance bonds, custom/excise tax commitments, facility lease/rental obligations, etc. These were entered into in the ordinary course of business and are customary practices in the various countries where Schlumberger operates.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires Schlumberger to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. The following accounting policies involve "critical accounting estimates" because they are particularly dependent on estimates and assumptions made by Schlumberger about matters that are inherently uncertain.

Schlumberger bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

#### *Multiclient Seismic Data*

Schlumberger capitalizes the costs associated with obtaining multiclient seismic data. The carrying value of the multiclient seismic data library at December 31, 2016 and 2015 was \$1.07 billion and \$1.03 billion, respectively. Such costs are charged to *Cost of revenue* based on the percentage of the total costs to the estimated total revenue that Schlumberger expects to receive from the sales of such data. However, under no circumstances will an individual survey carry a net book value greater than a 4-year, straight-line amortized value.

The carrying value of surveys is reviewed for impairment annually as well as when an event or change in circumstance indicates an impairment may have occurred. Adjustments to the carrying value are recorded when it is determined that estimated future revenues, which involve significant judgment on the part of Schlumberger, would not be sufficient to recover the carrying value of the surveys. Significant adverse changes in Schlumberger's estimated future cash flows could result in impairment charges in a future period. For purposes of performing the annual impairment test of the multiclient library, larger surveys (which are typically prefunded by customers) are analyzed for impairment on a survey-by-survey basis and smaller surveys are analyzed based on two pools of surveys: United States and non-United States. The United States and non-United States pools were determined to be the most appropriate level at which to perform the impairment review based upon a number of factors, including (i) various macroeconomic factors that influence the ability to successfully market surveys, and (ii) the focus of the sales force and related costs.

#### *Allowance for Doubtful Accounts*

Schlumberger maintains an allowance for doubtful accounts in order to record accounts receivable at their net realizable value. Judgment is involved in recording and making adjustments to this reserve. Allowances have been recorded for receivables believed to be uncollectible, including amounts for the resolution of potential credit and other collection issues such as disputed invoices. Depending on how such potential issues are resolved, or if the financial condition of Schlumberger customers were to deteriorate resulting in an impairment of their ability to make payments, adjustments to the allowance may be required.

### *Goodwill, Intangible Assets and Long-Lived Assets*

Schlumberger records the excess of purchase price over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed as goodwill. The goodwill relating to each of Schlumberger's reporting units is tested for impairment annually as well as when an event, or change in circumstances, indicates an impairment may have occurred.

Under generally accepted accounting principles, Schlumberger has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of one of its reporting units is greater than its carrying amount. If, after assessing the totality of events or circumstances, Schlumberger determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, there is no need to perform any further testing. However, if Schlumberger concludes otherwise, then it is required to perform the first step of a two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the goodwill of the reporting unit is less than its carrying value.

Schlumberger has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test.

For purposes of performing the impairment test for goodwill, Schlumberger's reporting units are its four Groups: Reservoir Characterization, Drilling, Production and Cameron. Schlumberger elected to perform the qualitative assessment described above for purposes of its annual goodwill impairment test in 2016. Based on this assessment, Schlumberger concluded that it was more likely than not that the fair value of each of its reporting units was greater than its carrying amount. Accordingly, no further testing was required.

Long-lived assets, including fixed assets, intangible assets and investments in SPM projects, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In reviewing for impairment, the carrying value of such assets is compared to the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. If such cash flows are not sufficient to support the asset's recorded value, an impairment charge is recognized to reduce the carrying value of the long-lived asset to its estimated fair value. The determination of future cash flows as well as the estimated fair value of long-lived assets involves significant estimates on the part of management. If there is a material change in economic conditions or other circumstances influencing the estimate of future cash flows or fair value, Schlumberger could be required to recognize impairment charges in the future.

### *Income Taxes*

Schlumberger conducts business in more than 100 tax jurisdictions, a number of which have tax laws that are not fully defined and are evolving. Schlumberger's tax filings are subject to regular audits by the tax authorities. These audits may result in assessments for additional taxes that are resolved with the authorities or, potentially, through the courts. Schlumberger recognizes the impact of a tax position in its financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. Tax liabilities are recorded based on estimates of additional taxes which will be due upon the conclusion of these audits. Estimates of these tax liabilities are made based upon prior experience and are updated in light of changes in facts and circumstances. However, due to the uncertain and complex application of tax regulations, the ultimate resolution of audits may result in liabilities that could be materially different from these estimates. In such an event, Schlumberger will record additional tax expense or tax benefit in the period in which such resolution occurs.

### *Percentage-of-Completion Revenue Recognition*

Schlumberger uses the percentage-of-completion method to account for certain long-term construction-type contracts, primarily in the Cameron Group. These contracts involve significant design and engineering efforts in order to satisfy custom designs for customer-specific applications. Under the percentage-of-completion method, revenue is recognized as work progresses on each contract. Progress is measured by the ratio of actual costs incurred to date on the project in relation to total estimated project costs.

The estimate of total project costs has a significant impact on both the amount of revenue recognized as well as the related profit on a project. Revenue and profits on contracts can also be significantly affected by change orders and claims. Profits are recognized based on the estimated project profit multiplied by the percentage complete. Due to the nature of these projects, adjustments to estimates of contract revenue and total contract costs are often required as work progresses. Any expected losses on a project are recorded in full in the period in which they become probable.

Approximately 6% of Schlumberger's revenue in 2016 was recognized under the percentage-of-completion method.

#### *Pension and Postretirement Benefits*

Schlumberger's pension and postretirement benefit obligations are described in detail in Note 18 to the *Consolidated Financial Statements*. The obligations and related costs are calculated using actuarial concepts, which include critical assumptions related to the discount rate, expected rate of return on plan assets and medical cost trend rates. These assumptions are important elements of expense and/or liability measurement and are updated on an annual basis, or upon the occurrence of significant events.

The discount rate that Schlumberger uses reflects the prevailing market rate of a portfolio of high-quality debt instruments with maturities matching the expected timing of payment of the related benefit obligations. The following summarizes the discount rates utilized by Schlumberger for its various pension and postretirement benefit plans:

- The discount rate utilized to determine the liability for Schlumberger's United States pension plans and postretirement medical plan was 4.20% at December 31, 2016 and 4.50% at December 31, 2015.
- The weighted-average discount rate utilized to determine the liability for Schlumberger's international pension plans was 4.13% at December 31, 2016 and 4.36% at December 31, 2015.
- The weighted-average discount rate utilized to determine expense for Schlumberger's United States pension plans and postretirement medical plan decreased from 4.85% in 2015 to 4.15% in 2016.
- The weighted-average discount rate utilized to determine expense for Schlumberger's international pension plans increased from 4.07% in 2015 to 4.36% in 2016.

The expected rate of return for Schlumberger's retirement benefit plans represents the average rate of return expected to be earned on plan assets over the period that benefits included in the benefit obligation are expected to be paid. The expected rate of return for Schlumberger's United States pension plans has been determined based upon expected rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class. The weighted average expected rate of return on plan assets for the United States pension plans was 7.25% in both 2016 and 2015. The weighted average expected rate of return on plan assets for the international pension plans was 7.40% in both 2016 and 2015. A lower expected rate of return would increase pension expense.

Schlumberger's medical cost trend rate assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. The overall medical cost trend rate assumption utilized to determine the 2016 postretirement medical expense was 7.50% graded to 5.0% over the next ten years. The overall medical trend rate assumption utilized to determine the postretirement medical liability at December 31, 2016 was 7.25% graded to 5.0% over the next ten years.

The following illustrates the sensitivity to changes in certain assumptions, holding all other assumptions constant, for Schlumberger's United States and international pension plan:

*(Stated in millions)*

<b>Change in Assumption</b>	Effect on 2016 Pretax Pension Expense	Effect on Dec. 31, 2016 Liability
25 basis point decrease in discount rate	+\$49	+\$485
25 basis point increase in discount rate	-\$46	-\$457
25 basis point decrease in expected return on plan assets	+\$26	-
25 basis point increase in expected return on plan assets	-\$25	-

The following illustrates the sensitivity to changes in certain assumptions, holding all other assumptions constant, for Schlumberger's United States postretirement medical plans:

(Stated in millions)

<b>Change in Assumption</b>	Effect on 2016 Pretax Pension Expense	Effect on Dec. 31, 2016 Liability
25 basis point decrease in discount rate	+\$1	+\$39
25 basis point increase in discount rate	-\$1	-\$37
100 basis point decrease per annum in medical cost trend rate	-\$3	-\$30
100 basis point increase per annum in medical cost trend rate	+\$3	+\$34

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Schlumberger is subject to market risks primarily associated with changes in foreign currency exchange rates and interest rates.

As a multinational company, Schlumberger operates in more than 85 countries. Schlumberger's functional currency is primarily the US dollar. Approximately 77% of Schlumberger's revenue in 2016 was denominated in US dollars. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar-reported expenses will increase.

Schlumberger maintains a foreign-currency risk management strategy that uses derivative instruments to manage the impact of changes in foreign exchange rates on its earnings. Schlumberger enters into foreign currency forward contracts to provide a hedge against currency fluctuations on certain monetary assets and liabilities, and certain expenses denominated in currencies other than the functional currency.

A 10% appreciation in the US dollar from the December 31, 2016 market rates would increase the unrealized value of Schlumberger's forward contracts by \$47 million. Conversely, a 10% depreciation in the US dollar from the December 31, 2016 market rates would decrease the unrealized value of Schlumberger's forward contracts by \$57 million. In either scenario, the gain or loss on the forward contract would be offset by the gain or loss on the underlying transaction, and therefore, would have no impact on future earnings.

At December 31, 2016, contracts were outstanding for the US dollar equivalent of \$5.5 billion in various foreign currencies of which \$1.1 billion related to hedges of debt balances denominated in currencies other than the functional currency.

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that uses a mix of variable and fixed rate debt combined with its investment portfolio and occasionally interest rate swaps to mitigate the exposure to changes in interest rates. At December 31, 2016, Schlumberger had fixed rate debt aggregating approximately \$14.7 billion and variable rate debt aggregating approximately \$4.9 billion, before considering the effects of cross currency swaps.

Schlumberger's exposure to interest rate risk associated with its debt is also partially mitigated by its investment portfolio. Both *Short-term investments* and *Fixed income investments, held to maturity*, which totaled approximately \$6.6 billion at December 31, 2016, are comprised primarily of money market funds, time deposits, certificates of deposit, commercial paper, bonds and notes, substantially all of which are denominated in US dollars. The average return on investments was 0.9% in 2016.

The following table reflects the carrying amounts of Schlumberger's debt at December 31, 2016 by year of maturity:

(Stated in millions)

	Expected Maturity Dates										Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025	Thereafter	
<b>Fixed rate debt</b>											
1.25% Senior Notes	\$ 1,000										\$ 1,000
1.40% Notes	250										250
1.90% Senior Notes	499										499
2.35% Senior Notes		\$ 1,297									1,297
6.38% Notes		297									297
0.63% Guaranteed Notes			\$ 622								622
1.50% Guaranteed Notes			536								536
3.00% Senior Notes				\$ 1,591							1,591
3.30% Senior Notes					\$ 1,594						1,594
4.20% Senior Notes					1,100						1,100
4.50% Notes					137						137
2.40% Senior Notes						\$ 996					996
3.63% Senior Notes						845					845
3.60% Notes						110					110
3.65% Senior Notes							\$ 1,491				1,491
4.00% Notes							83				83
3.70% Notes								\$ 56			56
4.00% Senior Notes									\$ 1,740		1,740
7.00% Notes										\$ 214	214
5.95% Notes										116	116
5.13% Notes										99	99
<b>Total fixed rate debt</b>	<b>\$ 1,749</b>	<b>\$ 1,594</b>	<b>\$ 1,158</b>	<b>\$ 1,591</b>	<b>\$ 2,831</b>	<b>\$ 1,951</b>	<b>\$ 1,574</b>	<b>\$ 56</b>	<b>\$ 1,740</b>	<b>\$ 429</b>	<b>\$ 14,673</b>
<b>Variable rate debt</b>	<b>1,404</b>	<b>447</b>	<b>146</b>	<b>1,015</b>	<b>1,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,943</b>
<b>Total</b>	<b>\$ 3,153</b>	<b>\$ 2,041</b>	<b>\$ 1,304</b>	<b>\$ 2,606</b>	<b>\$ 4,762</b>	<b>\$ 1,951</b>	<b>\$ 1,574</b>	<b>\$ 56</b>	<b>\$ 1,740</b>	<b>\$ 429</b>	<b>\$ 19,616</b>

The fair market value of the outstanding fixed rate debt was approximately \$15.0 billion as of December 31, 2016. The weighted average interest rate on the variable rate debt as of December 31, 2016 was 1.7%.

Schlumberger does not enter into derivatives for speculative purposes.

## **Forward-looking Statements**

This Form 10-K and other statements we make contain “forward-looking statements” within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of its segments (and for specified products or geographic areas within each segment); oil and natural gas demand and production growth; rig count; oil and natural gas prices; improvements in operating procedures and technology; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger’s customers; the anticipated benefits of the Cameron transaction; targeted mergers and acquisitions; the success of Schlumberger’s joint ventures and alliances; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, global economic conditions; changes in exploration and production spending by Schlumberger’s customers and changes in the level of oil and natural gas exploration and development; demand for our integrated services and new technologies; the inability to reduce the cost-per-barrel of hydrocarbon developments; Schlumberger’s future cash flows; general economic, political, security and business conditions in key regions of the world; country risk; pricing erosion; foreign exchange rates; weather and seasonal factors; operational modifications, delays or cancellations; production declines; changes in government regulations and regulatory requirements, including those related to offshore oil and gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services and climate-related initiatives; the inability of technology to meet new challenges in exploration; the ability to realize expected synergies from the Cameron acquisition; the inability to retain key employees; and other risks and uncertainties detailed in the Risk Factors section of this Form 10-K and other filings that we make with the Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

**Item 8. Financial Statements and Supplementary Data.**

**SCHLUMBERGER LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF INCOME**

(Stated in millions, except per share amounts)

Year Ended December 31,	2016	2015	2014
<b>Revenue</b>			
Services	\$ 20,859	\$ 31,765	\$ 44,138
Product sales	6,951	3,710	4,442
<b>Total Revenue</b>	<b>27,810</b>	<b>35,475</b>	<b>48,580</b>
Interest & other income	200	236	291
<b>Expenses</b>			
Cost of services	17,876	25,259	33,792
Cost of sales	6,234	3,062	3,606
Research & engineering	1,012	1,094	1,217
General & administrative	403	494	475
Impairments & other	3,172	2,575	1,773
Merger & integration	648	-	-
Interest	570	346	369
<b>Income (loss) from continuing operations before taxes</b>	<b>(1,905)</b>	<b>2,881</b>	<b>7,639</b>
Taxes on income (loss)	(278)	746	1,928
<b>Income (loss) from continuing operations</b>	<b>(1,627)</b>	<b>2,135</b>	<b>5,711</b>
Loss from discontinued operations	-	-	(205)
<b>Net income (loss)</b>	<b>(1,627)</b>	<b>2,135</b>	<b>5,506</b>
Net income attributable to noncontrolling interests	60	63	68
<b>Net income (loss) attributable to Schlumberger</b>	<b>\$ (1,687)</b>	<b>\$ 2,072</b>	<b>\$ 5,438</b>
<b>Schlumberger amounts attributable to:</b>			
Income (loss) from continuing operations	(1,687)	2,072	5,643
Loss from discontinued operations	-	-	(205)
<b>Net income (loss)</b>	<b>\$ (1,687)</b>	<b>\$ 2,072</b>	<b>\$ 5,438</b>
<b>Basic earnings per share of Schlumberger</b>			
Income (loss) from continuing operations	\$ (1.24)	\$ 1.63	\$ 4.36
Loss from discontinued operations	-	-	(0.16)
<b>Net income (loss)</b>	<b>\$ (1.24)</b>	<b>\$ 1.63</b>	<b>\$ 4.20</b>
<b>Diluted earnings per share of Schlumberger</b>			
Income (loss) from continuing operations	\$ (1.24)	\$ 1.63	\$ 4.31
Loss from discontinued operations	-	-	(0.16)
<b>Net income (loss) (1)</b>	<b>\$ (1.24)</b>	<b>\$ 1.63</b>	<b>\$ 4.16</b>
<b>Average shares outstanding:</b>			
Basic	1,357	1,267	1,295
Assuming dilution	1,357	1,275	1,308

(1) Amounts may not add due to rounding.

See the Notes to Consolidated Financial Statements

**SCHLUMBERGER LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(Stated in millions)

<b>Year Ended December 31,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<i>Net income (loss)</i>	\$ (1,627)	\$ 2,135	\$ 5,506
<i>Currency translation adjustments</i>			
Unrealized net change arising during the period	(83)	(522)	(463)
<i>Marketable securities</i>			
Unrealized gain (loss) arising during the period	21	(50)	(166)
Reclassification to net income - impairment charge	-	40	-
<i>Cash flow hedges</i>			
Net loss on cash flow hedges	(101)	(178)	(238)
Reclassification to net income (loss) of net realized loss	121	235	113
<i>Pension and other postretirement benefit plans</i>			
Actuarial gain (loss)			
Actuarial loss arising during the period	(289)	(210)	(1,285)
Amortization to net income of net actuarial loss	157	306	177
Prior service cost			
Amortization to net income (loss) of net prior service cost	102	101	128
Income taxes on pension and other postretirement benefit plans	(13)	(74)	82
<i>Comprehensive income</i>	(1,712)	1,783	3,854
Comprehensive income attributable to noncontrolling interests	60	63	68
<i>Comprehensive income (loss) attributable to Schlumberger</i>	<u>\$ (1,772)</u>	<u>\$ 1,720</u>	<u>\$ 3,786</u>

See the Notes to Consolidated Financial Statements

**SCHLUMBERGER LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**

(Stated in millions)

December 31,	2016	2015
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash	\$ 2,929	\$ 2,793
Short-term investments	6,328	10,241
Receivables less allowance for doubtful accounts (2016 - \$397; 2015 - \$333)	9,387	8,780
Inventories	4,225	3,756
Deferred taxes	-	208
Other current assets	1,058	1,134
	<u>23,927</u>	<u>26,912</u>
<i>Fixed Income Investments, held to maturity</i>	238	418
<i>Investments in Affiliated Companies</i>	1,243	3,311
<i>Fixed Assets less accumulated depreciation</i>	12,821	13,415
<i>Multiclient Seismic Data</i>	1,073	1,026
<i>Goodwill</i>	24,990	15,605
<i>Intangible Assets</i>	9,855	4,569
<i>Other Assets</i>	3,809	2,749
	<u>\$ 77,956</u>	<u>\$ 68,005</u>
<b>LIABILITIES AND EQUITY</b>		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	10,016	7,727
Estimated liability for taxes on income	1,188	1,203
Long-term debt - current portion	1,975	3,011
Short-term borrowings	1,178	1,546
Dividends payable	702	634
	<u>15,059</u>	<u>14,121</u>
<i>Long-term Debt</i>	16,463	14,442
<i>Postretirement Benefits</i>	1,495	1,434
<i>Deferred Taxes</i>	1,880	1,075
<i>Other Liabilities</i>	1,530	1,028
	<u>36,427</u>	<u>32,100</u>
<i>Equity</i>		
Common stock	12,801	12,693
Treasury stock	(3,550)	(13,372)
Retained earnings	36,470	40,870
Accumulated other comprehensive loss	(4,643)	(4,558)
Schlumberger stockholders' equity	41,078	35,633
Noncontrolling interests	451	272
	<u>41,529</u>	<u>35,905</u>
	<u>\$ 77,956</u>	<u>\$ 68,005</u>

See the Notes to Consolidated Financial Statements

**SCHLUMBERGER LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Stated in millions)

Year Ended December 31,	2016	2015	2014
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (1,627)	\$ 2,135	\$ 5,506
Add: Loss from discontinued operations	-	-	205
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Impairments and other charges	3,820	2,575	1,773
Depreciation and amortization (1)	4,094	4,078	4,094
Pension and other postretirement benefits expense	187	438	355
Stock-based compensation expense	267	326	329
Pension and other postretirement benefits funding	(174)	(346)	(390)
Earnings of equity method investments, less dividends received	(60)	(125)	(113)
Change in assets and liabilities: (2)			
Decrease (increase) in receivables	1,098	2,176	(187)
Decrease (increase) in inventories	800	625	(36)
Decrease in other current assets	308	76	119
(Increase) decrease in other assets	(488)	16	(134)
Decrease in accounts payable and accrued liabilities	(1,680)	(2,656)	(36)
(Decrease) increase in estimated liability for taxes on income	(110)	(699)	104
Increase (decrease) in other liabilities	77	24	(79)
Other	(251)	162	(315)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6,261</b>	<b>8,805</b>	<b>11,195</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(2,055)	(2,410)	(3,976)
SPM investments	(1,031)	(953)	(740)
Multiclient seismic data capitalized	(630)	(486)	(321)
Business acquisitions and investments, net of cash acquired	(2,398)	(443)	(1,008)
Sale (purchase) of investments, net	5,544	(5,848)	446
Other	(54)	(112)	19
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(624)</b>	<b>(10,252)</b>	<b>(5,580)</b>
<b>Cash flows from financing activities:</b>			
Dividends paid	(2,647)	(2,419)	(1,968)
Proceeds from employee stock purchase plan	231	296	295
Proceeds from exercise of stock options	184	152	530
Stock repurchase program	(778)	(2,182)	(4,678)
Proceeds from issuance of long-term debt	3,640	9,565	2,289
Repayment of long-term debt	(5,630)	(3,771)	(2,878)
Net (decrease) increase in short-term borrowings	(387)	(3)	552
Other	(41)	(264)	(38)
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(5,428)</b>	<b>1,374</b>	<b>(5,896)</b>
Cash flow (used in) provided by discontinued operations - operating activities	-	(233)	24
Net increase (decrease) in cash before translation effect	209	(306)	(257)
Translation effect on cash	(73)	(31)	(85)
Cash, beginning of period	2,793	3,130	3,472
<b>Cash, end of period</b>	<b>\$ 2,929</b>	<b>\$ 2,793</b>	<b>\$ 3,130</b>

(1) Includes depreciation of property, plant and equipment and amortization of intangible assets, multiclient seismic data costs and SPM investments.

(2) Net of the effect of business acquisitions and divestitures.

See the Notes to Consolidated Financial Statements

**SCHLUMBERGER LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

(Stated in millions)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Issued	In Treasury				
Balance, January 1, 2014	\$ 12,192	\$ (8,135)	\$ 37,966	\$ (2,554)	\$ 166	\$ 39,645
Net income			5,438		68	5,574
Currency translation adjustments				(463)		(463)
Changes in unrealized gain on marketable securities				(166)		(166)
Changes in fair value of cash flow hedges				(125)		(125)
Pension and other postretirement benefit plans				(898)		(898)
Shares sold to optionees, less shares exchanged	(26)	556				530
Vesting of restricted stock	(79)	79				
Shares issued under employee stock purchase plan	33	262				295
Stock repurchase program		(4,678)				(4,678)
Stock-based compensation expense	329					329
Dividends declared (\$1.60 per share)			(2,071)			(2,071)
Shares issued for acquisition	72	141				213
Other	(26)	3			(35)	(58)
Balance, December 31, 2014	12,495	(11,772)	41,333	(4,206)	199	38,049
Net income			2,072		63	2,135
Currency translation adjustments				(522)		(522)
Changes in unrealized gain on marketable securities				(10)		(10)
Changes in fair value of cash flow hedges				57		57
Pension and other postretirement benefit plans				123		123
Shares sold to optionees, less shares exchanged	(38)	190				152
Vesting of restricted stock	(112)	112				
Shares issued under employee stock purchase plan	17	279				296
Stock repurchase program		(2,182)				(2,182)
Stock-based compensation expense	326					326
Dividends declared (\$2.00 per share)			(2,535)			(2,535)
Other	5	1			10	16
Balance, December 31, 2015	12,693	(13,372)	40,870	(4,558)	272	35,915
Net loss			(1,687)		60	(1,627)
Currency translation adjustments				(83)		(83)
Changes in unrealized gain on marketable securities				21		21
Changes in fair value of cash flow hedges				20		20
Pension and other postretirement benefit plans				(43)		(43)
Shares sold to optionees, less shares exchanged	(82)	266				184
Vesting of restricted stock	(122)	122				
Shares issued under employee stock purchase plan	(55)	286				231
Stock repurchase program		(778)				(778)
Stock-based compensation expense	267					267
Dividends declared (\$2.00 per share)			(2,713)			(2,713)
Acquisition of Cameron International Corporation	103	9,924				10,027
Acquisition of noncontrolling interest					106	106
Other	(3)	2			13	12
Balance, December 31, 2016	<u>\$ 12,801</u>	<u>\$ (3,550)</u>	<u>\$ 36,470</u>	<u>\$ (4,643)</u>	<u>\$ 451</u>	<u>\$ 41,529</u>

See the Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

SHARES OF COMMON STOCK

(Stated in millions)

	Issued	In Treasury	Shares Outstanding
Balance, January 1, 2014	1,434	(127)	1,307
Shares sold to optionees, less shares exchanged	-	9	9
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	4	4
Shares issued for acquisition	-	2	2
Stock repurchase program	-	(48)	(48)
Balance, December 31, 2014	1,434	(159)	1,275
Shares sold to optionees, less shares exchanged	-	3	3
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	4	4
Stock repurchase program	-	(27)	(27)
Balance, December 31, 2015	1,434	(178)	1,256
Acquisition of Cameron International Corporation	-	138	138
Shares sold to optionees, less shares exchanged	-	3	3
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	4	4
Stock repurchase program	-	(11)	(11)
Balance, December 31, 2016	1,434	(43)	1,391

See the Notes to Consolidated Financial Statements

**1. Business Description**

Schlumberger Limited (Schlumberger N.V., incorporated in Curaçao) and its consolidated subsidiaries (collectively, “Schlumberger”) comprise the world’s leading supplier of technology for reservoir characterization, drilling, production and processing to the oil and gas industry.

**2. Summary of Accounting Policies**

The *Consolidated Financial Statements* of Schlumberger have been prepared in accordance with accounting principles generally accepted in the United States of America.

***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, Schlumberger evaluates its estimates, including those related to collectibility of accounts receivable; revenue recognized under the percentage-of-completion method; recoverability of fixed assets, goodwill, intangible assets, Schlumberger Production Management investments and investments in affiliates; income taxes; multiclient seismic data; contingencies and actuarial assumptions for employee benefit plans. Schlumberger bases its estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

***Revenue Recognition***

Schlumberger recognizes revenue based upon purchase orders, contracts or other persuasive evidence of an arrangement with the customer that include fixed or determinable prices provided that collectibility is reasonably assured. Revenue is recognized for services when they are rendered. Revenue is recognized for products upon delivery and when the customer assumes the risks and rewards of ownership.

Revenue is recognized for certain long-term construction-type contracts, primarily in the Cameron Group, based on the percentage-of-completion method. These contracts involve significant design and engineering efforts in order to satisfy custom designs for customer-specific applications. Under the percentage-of-completion method, revenue is recognized as work progresses on each such contract. Progress is measured by the ratio of actual costs incurred to date on the project in relation to total estimated project costs. Any expected losses on a project are recorded in full in the period in which they become probable. Progress billings are generally issued upon completion of certain phases of work as stipulated in the contract. Revenue in excess of billings is included within *Receivables less allowance for doubtful accounts* in the *Consolidated Balance Sheet*. Billings and cash collections in excess of revenue recognized on contracts are included within *Accounts payable and accrued liabilities* in the *Consolidated Balance Sheet*.

Revenue from seismic contract services performed on a dayrate basis is recognized as the service is performed. Revenue from other services, including pre-funded multiclient surveys, is recognized as the seismic data is acquired and/or processed on a proportionate basis as work is performed. This method requires revenue to be recognized based upon quantifiable measures of progress, such as square kilometers acquired. Multiclient data surveys are licensed or sold to customers on a non-transferable basis. Revenue from sales of completed multiclient data surveys is recognized upon obtaining a signed licensing agreement and providing customers with access to such data.

Revenue is occasionally generated from contractual arrangements that include multiple deliverables. Revenue from these arrangements is recognized as each item is delivered based on its relative fair value, provided that the delivered items have stand-alone value to the customer.

Revenue derived from the sale of licenses of Schlumberger software may include installation, maintenance, consulting and training services. If services are not essential to the functionality of the software, the revenue for each element of the contract is recognized separately based on its respective vendor specific objective evidence of fair value when all of the following conditions are met: a signed contract is obtained, delivery has occurred, the fee is fixed or determinable and collectibility is probable.

### **Short-term and Fixed Income Investments**

The *Consolidated Balance Sheet* reflects the Schlumberger investment portfolio separated between current and long term, based on maturity. Both *Short-term investments* and *Fixed Income Investments, held to maturity* are comprised primarily of money market funds, time deposits, certificates of deposit, commercial paper, bonds and notes, substantially all of which are denominated in US dollars. Under normal circumstances Schlumberger intends to hold such investments until maturity, with the exception of \$503 million of *Short-term investments* at December 31, 2016 that are considered available-for-sale and stated at fair value. All other investments are stated at cost plus accrued interest, which approximates market. The unrealized gains/losses in investments designated as available-for-sale were not significant at December 31, 2016.

For purposes of the *Consolidated Statement of Cash Flows*, Schlumberger does not consider *Short-term investments* to be cash equivalents.

*Fixed Income Investments, held to maturity* at December 31, 2016 of \$238 million mature as follows: \$225 million in 2018 and \$13 million in 2019.

### **Investments in Affiliated Companies**

Investments in companies in which Schlumberger does not have a controlling financial interest, but over which it has significant influence are accounted for using the equity method. Schlumberger's share of the after-tax earnings of equity method investees is included in *Interest and other income*. Investments in privately held companies in which Schlumberger does not have the ability to exercise significant influence are accounted for using the cost method. Investments in publicly traded companies in which Schlumberger does not have significant influence are accounted for as available-for-sale marketable securities. These marketable securities are reported at fair value, based on quoted market prices, with unrealized gains and losses reported as a component of *Accumulated other comprehensive loss*. The fair value of these marketable securities was \$59 million at December 31, 2016 (\$41 million at December 31, 2015). The cost basis of these marketable securities was \$41 million at both December 31, 2016 and 2015.

Equity and cost method investments as well as investments in publicly traded companies are classified as *Investments in Affiliated Companies* in the *Consolidated Balance Sheet*.

### **Multiclient Seismic Data**

Schlumberger's multiclient library consists of completed and in-process seismic surveys that are licensed on a nonexclusive basis. Schlumberger capitalizes costs directly incurred in acquiring and processing the multiclient seismic data. Such costs are charged to *Cost of revenue* based on the percentage of the total costs to the estimated total revenue that Schlumberger expects to receive from the sales of such data. However, under no circumstance will an individual survey carry a net book value greater than a 4-year, straight-line amortized value.

The carrying value of the multiclient library is reviewed for impairment annually as well as when an event or change in circumstance indicating impairment may have occurred. Adjustments to the carrying value are recorded when it is determined that estimated future cash flows, which involve significant judgment on the part of Schlumberger, would not be sufficient to recover the carrying value of the surveys. Significant adverse changes in Schlumberger's estimated future cash flows could result in impairment charges in a future period.

### **Schlumberger Production Management**

Schlumberger Production Management (SPM) projects are focused on developing and managing production on behalf of Schlumberger's clients under long-term agreements. Schlumberger will invest its own services, products and in some cases cash, into the field development activities and operations. Although in certain arrangements Schlumberger is paid for a portion of the services or products it provides, generally Schlumberger will not be paid at the time of providing its services or upon delivery of its products. Instead, Schlumberger is compensated based upon cash flow generated or on a fee-per-barrel basis. This may include certain arrangements whereby Schlumberger is only compensated based upon incremental production it helps deliver above a mutually agreed baseline.

Schlumberger capitalizes its cash investments in a project as well as the direct costs associated with providing services or products for which Schlumberger will be compensated when the related production is achieved. Revenue is recognized as the related production is achieved. These capitalized investments are amortized to the *Consolidated Statement of Income* as the related oil production is achieved based on the units of production method, whereby each unit produced is assigned a pro-rata portion of the unamortized costs based on estimated total production, resulting in a matching of revenue with the applicable costs. Amortization expense relating to these capitalized investments was \$449 million, \$317 million and \$315 million in 2016, 2015 and 2014, respectively.

The unamortized portion of Schlumberger's investments in SPM projects was \$2.458 billion and \$1.829 billion at December 31, 2016 and 2015, respectively. These amounts are included within *Other Assets* in Schlumberger's *Consolidated Balance Sheet*.

### Concentration of Credit Risk

Schlumberger's assets that are exposed to concentrations of credit risk consist primarily of cash, short-term investments, fixed income investments held to maturity, receivables from clients and derivative financial instruments. Schlumberger places its cash, short-term investments and fixed income investments held to maturity with financial institutions and corporations and limits the amount of credit exposure with any one of them. Schlumberger regularly evaluates the creditworthiness of the issuers in which it invests. By using derivative financial instruments to hedge certain exposures, Schlumberger exposes itself to some credit risk. Schlumberger minimizes this credit risk by entering into transactions with high-quality counterparties, limiting the exposure to each counterparty and monitoring the financial condition of its counterparties.

Schlumberger operates in more than 85 countries and as such, its accounts receivable are spread over many countries and customers. The United States, Venezuela and Ecuador each represented approximately 11%, 12% and 12% of Schlumberger's accounts receivable balance at December 31, 2016. No other country accounted for greater than 10% of Schlumberger's accounts receivable balance. Schlumberger has continued to experience delays in payment from its national oil company customer in Venezuela. Schlumberger maintains an allowance for uncollectible accounts receivable based on expected collectibility and performs ongoing credit evaluations of its customers' financial condition. If the financial condition of its customers were to deteriorate resulting in an impairment of their ability to make payments, adjustments to the allowance may be required.

### Earnings per Share

The following is a reconciliation from basic to diluted earnings per share from continuing operations of Schlumberger for each of the last three years:

(Stated in millions, except per share amounts)

	Schlumberger Income (Loss) from Continuing Operations	Average Shares Outstanding	Earnings (Loss) per Share from Continuing Operations
<b>2016:</b>			
<b>Basic</b>	\$ (1,687)	1,357	\$ (1.24)
Assumed exercise of stock options	-	-	
Unvested restricted stock	-	-	
<b>Diluted</b>	\$ (1,687)	1,357	\$ (1.24)
<b>2015:</b>			
Basic	\$ 2,072	1,267	\$ 1.63
Assumed exercise of stock options	-	4	
Unvested restricted stock	-	4	
<b>Diluted</b>	\$ 2,072	1,275	\$ 1.63
<b>2014:</b>			
Basic	\$ 5,643	1,295	\$ 4.36
Assumed exercise of stock options	-	9	
Unvested restricted stock	-	4	
<b>Diluted</b>	\$ 5,643	1,308	\$ 4.31

Employee stock options to purchase 47 million shares of common stock as well as 5 million unvested restricted stock units were outstanding at December 31, 2016, but were not included in the computation of diluted loss per share as their effect, if included, would have been anti-dilutive.

Employee stock options to purchase 20 million and 5 million shares of common stock at December 31, 2015 and 2014, respectively, were outstanding but not included in the computation of diluted earnings per share because the option exercise price was greater than the average market price of the common stock, and therefore the effect on diluted earnings per share would have been anti-dilutive.

### **Recently Issued Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This ASU amends the existing accounting standards for revenue recognition and is based on the principle that revenue should be recognized to depict the transfer of goods or services to a customer at an amount that reflects the consideration a company expects to receive in exchange for those goods or services. Schlumberger will adopt this ASU on January 1, 2018. Schlumberger does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU requires lessees to recognize a right of use asset and lease liability on the balance sheet for all leases, with the exception of short-term leases. Schlumberger will adopt this ASU on January 1, 2019. Based on its current lease portfolio, Schlumberger estimates that the adoption of this ASU will result in approximately \$1.3 billion of additional assets and liabilities being reflected on its *Consolidated Balance Sheet*.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which requires that deferred tax assets and liabilities be classified as noncurrent in a classified balance sheet. Schlumberger adopted this ASU in the fourth quarter of 2016 on a prospective basis.

### **Reclassifications**

Certain prior period amounts have been reclassified to conform to the current period presentation.

### **3. Charges and Credits**

Schlumberger recorded the following charges and credits in continuing operations during 2016, 2015 and 2014:

#### **2016**

- Schlumberger reduced its headcount during the second quarter of 2016 as a result of persistent unfavorable oil and gas industry market conditions and the expected impact on customer activity levels. Schlumberger recorded a \$646 million charge during the second quarter of 2016 associated with this headcount reduction. During the fourth quarter of 2016, Schlumberger decided to further reduce its headcount in order to streamline its support cost structure. Schlumberger recorded an additional \$234 million charge during the fourth quarter associated with these actions. Approximately \$400 million of the costs remain unpaid as of December 31, 2016.
- During the fourth quarter of 2016, Schlumberger recorded \$302 million of restructuring charges consisting of the following: \$165 million of facility closure costs due to the expected sale of certain owned properties and the termination of certain facility leases; \$98 million of asset write-offs associated with exiting certain activities; and \$39 million of contract termination costs.
- During the fourth quarter of 2016, the Central Bank of Egypt took the decision to float its currency and the Egyptian pound devalued relative to the US dollar. As a result, Schlumberger recorded a \$63 million devaluation charge during the fourth quarter of 2016.
- As a result of the persistent unfavorable oil and gas industry market conditions that continued to deteriorate in the first half of 2016, and the related impact on first half operating results and expected customer activity levels, Schlumberger determined that the carrying values of certain assets were no longer recoverable and also took certain decisions that resulted in the following impairment and other charges during the second quarter of 2016:
  - \$209 million impairment of pressure pumping equipment in North America.
  - \$165 million impairment of facilities in North America.
  - \$684 million of other fixed asset impairments primarily relating to underutilized equipment.
  - \$616 million write-down of the carrying value of certain inventory to its net realizable value.
  - \$198 million impairment of certain multiclient seismic data, largely related to the US Gulf of Mexico.
  - \$55 million of other restructuring costs.

The fair value of the impaired fixed assets and multiclient seismic data was estimated based on the projected present value of future cash flows that these assets are expected to generate. Such estimates included unobservable inputs that required significant judgments. Additional charges may be required in future periods should industry conditions worsen. The above items are classified in *Impairments & other* in the *Consolidated Statement of Income*.

- In connection with Schlumberger's April 2016 acquisition of Cameron International Corporation ("Cameron") (see Note 4 - *Acquisitions*), Schlumberger recorded \$648 million of charges consisting of the following: \$299 million relating to the amortization of purchase accounting adjustments associated with the write-up of acquired inventory to its estimated fair value; \$83 million relating to employee benefits for change-in-control arrangements and retention bonuses; \$45 million of transaction costs, including advisory and legal fees; \$61 million of facility closure costs, and \$160 million of other merger and integration-related costs. These amounts are classified in *Merger & integration* in the *Consolidated Statement of Income*.

The following is a summary of these charges and credits, of which \$3.172 billion were classified as *Impairments & other* and \$648 million were classified as *Merger & integration* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax	Tax	Net
Workforce reductions	\$ 880	\$ 69	\$ 811
Other fixed asset impairments	684	52	632
Inventory write-downs	616	49	567
Amortization of inventory fair value adjustment	299	90	209
Facility closure costs	226	53	173
North America pressure pumping asset impairments	209	67	142
Multiclient seismic data impairment	198	62	136
Facility impairments	165	58	107
Other merger and integration-related	160	28	132
Costs associated with exiting certain activities	98	23	75
Merger-related employee benefits	83	13	70
Currency devaluation loss in Egypt	63	-	63
Other restructuring charges	55	-	55
Professional fees	45	10	35
Contract termination costs	39	9	30
	<u>\$ 3,820</u>	<u>\$ 583</u>	<u>\$ 3,237</u>

## 2015

- Schlumberger reduced its headcount during the first quarter of 2015 as a result of the severe fall in activity in North America, combined with the impact of lower international activity due to customer budget cuts driven by lower oil prices. Schlumberger recorded a \$390 million charge during the first quarter associated with this headcount reduction as well as an incentivized leave of absence program. Based on the activity outlook for 2016, as well as to further streamline its support structure, Schlumberger decided to further reduce its headcount and expand its incentivized leave of absence program during the fourth quarter of 2015. Schlumberger recorded an additional \$530 million charge during the fourth quarter associated with these actions.
- As a result of unfavorable oil and gas industry market conditions that continued to deteriorate and their impact on the activity outlook, Schlumberger determined that the carrying values of certain assets were no longer recoverable and also took certain decisions that resulted in the following impairment and restructuring charges during the fourth quarter of 2015:
  - \$776 million of fixed asset impairments primarily related to underutilized pressure pumping and other equipment in North America, as well as certain lower-tier drilling rigs.
  - \$269 million to write-down the carrying value of certain inventory, primarily in North America.
  - \$182 million to reduce the carrying value of an investment in an SPM project to its estimated fair value, as a result of the decline in commodity prices and considering this project is approaching the end of its contractual term.
  - \$177 million associated with certain of Schlumberger's owned and leased facilities, including the expected sale of certain properties and the termination of certain leases.
  - \$77 million relating to assets that are no longer recoverable as a result of geopolitical issues in certain countries in the Middle East.
  - \$41 million relating to contract termination costs.
  - \$84 million of other charges associated with current market conditions, including \$40 million relating to an other-than-temporary impairment of marketable securities and \$15 million relating to the impairment of an equity-method investment.

Certain of these impairment charges were estimated based on the projected present value of future cash flows, which included unobservable inputs that required significant judgments.

- In February 2015, the Venezuelan government replaced the SICAD II exchange rate (described in further detail below) with a new foreign exchange market system known as SIMADI. The SIMADI exchange rate was approximately 192 Venezuelan Bolivares fuertes to the US dollar as of March 31, 2015. As a result, Schlumberger recorded a \$49 million devaluation charge during the first quarter of 2015, reflecting the adoption of the SIMADI exchange rate.

This change results in a reduction in the US dollar reported amount of local currency denominated revenues, expenses and, consequently, income before taxes and net income in Venezuela. If Schlumberger had applied an exchange rate of 192 Venezuelan Bolivares fuertes to the US dollar throughout 2014, it would have reduced Schlumberger earnings by approximately \$0.09 per share.

The following is a summary of these charges and credits, all of which were classified as *Impairments & other* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax	Tax	Net
Workforce reductions	\$ 920	\$ 107	\$ 813
Fixed asset impairments	776	141	635
Inventory write-downs	269	27	242
Impairment of SPM project	182	36	146
Facility closures	177	37	140
Geopolitical events	77	-	77
Currency devaluation loss in Venezuela	49	-	49
Contract termination costs	41	2	39
Other	84	7	77
	<u>\$ 2,575</u>	<u>\$ 357</u>	<u>\$ 2,218</u>

## 2014

- During the fourth quarter of 2014, Schlumberger restructured its WesternGeco marine seismic fleet in order to lower its operating costs. Three previous-generation acquisition vessels with lower towing capacity and higher operating costs will be converted to source vessels, allowing for the termination of two third-party source vessel leases and the retirement of two owned source vessels.

As a result of this restructuring, Schlumberger performed an impairment test and determined that the carrying values of certain of its vessels exceeded their respective fair values by \$590 million. This impairment charge related to the six Explorer-class vessels that were acquired at a premium in Schlumberger's 2007 acquisition of Eastern Echo Holdings Plc. The fair value of these vessels was estimated primarily based on the replacement cost method, which was largely based on unobservable inputs that required significant judgments.

In addition to the \$590 million impairment charge relating to these six vessels, Schlumberger also recorded an \$85 million impairment charge relating to a seismic intangible asset and \$131 million of other charges primarily related to lease termination costs and other seismic assets as a result of the restructuring. Schlumberger did not incur any significant cash expenditures as a result of these charges.

- During 2014, Venezuela enacted certain changes to its foreign exchange system such that, in addition to the official rate of 6.3 Venezuelan Bolivares fuertes per US dollar, there were two other legal exchange rates that could be obtained via different exchange rate mechanisms at the time. These changes included the expansion of what was known as the SICAD I auction rate and the introduction of the SICAD II auction process. The SICAD I and SICAD II exchange rates were approximately 11 and 50 Venezuelan Bolivares fuertes to the US dollar, respectively, at December 31, 2014.

Schlumberger had historically applied the official exchange rate to remeasure local currency transactions and balances into US dollars. Effective December 31, 2014, Schlumberger concluded that it was appropriate to apply the SICAD II exchange rate as it believed that rate best represented the economics of Schlumberger's business activity in Venezuela. As a result, Schlumberger recorded a \$472 million devaluation charge during the fourth quarter of 2014.

- In response to lower commodity pricing and anticipated lower exploration and production spending in 2015, Schlumberger decided during the fourth quarter of 2014 to reduce its overall headcount primarily to better align with anticipated activity levels for 2015. As a result of these reductions, Schlumberger recorded a charge of \$296 million in the fourth quarter of 2014.

- During the fourth quarter of 2014, Schlumberger determined that, primarily as a result of the recent decline in commodity prices, the carrying value of its investment in an SPM development project in the Eagle Ford Shale was in excess of its fair value. Accordingly, Schlumberger recorded a \$199 million impairment charge. The fair value of this investment was estimated based on the projected present value of future cash flows.

The following is a summary of these charges, all of which were classified as *Impairments & other* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax	Tax	Net
WesternGeco restructuring	\$ 806	\$ 25	\$ 781
Currency devaluation loss in Venezuela	472	-	472
Workforce reduction	296	37	259
Impairment of SPM project	199	72	127
	<u>\$ 1,773</u>	<u>\$ 134</u>	<u>\$ 1,639</u>

#### 4. Acquisitions

##### Cameron

On April 1, 2016, Schlumberger acquired all of the outstanding shares of Cameron, a leading provider of flow equipment products, systems and services to the oil and gas industry worldwide. The acquisition is expected to create technology-driven growth by integrating Schlumberger reservoir and well technologies with Cameron wellhead and surface equipment, flow control and processing technology. The combination of the two complementary technology portfolios provides the industry's most comprehensive range of products and services, from exploration to production and integrated pore-to-pipeline solutions that optimize hydrocarbon recovery to deliver reservoir performance.

Under the terms of the merger agreement, Cameron became a wholly-owned subsidiary of Schlumberger. Each share of Cameron common stock issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive 0.716 shares of Schlumberger stock and \$14.44 in cash.

##### Calculation of Consideration Transferred

The following details the fair value of the consideration transferred to effect the acquisition of Cameron:

(stated in millions, except exchange ratio and per share amounts)

<b>Equity consideration:</b>		
Number of shares of Cameron stock outstanding	192	
Exchange ratio	0.716	
Schlumberger shares of common stock issued	138	
Schlumberger closing stock share price on April 1, 2016	\$ 72.12	
Equity consideration		\$ 9,924
<b>Cash consideration:</b>		
Number of shares of Cameron stock outstanding	192	
Cash consideration per Cameron share	\$ 14.44	
Cash consideration		2,776
<b>Other:</b>		
Fair value of replacement equity awards		103
Total fair value of the consideration transferred		<u>\$ 12,803</u>

Certain amounts reflect rounding adjustments

##### Preliminary Allocation of Consideration Transferred to Net Assets Acquired

The following amounts represent the preliminary estimates of the fair value of assets acquired and liabilities assumed in the merger. The final determination of fair value for certain assets and liabilities will be completed as soon as the information necessary to complete the analysis is obtained. These amounts, which are not expected to differ materially from current estimates, will be finalized in the first quarter of 2017.

(Stated in millions)

Cash	\$	785
Short-term investments		1,448
Accounts receivable		1,669
Inventories (1)		2,350
Fixed assets		1,320
Intangible assets:		
Customer relationships (weighted-average life of 25 years)		2,371
Technology/Technical know-how (weighted-average life of 16 years)		1,736
Tradenames (weighted-average life of 25 years)		1,225
Other assets		511
Accounts payable and accrued liabilities		(2,604)
Long-term debt (2)		(3,018)
Deferred taxes (3)		(1,343)
Other liabilities		(538)
Sub-total	\$	5,912
Less:		
Investment in OneSubsea (4)		(2,065)
Noncontrolling interests		(57)
Total identifiable net assets	\$	3,790
Goodwill (5)		9,013
Total consideration transferred	\$	12,803

- (1) Schlumberger recorded an adjustment of \$299 million to write-up the acquired inventory to its estimated fair value. Schlumberger's 2016 cost of sales reflected this increased valuation.
- (2) In connection with the merger, Schlumberger assumed all of the debt obligations of Cameron, including its \$2.75 billion of fixed rate notes. Schlumberger recorded a \$244 million adjustment to increase the carrying amount of these notes to their estimated fair value. This adjustment is being amortized as a reduction of interest expense over the remaining term of the respective obligations.
- (3) In connection with the acquisition accounting, Schlumberger provided deferred taxes related to, among other items, the estimated fair value adjustments for acquired inventory, intangible assets and assumed debt obligations.
- (4) Prior to the completion of the merger, Cameron and Schlumberger operated OneSubsea, a joint venture that manufactured and developed products, systems and services for the subsea oil and gas market, which was 40% owned by Schlumberger and 60% owned by Cameron. OneSubsea is now owned 100% by Schlumberger. As a result of obtaining control of this joint venture, Schlumberger was required to remeasure its previously held equity interest in the joint venture to its acquisition-date fair value. Schlumberger determined that the estimated fair value of its previously held equity interest approximated its carrying value. Accordingly, Schlumberger did not recognize any gain or loss on this transaction.
- (5) The goodwill recognized is primarily attributable to expected synergies that will result from combining the operations of Schlumberger and Cameron, as well as intangible assets which do not qualify for separate recognition. The amount of goodwill that is deductible for income tax purposes is not significant.

#### Supplemental Pro Forma Financial Information

Cameron's results of operations have been included in Schlumberger's financial statements for periods subsequent to the closing of the acquisition on April 1, 2016. Businesses acquired from Cameron contributed revenues of approximately \$4 billion and pretax operating income of approximately \$0.7 billion for the period from April 1, 2016 through December 31, 2016.

The following supplemental pro forma results of operations assume that Cameron had been acquired on January 1, 2015. The supplemental pro forma financial information was prepared based on the historical financial information of Schlumberger and Cameron and has been adjusted to give effect to pro forma adjustments that are both directly attributable to the transaction and factually supportable. The pro forma amounts reflect certain adjustments to amortization expense, interest expense and income taxes resulting from purchase accounting. The pro forma results for the year ended December 31, 2016 reflect adjustments to exclude after-tax merger and integration costs of \$285 million and after-tax charges relating to the amortization of the inventory fair value adjustment of \$209 million. As required by generally accepted accounting principles, the pro forma results for the year ended December 31, 2015 have been adjusted to include after-tax adjustments for merger and integration costs of \$285 million and the after-tax charges relating to the amortization of the inventory fair value adjustment of \$209 million.

The supplemental pro forma financial information presented below is unaudited and does not include any anticipated cost savings or the expected realization of other synergies associated with this transaction. Accordingly, this supplemental pro forma financial information is presented for informational purposes only and is not necessarily indicative of what the actual results of operations of the combined company would have been had the acquisition occurred on January 1, 2015, nor is it indicative of future results of operations.

(Stated in millions, except per share amounts)

	2016	2015
Revenue	\$ 29,438	\$ 44,306
Net income (loss) attributable to Schlumberger	\$ (1,419)	\$ 2,000
Diluted earnings (loss) per share	\$ (1.02)	\$ 1.42

#### Other

Schlumberger made other acquisitions and investments for cash payments, net of cash acquired, of \$407 million during 2016, \$443 million during 2015, and \$1.008 billion during 2014. Additionally, during 2014 Schlumberger issued 2.1 million shares of its common stock, valued at \$213 million, in connection with an acquisition. None of these transactions were significant to Schlumberger's consolidated financial statements, either individually or in the aggregate.

#### 5. Inventories

A summary of inventories, which are stated at the lower of average cost or market, follows:

(Stated in millions)

	2016	2015
Raw materials & field materials	\$ 1,720	\$ 2,300
Work in progress	610	178
Finished goods	1,895	1,278
	<u>\$ 4,225</u>	<u>\$ 3,756</u>

#### 6. Fixed Assets

A summary of fixed assets follows:

(Stated in millions)

	2016	2015
Land	\$ 479	\$ 425
Buildings & improvements	4,849	3,960
Machinery & equipment	33,834	31,885
Seismic vessels	846	850
	<u>40,008</u>	<u>37,120</u>
Less: Accumulated depreciation	27,187	23,705
	<u>\$ 12,821</u>	<u>\$ 13,415</u>

The estimated useful lives of Buildings & improvements are primarily 25 to 30 years. The estimated useful lives of Machinery & equipment are primarily 5 to 10 years. Seismic vessels are depreciated over periods ranging from 20 to 30 years.

Depreciation expense, which is recorded on a straight-line basis, was \$2.7 billion, \$3.2 billion and \$3.2 billion in 2016, 2015 and 2014, respectively.

## 7. Multiclient Seismic Data

The change in the carrying amount of multiclient seismic data is as follows:

(Stated in millions)

	2016	2015
Balance at beginning of year	\$ 1,026	\$ 793
Capitalized in period	630	486
Charged to expense	(385)	(253)
Impairment charge (see Note 3)	(198)	-
	<u>\$ 1,073</u>	<u>\$ 1,026</u>

## 8. Goodwill

The changes in the carrying amount of goodwill by reporting unit were as follows:

(Stated in millions)

	Reservoir				Total
	Characterization	Drilling	Production	Cameron	
Balance, January 1, 2015	\$ 3,812	\$ 8,488	\$ 3,187	\$ -	\$ 15,487
Acquisitions	38	130	76	-	244
Impact of changes in exchange rates	(52)	(34)	(40)	-	(126)
Balance, December 31, 2015	3,798	8,584	3,223	-	15,605
Acquisition of Cameron	790	1,490	1,170	5,563	9,013
Other acquisitions	79	24	242	-	345
Reallocation	146	-	-	(146)	-
Impact of changes in exchange rates	7	16	4	-	27
Balance, December 31, 2016	<u>\$ 4,820</u>	<u>\$ 10,114</u>	<u>\$ 4,639</u>	<u>\$ 5,417</u>	<u>\$ 24,990</u>

## 9. Intangible Assets

A summary of intangible assets follows:

(Stated in millions)

	2016			2015		
	Gross Book Value	Accumulated Amortization	Net Book Value	Gross Book Value	Accumulated Amortization	Net Book Value
Customer Relationships	\$ 4,938	\$ 865	\$ 4,073	\$ 2,489	\$ 645	\$ 1,844
Technology/Technical Know-How	3,655	835	2,820	1,864	653	1,211
Tradenames	2,847	458	2,389	1,625	367	1,258
Other	1,122	549	573	513	257	256
	<u>\$ 12,562</u>	<u>\$ 2,707</u>	<u>\$ 9,855</u>	<u>\$ 6,491</u>	<u>\$ 1,922</u>	<u>\$ 4,569</u>

Customer relationships are generally amortized over periods ranging from 18 to 28 years, technology/technical know-how are generally amortized over periods ranging from 10 to 18 years, and tradenames are generally amortized over periods ranging from 15 to 30 years.

Amortization expense was \$567 million in 2016, \$354 million in 2015 and \$344 million in 2014.

Based on the carrying value of intangible assets at December 31, 2016, amortization expense for the subsequent five years is estimated to be as follows: 2017: \$677 million, 2018: \$669 million, 2019: \$647 million, 2020: \$606 million and 2021: \$581 million.

## 10. Long-term Debt and Debt Facility Agreements

Long-term Debt consists of the following:

(Stated in millions)

	2016	2015
4.00% Senior Notes due 2025	\$ 1,740	\$ 1,741
3.30% Senior Notes due 2021	1,594	1,597
3.00% Senior Notes due 2020	1,591	1,591
3.65% Senior Notes due 2023	1,491	1,496
2.35% Senior Notes due 2018	1,297	1,297
4.20% Senior Notes due 2021	1,100	1,100
2.40% Senior Notes due 2022	996	999
3.63% Senior Notes due 2022	845	845
0.63% Guaranteed Notes due 2019	622	-
1.50% Guaranteed Notes due 2019 (1)	536	566
6.38% Notes due 2018 (2)	297	-
7.00% Notes due 2038 (2)	214	-
4.50% Notes due 2021 (2)	137	-
5.95% Notes due 2041 (2)	116	-
3.60% Notes due 2022 (2)	110	-
5.13% Notes due 2043 (2)	99	-
4.00% Notes due 2023 (2)	83	-
3.70% Notes due 2024 (2)	56	-
1.25% Senior Notes due 2017	-	1,000
1.90% Senior Notes due 2017	-	499
Commercial paper borrowings	2,421	1,000
Other	1,118	711
	<u>\$ 16,463</u>	<u>\$ 14,442</u>

(1) Schlumberger maintains a €5.0 billion Guaranteed Euro Medium Term Note program that provides for the issuance of various types of debt instruments such as fixed or floating rate notes in euro, US dollar or other currencies. Schlumberger issued €0.5 billion 1.50% Guaranteed Notes due 2019 under this program in 2013.

(2) Represents long-term fixed rate debt obligations assumed in connection with the acquisition of Cameron, net of amounts repurchased subsequent to the closing of the transaction.

Schlumberger Limited fully and unconditionally guarantees the securities issued by certain of its subsidiaries, including securities issued by Schlumberger Investment SA, a wholly-owned finance subsidiary of Schlumberger.

At December 31, 2016, Schlumberger had separate committed debt facility agreements aggregating \$6.6 billion with commercial banks, of which \$4.0 billion was available and unused. This included \$6.3 billion of committed facilities which support commercial paper programs in the United States and Europe, of which \$1.0 billion matures in February 2017, \$1.8 billion matures in July 2018, \$1.5 billion matures in November 2020, and \$2.0 billion matures in February 2021. Interest rates and other terms of borrowing under these lines of credit vary from country to country.

Commercial paper borrowings are classified as long-term debt to the extent they are backed up by available and unused committed credit facilities maturing in more than one year and to the extent it is Schlumberger's intent to maintain these obligations for longer than one year. Borrowings under the commercial paper program at December 31, 2016 were \$2.6 billion, of which \$2.4 billion was classified within *Long-term debt* and \$0.2 billion was classified in *Long-term debt – current portion* in the *Consolidated Balance Sheet*. At December 31, 2015, borrowings under the commercial paper program were \$2.4 billion, of which \$1.0 billion was classified within *Long-term debt* and \$1.4 billion was classified in *Long-term debt – current portion* in the *Consolidated Balance Sheet*.

The weighted average interest rate on variable rate debt as of December 31, 2016 was 1.7%.

*Long-term Debt* as of December 31, 2016, is due as follows: \$2.0 billion in 2018, \$1.3 billion in 2019, \$2.6 billion in 2020, \$4.8 billion in 2021, \$2.0 billion in 2022, \$1.6 billion in 2023, \$1.8 billion in 2025 and \$0.4 billion thereafter.

The fair value of Schlumberger's *Long-term Debt* at December 31, 2016 and December 31, 2015 was \$16.8 billion and \$14.4 billion, respectively, and was estimated based on quoted market prices.

## **11. Derivative Instruments and Hedging Activities**

Schlumberger is exposed to market risks related to fluctuations in interest rates and foreign currency exchange rates. To mitigate these risks, Schlumberger utilizes derivative instruments. Schlumberger does not enter into derivative transactions for speculative purposes.

### *Interest Rate Risk*

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that uses a mix of variable and fixed rate debt combined with its investment portfolio, and occasionally interest rate swaps, to mitigate the exposure to changes in interest rates.

During 2013, Schlumberger entered into a cross currency swap for a notional amount of €0.5 billion in order to hedge changes in the fair value of Schlumberger's €0.5 billion 1.50% Guaranteed Notes due 2019. Under the terms of this swap, Schlumberger will receive interest at a fixed rate of 1.50% on the euro notional amount and pay interest at a floating rate of three-month LIBOR plus approximately 64 basis points on the US dollar notional amount.

This cross currency swap is designated as a fair value hedge of the underlying debt. This derivative instrument is marked to market with gains and losses recognized currently in income to largely offset the respective gains and losses recognized on changes in the fair value of the hedged debt.

At December 31, 2016, Schlumberger had fixed rate debt aggregating \$14.1 billion and variable rate debt aggregating \$5.5 billion, after taking into account the effect of the swap.

*Short-term investments* and *Fixed income investments, held to maturity*, totaled \$6.6 billion at December 31, 2016. The carrying value of these investments approximated fair value, which was estimated using quoted market prices for those or similar investments.

### *Foreign Currency Exchange Rate Risk*

As a multinational company, Schlumberger conducts its business in over 85 countries. Schlumberger's functional currency is primarily the US dollar. Approximately 77% of Schlumberger's revenues in 2016 was denominated in US dollars. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens (strengthens) in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar-reported expenses will increase (decrease).

Schlumberger is exposed to risks on future cash flows to the extent that the local currency is not the functional currency and expenses denominated in local currency are not equal to revenues denominated in local currency. Schlumberger is also exposed to risks on future cash flows relating to certain of its fixed rate debt that is denominated in currencies other than the functional currency. Schlumberger uses foreign currency forward contracts to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges, with the effective portion of changes in the fair value of the hedge recorded on the *Consolidated Balance Sheet* and in *Accumulated Other Comprehensive Loss*. Amounts recorded in *Accumulated Other Comprehensive Loss* are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings. The ineffective portion of changes in the fair value of hedging instruments, if any, is recorded directly to earnings.

At December 31, 2016, Schlumberger recognized a cumulative net \$19 million loss in *Accumulated other comprehensive loss* relating to revaluation of foreign currency forward contracts designated as cash flow hedges, the majority of which is expected to be reclassified into earnings within the next 12 months.

Schlumberger is exposed to changes in the fair value of assets and liabilities that are denominated in currencies other than the functional currency. While Schlumberger uses foreign currency forward contracts to economically hedge this exposure as it relates to certain currencies, these contracts are not designated as hedges for accounting purposes. Instead the fair value of the contracts are recorded on the *Consolidated Balance Sheet* and changes in the fair value are recognized in the *Consolidated Statement of Income* as are changes in the fair value of the hedged item. Transaction losses of \$93 million, \$76 million and \$539 million, net of related hedging activities, were recognized in the *Consolidated Statement of Income* in 2016, 2015 and 2014, respectively. Included in these amounts are \$63 million relating to Egypt in 2016, \$49 million relating to Venezuela in 2015 and \$472 million relating to Venezuela in 2014. See Note 3 - *Charges and Credits* for further details.

At December 31, 2016, contracts were outstanding for the US dollar equivalent of \$5.5 billion in various foreign currencies, of which \$1.1 billion relates to hedges of debt denominated in currencies other than the functional currency.

The fair values of outstanding derivative instruments are summarized as follows:

	(Stated in millions)		Consolidated Balance Sheet Classification
	Fair Value of Derivatives 2016	2015	
<b>Derivative Assets</b>			
Derivatives designated as hedges:			
Foreign exchange contracts	\$ 1	\$ 4	<i>Other current assets</i>
Foreign exchange contracts	-	6	<i>Other Assets</i>
	<u>\$ 1</u>	<u>\$ 10</u>	
Derivatives not designated as hedges:			
Foreign exchange contracts	\$ 42	\$ 15	<i>Other current assets</i>
	<u>\$ 43</u>	<u>\$ 25</u>	
<b>Derivative Liabilities</b>			
Derivatives designated as hedges:			
Foreign exchange contracts	\$ 18	\$ 37	<i>Accounts payable and accrued liabilities</i>
Foreign exchange contracts	-	3	<i>Other Liabilities</i>
Cross currency swap	49	22	<i>Other Liabilities</i>
	<u>\$ 67</u>	<u>\$ 62</u>	
Derivatives not designated as hedges:			
Foreign exchange contracts	\$ 59	\$ 25	<i>Accounts payable and accrued liabilities</i>
	<u>\$ 126</u>	<u>\$ 87</u>	

The fair value of all outstanding derivatives is determined using a model with inputs that are observable in the market or can be derived from or corroborated by observable data.

The effect of derivative instruments designated as fair value hedges and those not designated as hedges on the *Consolidated Statement of Income* was as follows:

	(Stated in millions)			Consolidated Statement of Income Classification
	Gain (Loss) Recognized in Income			
	2016	2015	2014	
Derivatives designated as fair value hedges:				
Cross currency swap	\$ (31)	\$ (64)	\$ (82)	<i>Interest expense</i>
Derivatives not designated as hedges:				
Foreign exchange contracts	\$ (246)	\$ (154)	\$ (95)	<i>Cost of services/sales</i>

## 12. Stockholders' Equity

Schlumberger is authorized to issue 4,500,000,000 shares of common stock, par value \$0.01 per share, of which 1,391,475,510 and 1,256,367,980 shares were outstanding on December 31, 2016 and 2015, respectively. Holders of common stock are entitled to one vote for each share of stock held. Schlumberger is also authorized to issue 200,000,000 shares of preferred stock, par value \$0.01 per share, which may be issued in series with terms and conditions determined by the Schlumberger Board of Directors. No shares of preferred stock have been issued.

Accumulated Other Comprehensive Loss consists of the following:

(Stated in millions)

	Currency Translation Adjustments	Unrealized Gain/(Loss) on Marketable Securities	Cash Flow Hedges	Pension and Other Postretirement Benefit Plans	Total
Balance, January 1, 2014	\$ (1,068)	\$ 176	\$ 29	\$ (1,691)	\$ (2,554)
Other comprehensive income (loss) before reclassifications	(463)	(166)	(238)	(1,285)	(2,152)
Amounts reclassified from accumulated other comprehensive loss	-	-	113	305	418
Income taxes	-	-	-	82	82
Balance, December 31, 2014	(1,531)	10	(96)	(2,589)	(4,206)
Other comprehensive income (loss) before reclassifications	(522)	(50)	(178)	(210)	(960)
Amounts reclassified from accumulated other comprehensive loss	-	40	235	407	682
Income taxes	-	-	-	(74)	(74)
Balance, December 31, 2015	(2,053)	-	(39)	(2,466)	(4,558)
Other comprehensive income (loss) before reclassifications	(83)	21	(101)	(289)	(452)
Amounts reclassified from accumulated other comprehensive loss	-	-	121	259	380
Income taxes	-	-	-	(13)	(13)
Balance, December 31, 2016	<u>\$ (2,136)</u>	<u>\$ 21</u>	<u>\$ (19)</u>	<u>\$ (2,509)</u>	<u>\$ (4,643)</u>

Other comprehensive loss was \$85 million in 2016, \$352 million in 2015 and \$1.652 billion in 2014.

### 13. Stock-based Compensation Plans

Schlumberger has three types of stock-based compensation programs: (i) stock options, (ii) a restricted stock, restricted stock unit and performance share unit program (collectively referred to as "restricted stock") and (iii) a discounted stock purchase plan (DSPP).

#### Stock Options

Key employees are granted stock options under Schlumberger stock option plans. For all stock options granted, the exercise price equals the average of the high and low sales prices of Schlumberger stock on the date of grant; the maximum term is ten years, and the options generally vest in increments over five years.

The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions and resulting weighted-average fair value per share:

	2016	2015	2014
Dividend yield	2.7%	2.3%	1.6%
Expected volatility	30%	36%	37%
Risk-free interest rate	1.7%	1.7%	2.2%
Expected option life in years	7.0	7.0	7.0
Weighted-average fair value per share	\$ 17.45	\$ 25.96	\$ 34.20

The following table summarizes information related to options outstanding and options exercisable as of December 31, 2016:

(Shares stated in thousands)

Exercise prices range	Options Outstanding			Options Exercisable	
	Options Outstanding	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
\$37.85 - \$67.87	6,526	5.2	\$ 55.58	4,524	\$ 52.78
\$68.51 - \$72.00	7,501	5.3	\$ 70.08	5,761	\$ 69.79
\$72.11 - \$79.85	8,767	6.3	\$ 74.01	5,108	\$ 72.82
\$80.53 - \$84.93	12,375	5.9	\$ 82.72	7,093	\$ 84.17
\$88.61 - \$114.83	11,333	6.9	\$ 95.37	4,859	\$ 95.89
	<u>46,502</u>	<u>6.0</u>	<u>\$ 78.31</u>	<u>27,345</u>	<u>\$ 75.91</u>

The weighted-average remaining contractual life of stock options exercisable as of December 31, 2016 was 4.5 years.

The following table summarizes stock option activity during the years ended December 31, 2016, 2015 and 2014:

(Shares stated in thousands)

	2016		2015		2014	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	41,087	\$ 78.73	38,583	\$ 76.10	41,939	\$ 70.33
Granted	7,672	\$ 76.14	7,118	\$ 86.86	6,105	\$ 99.04
Assumed in Cameron transaction	3,088	\$ 63.24	-	\$ -	-	\$ -
Exercised	(3,357)	\$ 60.70	(2,561)	\$ 60.10	(8,269)	\$ 64.19
Forfeited	(1,988)	\$ 84.60	(2,053)	\$ 80.34	(1,192)	\$ 73.56
Outstanding at year-end	<u>46,502</u>	<u>\$ 78.31</u>	<u>41,087</u>	<u>\$ 78.73</u>	<u>38,583</u>	<u>\$ 76.10</u>

The aggregate intrinsic value of stock options outstanding and stock options exercisable as of December 31, 2016 was \$393 million and \$280 million, respectively.

The total intrinsic value of options exercised during the years ended December 31, 2016, 2015 and 2014 was \$45 million, \$62 million and \$314 million, respectively.

### Restricted Stock

Schlumberger grants performance share units to certain executives. The number of shares earned is determined at the end of each performance period, which is generally three years, based on Schlumberger's achievement of certain predefined targets as defined in the underlying performance share unit agreement. In the event Schlumberger exceeds the predefined target, shares for up to the maximum of 250% of the target award may be granted. In the event Schlumberger falls below the predefined target, a reduced number of shares may be granted. If Schlumberger falls below the threshold award performance level, no shares will be granted. As of December 31, 2016, 1.0 million performance share units were outstanding based on the achievement of 100% of target.

All other restricted stock awards generally vest at the end of three years.

Restricted stock awards do not pay dividends or have voting rights prior to vesting. Accordingly, the fair value of a restricted stock award is the quoted market price of Schlumberger's stock on the date of grant less the present value of the expected dividends not received prior to vesting.

The following table summarizes information related to restricted stock transactions:

(Shares stated in thousand)

	2016		2015		2014	
	Restricted Stock	Weighted-Average Grant Date Fair Value	Restricted Stock	Weighted-Average Grant Date Fair Value	Restricted Stock	Weighted-Average Grant Date Fair Value
Unvested at beginning of year	3,571	\$ 85.04	4,138	\$ 80.80	4,171	\$ 76.0
Granted	1,678	\$ 68.66	1,254	\$ 82.37	1,341	\$ 96.0
Assumed in Cameron transaction	1,824	\$ 72.12	-	\$ -	-	\$ -
Vested	(1,720)	\$ 72.64	(1,495)	\$ 71.30	(1,186)	\$ 81.5
Forfeited	(241)	\$ 80.87	(326)	\$ 83.86	(188)	\$ 78.6
Unvested at year-end	<u>5,112</u>	<u>\$ 78.31</u>	<u>3,571</u>	<u>\$ 85.04</u>	<u>4,138</u>	<u>\$ 80.8</u>

#### Discounted Stock Purchase Plan

Under the terms of the DSPP, employees can choose to have a portion of their earnings withheld, subject to certain restrictions, to purchase Schlumberger common stock. The purchase price of the stock is 92.5% of the lower of the stock price at the beginning or end of the plan period at six-month intervals.

The fair value of the employees' purchase rights under the DSPP was estimated using the Black-Scholes model with the following assumptions and resulting weighted-average fair value per share:

	2016	2015	2014
Dividend yield	2.7%	2.3%	1.6%
Expected volatility	25%	27%	19%
Risk-free interest rate	0.5%	0.2%	0.1%
Weighted-average fair value per share	\$ 10.37	\$ 12.45	\$ 12.67

#### Total Stock-based Compensation Expense

The following summarizes stock-based compensation expense recognized in income:

(Stated in millions)

	2016	2015	2014
Stock options	\$ 175	\$ 176	\$ 177
Restricted stock	47	107	114
DSPP	45	43	38
	<u>\$ 267</u>	<u>\$ 326</u>	<u>\$ 329</u>

At December 31, 2016, there was \$480 million of total unrecognized compensation cost related to nonvested stock-based compensation arrangements, of which \$212 million is expected to be recognized in 2017, \$157 million in 2018, \$74 million in 2019, \$31 million in 2020 and \$6 million in 2021.

As of December 31, 2016, approximately 20 million shares of Schlumberger common stock were available for future grants under Schlumberger's stock-based compensation programs.

#### 14. Income Taxes

Schlumberger operates in more than 100 tax jurisdictions, where statutory tax rates generally vary from 0% to 40%.

Income (loss) from continuing operations before taxes subject to United States and non-United States income taxes were as follows:

(Stated in millions)

	2016	2015	2014
United States	\$ (3,103)	\$ (691)	\$ 1,990
Outside United States	1,198	3,572	5,649
	<u>\$ (1,905)</u>	<u>\$ 2,881</u>	<u>\$ 7,639</u>

Schlumberger recorded pretax charges of \$3.820 billion in 2016 (\$1.848 billion in the US and \$1.972 billion outside of the US); \$2.575 billion in 2015 (\$883 million in the US and \$1.692 billion outside the US); and \$1.773 billion in 2014 (\$289 million in the US and \$1.484 billion outside the US). These charges and credits are included in the table above and are more fully described in Note 3 – Charges and Credits.

The components of net deferred tax assets (liabilities) were as follows:

(Stated in millions)

	2016	2015
Postretirement benefits	\$ 253	\$ 266
Intangible assets	(2,869)	(1,418)
Investments in non-US subsidiaries	(271)	(152)
Fixed assets, net	(79)	(176)
Inventories	248	159
Other, net	838	454
	<u>\$ (1,880)</u>	<u>\$ (867)</u>

The above deferred tax balances at December 31, 2016 and 2015 were net of valuation allowances relating to net operating losses in certain countries of \$186 million and \$162 million, respectively.

Schlumberger generally does not provide for taxes relating to undistributed earnings because such earnings would not be taxable when remitted or they are considered to be indefinitely reinvested. In connection with Schlumberger's 2016 acquisition of Cameron, certain non-US subsidiaries of Cameron are now either wholly or partially owned by a US subsidiary of Schlumberger. Undistributed earnings of these non-US subsidiaries that are indefinitely invested outside the US are approximately \$3 billion. Such earnings would be subject to US taxes if they were to be repatriated to the US. However, determination of the unrecognized deferred tax liability that would be incurred if such amounts were repatriated to the US is not practicable. In addition, any taxes that would be incurred if the undistributed earnings of other Schlumberger subsidiaries were distributed to their ultimate parent company would not be material.

The components of Taxes on income (loss) were as follows:

(Stated in millions)

	2016	2015	2014
Current:			
United States-Federal	\$ (511)	\$ 90	\$ 718
United States-State	(36)	12	51
Outside United States	648	1,085	1,380
	<u>101</u>	<u>1,187</u>	<u>2,149</u>
Deferred:			
United States-Federal	\$ (352)	\$ (356)	\$ (194)
United States-State	(13)	(19)	(9)
Outside United States	(51)	(52)	(12)
Valuation allowance	37	(14)	(6)
	<u>(379)</u>	<u>(441)</u>	<u>(221)</u>
	<u>\$ (278)</u>	<u>\$ 746</u>	<u>\$ 1,928</u>

A reconciliation of the United States statutory federal tax rate (35%) to the consolidated effective tax rate follows:

	2016	2015	2014
US federal statutory rate	35%	35%	35%
State tax	2	-	-
Non-US income taxed at different rates	(21)	(13)	(11)
Charges and credits (See Note 3)	(1)	6	3
Other	-	(2)	(2)
	<u>15%</u>	<u>26%</u>	<u>25%</u>

A number of the jurisdictions in which Schlumberger operates have tax laws that are not fully defined and are evolving. Schlumberger's tax filings are subject to regular audit by the tax authorities. These audits may result in assessments for additional taxes that are resolved with the tax authorities or, potentially, through the courts. Tax liabilities are recorded based on estimates of additional taxes that will be due upon the conclusion of these audits. Due to the uncertain and complex application of tax regulations, the ultimate resolution of audits may result in liabilities which could be materially different from these estimates.

A reconciliation of the beginning and ending amount of liabilities associated with uncertain tax positions for the years ended December 31, 2016, 2015 and 2014 is as follows:

*(Stated in millions)*

	2016	2015	2014
Balance at beginning of year	\$ 1,285	\$ 1,402	\$ 1,452
Additions based on tax positions related to the current year	70	140	154
Additions for tax positions of prior years	119	136	96
Additions related to acquisitions	127	5	43
Impact of changes in exchange rates	(25)	(78)	(62)
Settlements with tax authorities	(45)	(99)	(27)
Reductions for tax positions of prior years	(85)	(203)	(212)
Reductions due to the lapse of the applicable statute of limitations	(27)	(18)	(42)
Balance at end of year	<u>\$ 1,419</u>	<u>\$ 1,285</u>	<u>\$ 1,402</u>

The amounts above exclude accrued interest and penalties of \$178 million, \$176 million and \$243 million at December 31, 2016, 2015 and 2014, respectively. Schlumberger classifies interest and penalties relating to uncertain tax positions within *Taxes on income (loss)* in the *Consolidated Statement of Income*.

The following table summarizes the tax years that are either currently under audit or remain open and subject to examination by the tax authorities in the most significant jurisdictions in which Schlumberger operates:

Brazil	2011 - 2016
Canada	2009 - 2016
Ecuador	2013 - 2016
Mexico	2010 - 2016
Norway	2013 - 2016
Russia	2013 - 2016
Saudi Arabia	2004 - 2016
United Kingdom	2014 - 2016
United States	2014 - 2016

In certain of the jurisdictions noted above, Schlumberger operates through more than one legal entity, each of which may have different open years subject to examination. The table above presents the open years subject to examination for the most material of the legal entities in each jurisdiction. Additionally, it is important to note that tax years are technically not closed until the statute of limitations in each jurisdiction expires. In the jurisdictions noted above, the statute of limitations can extend beyond the open years subject to examination.

## 15. Leases and Lease Commitments

Total rental expense was \$1.2 billion in 2016, \$1.6 billion in 2015, and \$2.1 billion in 2014.

Future minimum rental commitments under noncancelable operating leases for each of the next five years are as follows:

(Stated in millions)

2017	\$	292
2018		220
2019		195
2020		167
2021		132
Thereafter		471
	\$	<u>1,477</u>

## 16. Contingencies

Schlumberger and its subsidiaries are party to various legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. Management believes that the probability of a material loss with respect to any currently pending legal proceeding is remote. However, litigation is inherently uncertain and it is not possible to predict the ultimate disposition of any of these proceedings.

## 17. Segment Information

Schlumberger's segments are as follows:

- **Reservoir Characterization Group** – Consists of the principal Technologies involved in finding and defining hydrocarbon resources. These include WesternGeco, Wireline, Testing & Process, Software Integrated Solutions and Integrated Services Management.
- **Drilling Group** – Consists of the principal Technologies involved in the drilling and positioning of oil and gas wells. These include Bits & Drilling Tools, M-I SWACO, Drilling & Measurements, Land Rigs and Integrated Drilling Services.
- **Production Group** – Consists of the principal Technologies involved in the lifetime production of oil and gas reservoirs. These include Well Services, Completions, Artificial Lift, Integrated Production Services and Schlumberger Production Management.
- **Cameron Group** – Consists of the principal Technologies involved in pressure and flow control for drilling and intervention rigs, oil and gas wells and production facilities. These include OneSubsea, Surface Systems, Drilling Systems and Valves & Measurements.

Financial information for the years ended December 31, 2016, 2015 and 2014, by segment, is as follows:

(Stated in millions)

	2016				
	Revenue	Income Before Taxes	Assets	Depreciation and Amortization	Capital Expenditures
Reservoir Characterization	\$ 6,743	\$ 1,228	\$ 6,913	\$ 1,116	\$ 531
Drilling	8,561	994	6,741	904	418
Production	8,709	528	10,453	1,222	647
Cameron	4,211	653	4,246	211	176
Eliminations & other	(414)	(130)	1,611	257	283
Pretax operating income		3,273			
Goodwill and intangible assets			34,845		
All other assets			2,408		
Corporate & other (1)		(925)	10,739	384	
Interest income (2)		84			
Interest expense (3)		(517)			
Charges & credits (4)		(3,820)			
	<u>\$ 27,810</u>	<u>\$ (1,905)</u>	<u>\$ 77,956</u>	<u>\$ 4,094</u>	<u>\$ 2,055</u>

(Stated in millions)

	2015				
	Revenue	Income Before Taxes	Assets	Depreciation and Amortization	Capital Expenditures
Reservoir Characterization	\$ 9,738	\$ 2,465	\$ 8,338	\$ 1,294	\$ 600
Drilling	13,563	2,538	8,549	1,177	600
Production	12,311	1,570	9,866	1,201	800
Eliminations & other	(137)	(63)	2,052	213	200
Pretax operating income		6,510			
Goodwill and intangible assets			20,174		
All other assets			2,262		
Corporate & other (1)		(768)	16,764	193	
Interest income (2)		30			
Interest expense (3)		(316)			
Charges & credits (4)		(2,575)			
	<u>\$ 35,475</u>	<u>\$ 2,881</u>	<u>\$ 68,005</u>	<u>\$ 4,078</u>	<u>\$ 2,400</u>

	2014				
	Revenue	Income Before Taxes	Assets	Depreciation and Amortization	Capital Expenditures
Reservoir Characterization	\$ 13,339	\$ 3,770	\$ 9,324	\$ 1,482	\$ 1,23
Drilling	18,128	3,805	11,155	1,173	1,32
Production	17,329	3,130	11,348	1,043	1,16
Eliminations & other	(216)	(129)	1,572	198	24
Pretax operating income		10,576			
Goodwill and intangible assets			20,141		
All other assets			2,186		
Corporate & other (1)		(848)	11,178	198	
Interest income (2)		31			
Interest expense (3)		(347)			
Charges & credits (4)		(1,773)			
	<u>\$ 48,580</u>	<u>\$ 7,639</u>	<u>\$ 66,904</u>	<u>\$ 4,094</u>	<u>\$ 3,97</u>

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets (including intangible asset amortization expense resulting from the 2016 acquisition of Cameron), certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income (2016: \$26 million; 2015: \$22 million; 2014: \$20 million).

(3) Interest expense excludes amounts which are included in the segments' income (2016: \$53 million; 2015: \$30 million; 2014: \$22 million).

(4) See Note 3 – *Charges and Credits*.

Segment assets consist of receivables, inventories, fixed assets, multiclient seismic data and SPM investments.

Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangible assets, multiclient seismic data costs and SPM investments.

Revenue by geographic area for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2014		
	2016	2015	2014
North America	\$ 6,665	\$ 9,811	\$ 16,151
Latin America	4,230	6,014	7,699
Europe/CIS/Africa	7,351	9,284	12,515
Middle East & Asia	9,286	9,898	11,875
Eliminations & other	278	468	340
	<u>\$ 27,810</u>	<u>\$ 35,475</u>	<u>\$ 48,580</u>

Revenue is based on the location where services are provided and products are sold.

During each of the three years ended December 31, 2016, 2015 and 2014, no single customer exceeded 10% of consolidated revenue.

Schlumberger did not have revenue from third-party customers in its country of domicile during the last three years. Revenue in the United States in 2016, 2015 and 2014 was \$5.4 billion, \$8.5 billion and \$14.0 billion, respectively.

Fixed Assets less accumulated depreciation by geographic area are as follows:

(Stated in millions)

	2016	2015	2014
North America	\$ 4,428	\$ 4,392	\$ 4,885
Latin America	1,460	1,728	1,969
Europe/CIS/Africa	2,706	2,978	3,640
Middle East & Asia	3,149	3,078	3,446
Unallocated (1)	1,078	1,239	1,456
	<u>\$ 12,821</u>	<u>\$ 13,415</u>	<u>\$ 15,396</u>

(1) Represents seismic vessels, including the related on-board equipment, which frequently transition between geographic areas.

## 18. Pension and Other Benefit Plans

### Pension Plans

Schlumberger sponsors several defined benefit pension plans that cover substantially all US employees hired prior to October 1, 2004. The benefits are based on years of service and compensation, on a career-average pay basis.

In addition to the US defined benefit pension plans, Schlumberger sponsors several other international defined benefit pension plans. The most significant of these international plans are the International Staff Pension Plan and the UK pension plan (collectively, the "International plans"). The International Staff Pension Plan covers certain international employees hired prior to July 1, 2014 and is based on years of service and compensation on a career-average pay basis. The UK plan covers employees hired prior to April 1, 1999, and is based on years of service and compensation, on a final salary basis.

The weighted-average assumed discount rate, compensation increases and the expected long-term rate of return on plan assets used to determine the net pension cost for the US and International plans were as follows:

	US			International		
	2016	2015	2014	2016	2015	2014
Discount rate	4.50 %	4.15 %	4.85 %	4.36 %	4.07 %	4.76 %
Compensation increases	4.00 %	4.00 %	4.00 %	4.80 %	4.79 %	4.80 %
Return on plan assets	7.25 %	7.25 %	7.25 %	7.40 %	7.40 %	7.50 %

Net pension cost for 2016, 2015 and 2014 included the following components:

(Stated in millions)

	US			International		
	2016	2015	2014	2016	2015	2014
Service cost - benefits earned during the period	\$ 62	\$ 86	\$ 72	\$ 110	\$ 167	\$ 126
Interest cost on projected benefit obligation	177	170	164	311	297	288
Expected return on plan assets	(235)	(229)	(208)	(517)	(498)	(450)
Amortization of prior service cost	12	12	12	122	121	120
Amortization of net loss	79	123	82	78	170	94
	<u>\$ 95</u>	<u>\$ 162</u>	<u>\$ 122</u>	<u>\$ 104</u>	<u>\$ 257</u>	<u>\$ 178</u>

The weighted-average assumed discount rate and compensation increases used to determine the projected benefit obligations for the US and International plans were as follows:

	US		International	
	2016	2015	2016	2015
Discount rate	4.20 %	4.50 %	4.13 %	4.36 %
Compensation increases	4.00 %	4.00 %	4.81 %	4.80 %

The changes in the projected benefit obligation, plan assets and funded status of the plans were as follows:

(Stated in millions)

	US		International	
	2016	2015	2016	2015
<b>Change in Projected Benefit Obligations</b>				
Projected benefit obligation at beginning of year	\$ 4,025	\$ 4,137	\$ 7,340	\$ 7,249
Service cost	62	86	110	167
Interest cost	177	170	311	297
Contribution by plan participants	-	-	117	143
Actuarial (gains) losses	137	(205)	477	(203)
Currency effect	-	-	(290)	(66)
Benefits paid	(183)	(163)	(272)	(247)
Other	22	-	-	-
Projected benefit obligation at end of year	\$ 4,240	\$ 4,025	\$ 7,793	\$ 7,340
<b>Change in Plan Assets</b>				
Plan assets at fair value at beginning of year	\$ 3,467	\$ 3,549	\$ 6,832	\$ 6,830
Actual return on plan assets	320	(1)	715	(5)
Currency effect	-	-	(318)	(69)
Company contributions	4	82	130	198
Contributions by plan participants	-	-	107	125
Benefits paid	(183)	(163)	(272)	(247)
Other	17	-	-	-
Plan assets at fair value at end of year	\$ 3,625	\$ 3,467	\$ 7,194	\$ 6,832
<b>Unfunded Liability</b>	\$ (615)	\$ (558)	\$ (599)	\$ (508)
<b>Amounts Recognized in Balance Sheet</b>				
Postretirement Benefits	\$ (615)	\$ (558)	\$ (724)	\$ (657)
Other Assets	-	-	125	149
	\$ (615)	\$ (558)	\$ (599)	\$ (508)
<b>Amounts Recognized in Accumulated Other Comprehensive Loss</b>				
Actuarial losses	\$ 982	\$ 1,008	\$ 1,644	\$ 1,474
Prior service cost	42	54	114	235
	\$ 1,024	\$ 1,062	\$ 1,758	\$ 1,709
Accumulated benefit obligation	\$ 3,999	\$ 3,763	\$ 7,454	\$ 6,913

The unfunded liability represents the difference between the plan assets and the projected benefit obligation (PBO). The PBO represents the actuarial present value of benefits based on employee service and compensation and includes an assumption about future compensation levels. The accumulated benefit obligation represents the actuarial present value of benefits based on employee service and compensation, but does not include an assumption about future compensation levels.

The weighted-average allocation of plan assets and the target allocations by asset category are as follows:

	US			International		
	Target	2016	2015	Target	2016	2015
Equity securities	37 - 56%	52%	52%	45 - 71%	64%	64%
Debt securities	35 - 62	37	36	20 - 35	25	27
Cash and cash equivalents	0 - 3	2	2	0 - 5	2	2
Alternative investments	0 - 10	9	10	0 - 25	9	7
	100%	100%	100%	100%	100%	100%

Asset performance is monitored frequently with an overall expectation that plan assets will meet or exceed the weighted index of its target asset allocation and component benchmark over rolling five-year periods.

The expected rate of return on assets assumptions reflect the long-term average rate of earnings expected on funds invested or to be invested. The assumptions have been determined based on expectations regarding future rates of return for the portfolio considering the asset allocation and related historical rates of return. The appropriateness of the assumptions is reviewed annually.

The fair value of Schlumberger's pension plan assets at December 31, 2016 and 2015, by asset category, is presented below and was determined based on valuation techniques categorized as follows:

- Level One: The use of quoted prices in active markets for identical instruments.
- Level Two: The use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or other inputs that are observable in the market or can be corroborated by observable market data.
- Level Three: The use of significant unobservable inputs that typically require the use of management's estimates of assumptions that market participants would use in pricing.

(Stated in millions)

Asset Category:	US Plan Assets							
	2016				2015			
	Total	Level One	Level Two	Level Three	Total	Level One	Level Two	Level Three
<b>Cash and Cash Equivalents</b>	\$ 60	\$ 15	\$ 45	\$ -	\$ 86	\$ 40	\$ 46	\$ -
<b>Equity Securities:</b>								
US (a)	1,210	1,049	161		1,195	655	540	
International (b)	662	649	13		605	473	132	
<b>Debt Securities</b>								
Corporate bonds (c)	625		625		599		599	
Government and government-related debt securities (d)	643	164	479		589	159	430	
Collateralized mortgage obligations and mortgage backed securities (e)	92		92		65		65	
<b>Alternative Investments:</b>								
Private equity (f)	191			191	203			203
Real estate (g)	142			142	125			125
<b>Total</b>	<b>\$ 3,625</b>	<b>\$ 1,877</b>	<b>\$ 1,415</b>	<b>\$ 333</b>	<b>\$ 3,467</b>	<b>\$ 1,327</b>	<b>\$ 1,812</b>	<b>\$ 328</b>

(Stated in millions)

Asset Category:	International Plan Assets							
	2016				2015			
	Total	Level One	Level Two	Level Three	Total	Level One	Level Two	Level Three
<b>Cash and Cash Equivalents</b>	\$ 184	\$ 135	\$ 49	\$ -	\$ 138	\$ 115	\$ 23	\$ -
<b>Equity Securities:</b>								
US (a)	2,854	2,324	530		2,736	2,240	496	
International (b)	1,726	1,475	251		1,639	1,179	460	
<b>Debt Securities</b>								
Corporate bonds (c)	685		685		657		657	
Government and government-related debt securities (d)	1,001	10	991		1,036	8	1,028	
Collateralized mortgage obligations and mortgage backed securities (e)	130		130		143		143	
<b>Alternative Investments:</b>								
Private equity (f)	385			385	331			331
Real estate (g)	106			106	49			49
Other	123			123	103			103
<b>Total</b>	<b>\$ 7,194</b>	<b>\$ 3,944</b>	<b>\$ 2,636</b>	<b>\$ 614</b>	<b>\$ 6,832</b>	<b>\$ 3,542</b>	<b>\$ 2,807</b>	<b>\$ 483</b>

- (a) US equities include companies that are well-diversified by industry sector and equity style (i.e., growth and value strategies). Active and passive management strategies are employed. Investments are primarily in large capitalization stocks and, to a lesser extent, mid- and small-cap stocks.
- (b) International equities are invested in companies that are traded on exchanges outside the US and are well-diversified by industry sector, country and equity style. Active and passive strategies are employed. The vast majority of the investments are made in companies in developed markets with a small percentage in emerging markets.
- (c) Corporate bonds consist primarily of investment grade bonds from diversified industries.
- (d) Government and government-related debt securities are comprised primarily of inflation-protected US treasuries and, to a lesser extent, other government-related securities.
- (e) Collateralized mortgage obligations and mortgage backed-securities are debt obligations that represent claims to the cash flows from pools of mortgage loans, which are purchased from banks, mortgage companies, and other originators and then assembled into pools by governmental, quasi-governmental and private entities.
- (f) Private equity includes investments in several fund of funds limited partnerships.
- (g) Real estate primarily includes investments in real estate limited partnerships, concentrated in commercial real estate.

Schlumberger's funding policy is to annually contribute amounts that are based upon a number of factors including the actuarial accrued liability, amounts that are deductible for income tax purposes, legal funding requirements and available cash flow. Schlumberger expects to contribute approximately \$200 million to its postretirement benefit plans in 2017, subject to market and business conditions.

#### Postretirement Benefits Other Than Pensions

Schlumberger provides certain healthcare benefits to certain former US employees who have retired. Effective April 1, 2015, Schlumberger changed the way it provides healthcare coverage to certain retirees who are age 65 and over. Under the amended plan, these retirees transferred to individual coverage under the Medicare Exchange. Schlumberger subsidizes the cost of the program by providing these retirees with a Health Reimbursement Account. The annual subsidy may be increased based on medical cost inflation, but it will not be increased by more than 5% in any given year.

The actuarial assumptions used to determine the accumulated postretirement benefit obligation and net periodic benefit cost for the US postretirement medical plan were as follows:

	Benefit Obligations At December 31,		Net Periodic Benefit Cost for the Year		
	2016	2015	2016	2015	2014
Discount rate	4.20%	4.50%	4.50%	4.15%	4.85%
Return on plan assets	-	-	7.00%	7.00%	7.00%
Current medical cost trend rate	7.25%	7.50%	7.50%	7.00%	7.25%
Ultimate medical cost trend rate	5.00%	5.00%	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2026	2023	2026	2023	2023

The net periodic benefit cost (credit) for the US postretirement medical plan included the following components:

	<i>(Stated in millions)</i>		
	2016	2015	2014
Service cost	\$ 30	\$ 42	\$ 43
Interest cost	47	48	60
Expected return on plan assets	(57)	(52)	(45)
Amortization of prior service credit	(32)	(32)	(4)
Amortization of net loss	-	13	1
	<u>\$ (12)</u>	<u>\$ 19</u>	<u>\$ 55</u>

The changes in the accumulated postretirement benefit obligation, plan assets and funded status were as follows:

(Stated in millions)

	2016	2015
<b>Change in Projected Benefit Obligations</b>		
Benefit obligation at beginning of year	\$ 1,103	\$ 1,221
Service cost	30	42
Interest cost	47	48
Contribution by plan participants	8	7
Actuarial gains	(32)	(168)
Benefits paid	(48)	(47)
Benefit obligation at end of year	\$ 1,108	\$ 1,103
<b>Change in Plan Assets</b>		
Plan assets at fair value at beginning of year	\$ 884	\$ 854
Actual return on plan assets	68	4
Company contributions	40	66
Contributions by plan participants	8	7
Benefits paid	(48)	(47)
Plan assets at fair value at end of year	\$ 952	\$ 884
<b>Unfunded Liability</b>	<b>\$ (156)</b>	<b>\$ (219)</b>
<b>Amounts Recognized in Accumulated Other Comprehensive Loss</b>		
Actuarial losses	\$ 62	\$ 106
Prior service credit	(243)	(275)
	\$ (181)	\$ (169)

The unfunded liability is included in *Postretirement Benefits* in the *Consolidated Balance Sheet*.

The assets of the US postretirement medical plan are invested 63% in equity securities and 37% in debt securities at December 31, 2016. The fair value of these assets was primarily determined based on Level Two valuation techniques.

Assumed health care cost trend rates have a significant effect on the amounts reported for the US postretirement medical plan. A one percentage point change in assumed health care cost trend rates would have the following effects:

(Stated in millions)

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total service and interest cost components	\$ 3	\$ (3)
Effect on accumulated postretirement benefit obligation	\$ 34	\$ (30)

#### Other Information

The expected benefits to be paid under the US and International pension plans as well as the postretirement medical plan are as follows:

(Stated in millions)

	Pension Benefits		Postretirement Medical Plan
	US	International	
2017	\$ 189	\$ 258	\$ 52
2018	\$ 195	\$ 273	\$ 54
2019	\$ 201	\$ 286	\$ 55
2020	\$ 208	\$ 300	\$ 59
2021	\$ 215	\$ 313	\$ 60
2022-2026	\$ 1,188	\$ 1,784	\$ 325

Included in *Accumulated other comprehensive loss* at December 31, 2016 are non-cash pretax charges which have not yet been recognized in net periodic benefit cost. The estimated portion of each component of *Accumulated other comprehensive loss* which is expected to be recognized as a component of net periodic benefit cost during the year ending December 31, 2017 is as follows:

(Stated in millions)

	Pension Plans	Postretirement Medical Plan
Net actuarial losses	\$ 157	\$ -
Prior service cost (credit)	\$ 109	\$ (29)

In addition to providing defined pension benefits and a postretirement medical plan, Schlumberger and its subsidiaries have other deferred benefit programs, primarily profit sharing and defined contribution pension plans. Expenses for these programs were \$445 million, \$565 million and \$749 million in 2016, 2015 and 2014, respectively.

### 19. Supplementary Information

Cash paid for interest and income taxes was as follows:

(Stated in millions)

	2016	2015	2014
Interest	\$ 599	\$ 346	\$ 389
Income tax	\$ 750	\$ 1,567	\$ 2,048

During the fourth quarter of 2015, Schlumberger entered into an agreement with one of its customers to receive certain fixed assets in lieu of payment of approximately \$200 million of accounts receivable.

*Interest and other income* includes the following:

(Stated in millions)

	2016	2015	2014
Interest income	\$ 110	\$ 52	\$ 51
Earnings of equity method investments	90	184	240
	<u>\$ 200</u>	<u>\$ 236</u>	<u>\$ 291</u>

The change in *Allowance for doubtful accounts* is as follows:

(Stated in millions)

	2016	2015	2014
Balance at beginning of year	\$ 333	\$ 275	\$ 384
Additions	123	75	39
Amounts written off	(59)	(17)	(148)
Balance at end of year	<u>\$ 397</u>	<u>\$ 333</u>	<u>\$ 275</u>

Revenue in excess of billings related to contracts accounted for under the percentage-of-completion method was \$0.5 billion at December 31, 2016.

Accounts payable and accrued liabilities are summarized as follows:

(Stated in millions)

	2016	2015
Payroll, vacation and employee benefits	\$ 1,349	\$ 1,424
Trade	4,004	3,243
Deferred revenue	1,088	406
Other	3,575	2,654
	<u>\$ 10,016</u>	<u>\$ 7,727</u>

## 20. Discontinued Operations

During 2013, Schlumberger completed the wind down of its operations in Iran and, therefore, classified the historical results of this business as a discontinued operation.

In 2009, the US Department of Justice began an investigation into past violations of US sanctions regarding Schlumberger's historical operations in Iran and Sudan that occurred between 2004 and 2010. During the second quarter of 2014, Schlumberger increased its accrual for this contingency and recorded a \$205 million charge, which was reflected within *Loss from discontinued operations* in the *Consolidated Statement of Income*.

During 2015, Schlumberger resolved this investigation and a non-US subsidiary of Schlumberger pleaded guilty to one criminal count of conspiracy to violate the International Emergency Economic Powers Act. Under the terms of the plea agreement, Schlumberger paid approximately \$233 million in fines, penalties and assessments during the second quarter of 2015, which had been previously accrued. This payment is reflected within *Cash flows used in discontinued operations – operating activities* in Schlumberger's *Consolidated Statement of Cash Flows*.

## Management's Report on Internal Control Over Financial Reporting

Schlumberger management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. Schlumberger's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Schlumberger management assessed the effectiveness of its internal control over financial reporting as of December 31, 2016. In making this assessment, it used the criteria set forth in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework*. Based on this assessment Schlumberger's management has concluded that, as of December 31, 2016, its internal control over financial reporting is effective based on those criteria.

The effectiveness of Schlumberger's internal control over financial reporting as of December 31, 2016 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders  
of Schlumberger Limited

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of comprehensive income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Schlumberger Limited and its subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

\_\_\_\_\_  
PricewaterhouseCoopers LLP

Houston, Texas

January 25, 2017

**Quarterly Results**  
(Unaudited)

The following table summarizes Schlumberger's results by quarter for the years ended December 31, 2016 and 2015.

(Stated in millions, except per share amounts)

	Revenue (2)	Gross Margin (1), (2)	Net Income (Loss) Attributable to Schlumberger (2)	Earnings per Share of Schlumberger (2)	
				Basic	Diluted
<b>Quarters 2016</b>					
First	\$ 6,520	\$ 1,059	\$ 500	\$ 0.40	\$
Second (3)	7,164	850	(2,159)	(1.56)	
Third (4)	7,019	876	176	0.13	
Fourth (5)	7,107	914	(204)	(0.15)	
	<u>\$ 27,810</u>	<u>\$ 3,700</u>	<u>\$ (1,687)</u>	<u>\$ (1.24)</u>	<u>\$</u>
<b>Quarters 2015</b>					
First (6)	\$ 10,248	\$ 2,152	\$ 975	\$ 0.76	\$
Second	9,010	1,874	1,124	0.89	
Third	8,472	1,674	989	0.78	
Fourth (7)	7,744	1,451	(1,016)	(0.81)	
	<u>\$ 35,475</u>	<u>\$ 7,154</u>	<u>\$ 2,072</u>	<u>\$ 1.63</u>	<u>\$</u>

- (1) Gross margin equals *Total Revenue* less *Cost of Services* and *Cost of Sales*.  
(2) Amounts may not add due to rounding.  
(3) Net income in the second quarter of 2016 includes after-tax charges of \$2.476 billion.  
(4) Net income in the third quarter of 2016 includes after-tax charges of \$176 million.  
(5) Net income in the fourth quarter of 2016 includes after-tax charges of \$583 million.  
(6) Net income in the first quarter of 2015 includes after-tax charges of \$383 million.  
(7) Net income in the fourth quarter of 2015 includes after-tax charges of \$1.835 billion.

\* Mark of Schlumberger

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

Schlumberger has carried out an evaluation under the supervision and with the participation of Schlumberger's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of Schlumberger's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based on this evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this report, Schlumberger's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that Schlumberger files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Schlumberger's disclosure controls and procedures include controls and procedures designed so that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to its management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure. There has been no change in Schlumberger's internal control over financial reporting that occurred during the fourth quarter of 2016 that has materially affected, or is reasonably likely to materially affect, Schlumberger's internal control over financial reporting.

**Item 9B. Other Information.**

Schlumberger completed the wind down of its service operations in Iran during 2013. Prior to this, certain non-U.S. subsidiaries provided oilfield services to the National Iranian Oil Company and certain of its affiliates (“NIOC”).

Schlumberger’s residual transactions or dealings with the government of Iran during 2016 consisted of payments of taxes and other typical governmental charges. Certain non-U.S. subsidiaries maintained depository accounts at the Dubai branch of Bank Saderat Iran (“Saderat”), and at Bank Tejarat (“Tejarat”) in Tehran and in Kish for the deposit by NIOC of amounts owed to non-U.S. subsidiaries of Schlumberger for prior services rendered in Iran and for the maintenance of such amounts previously received. One non-U.S. subsidiary also maintains an account at Tejarat for payment of local expenses such as taxes and utilities. Schlumberger anticipates that it will discontinue its dealings with Saderat and Tejarat following the receipt of all amounts owed for prior services rendered in Iran.

During the fourth quarter of 2016, a non-US subsidiary entered into a memorandum of understanding (“MOU”) with NIOC relating to the non-disclosure of data required for the technical evaluation of an oilfield project. The MOU does not involve the provision of services.

**Item 10. Directors, Executive Officers and Corporate Governance of Schlumberger.**

See “Item 1. Business – Executive Officers of Schlumberger” of this Report for Item 10 information regarding executive officers of Schlumberger. The information under the captions “Election of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance – Director Nominations” and “Corporate Governance – Board Committees – Audit Committee” in Schlumberger’s 2017 Proxy Statement is incorporated herein by reference.

Schlumberger has a Code of Conduct that applies to all of its directors, officers and employees, including its principal executive, financial and accounting officers, or persons performing similar functions. Schlumberger’s Code of Conduct is posted on its website at [www.slb.com/about/codeofconduct.aspx](http://www.slb.com/about/codeofconduct.aspx). Schlumberger intends to disclose future amendments to the Code of Conduct and any grant of a waiver from a provision of the Code of Conduct requiring disclosure under applicable SEC rules at [www.slb.com/about/codeofconduct.aspx](http://www.slb.com/about/codeofconduct.aspx).

**Item 11. Executive Compensation.**

The information set forth under the captions “Compensation Discussion and Analysis,” “Executive Compensation Tables and Accompanying Narrative,” “Compensation Committee Report” and “Director Compensation in Fiscal Year 2016” in Schlumberger’s 2017 Proxy Statement is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information under the captions “Stock Ownership Information—Security Ownership by Certain Beneficial Owners,” “Stock Ownership Information—Security Ownership by Management” and “Equity Compensation Plan Information” in Schlumberger’s 2017 Proxy Statement is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information under the captions “Corporate Governance—Board Independence” and “Corporate Governance—Policies and Procedures for Approval of Related Person Transactions” in Schlumberger’s 2017 Proxy Statement is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services.**

The information under the caption “Appointment of Independent Registered Public Accounting Firm” in Schlumberger’s 2017 Proxy Statement is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules.**

(a) The following documents are filed as part of this Report:

	Page(s)
(1) Financial Statements	
<a href="#">Consolidated Statement of Income for the three years ended December 31, 2016</a>	30
<a href="#">Consolidated Statement of Comprehensive Income for the three years ended December 31, 2016</a>	31
<a href="#">Consolidated Balance Sheet at December 31, 2016 and 2015</a>	32
<a href="#">Consolidated Statement of Cash Flows for the three years ended December 31, 2016</a>	33
<a href="#">Consolidated Statement of Stockholders' Equity for the three years ended December 31, 2016</a>	34 and 35
<a href="#">Notes to Consolidated Financial Statements</a>	36 to 63
<a href="#">Report of Independent Registered Public Accounting Firm</a>	65
<a href="#">Quarterly Results (Unaudited)</a>	66

Financial statements of companies accounted for under the equity method and unconsolidated subsidiaries have been omitted because they do not meet the materiality tests for assets or income.

- (2) Financial Statement Schedules not required
- (3) Exhibits: the exhibits listed in the accompanying "Index to Exhibits" are filed or incorporated by reference as part of this Form 10-K.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 25, 2017

SCHLUMBERGER LIMITED

By: /s/ HOWARD GUILD  
**Howard Guild**  
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title
<u>*</u> Paal Kibsgaard	Chairman and Chief Executive Officer (Principal Executive Officer)
<u>/s/ SIMON AYAT</u> Simon Ayat	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ HOWARD GUILD</u> Howard Guild	Chief Accounting Officer (Principal Accounting Officer)
<u>*</u> Peter L.S. Currie	Director
<u>*</u> V. Maureen Kempston Darkes	Director
<u>*</u> Helge Lund	Director
<u>*</u> Nikolay Kudryavtsev	Director
<u>*</u> Michael E. Marks	Director
<u>*</u> Indra K. Nooyi	Director
<u>*</u> Lubna S. Olayan	Director
<u>*</u> Leo Rafael Reif	Director
<u>*</u> Tore Sandvold	Director
<u>*</u> Henri Seydoux	Director
<u>/s/ ALEXANDER C. JUDEN</u> *By Alexander C. Juden Attorney-in-Fact	January 25, 2017

Articles of Incorporation of Schlumberger Limited (Schlumberger N.V.), as last amended on April 6, 2016 (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on April 6, 2016)	3.1
Amended and Restated By-Laws of Schlumberger Limited (Schlumberger N.V.), as last amended on January 19, 2017 (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on January 19, 2017)	3.2
Indenture dated as of December 3, 2013, by and among Schlumberger Investment SA, as issuer, Schlumberger Limited, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Schlumberger's Current Report on Form 8-K filed on December 3, 2013)	4.1
First Supplemental Indenture dated as of December 3, 2013, by and among Schlumberger Investment SA, as issuer, Schlumberger Limited, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (including form of global notes representing 3.650% Senior Notes due 2023) (incorporated by reference to Exhibit 4.2 to Schlumberger's Current Report on Form 8-K filed on December 3, 2013)	4.2
Schlumberger Limited Supplementary Benefit Plan, as conformed to include amendments through January 1, 2009 (incorporated by reference to Exhibit 10.2 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2008) (+)	10.1
Schlumberger Limited Restoration Savings Plan, as conformed to include amendments through January 1, 2009 (incorporated by reference to Exhibit 10.3 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2008) (+)	10.2
First Amendment to Schlumberger Limited Restoration Savings Plan (incorporated by reference to Exhibit 10.3 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013) (+)	10.3
Schlumberger 1998 Stock Option Plan, as conformed to include amendments through January 1, 2009 (incorporated by reference to Exhibit 10.4 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2008) (+)	10.4
Third Amendment to Schlumberger 1998 Stock Option Plan (incorporated by reference to Exhibit 10.4 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.5
Schlumberger 2001 Stock Option Plan, as conformed to include amendments through January 1, 2009 (incorporated by reference to Exhibit 10.5 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2008) (+)	10.6
Second Amendment to Schlumberger 2001 Stock Option Plan (incorporated by reference to Exhibit 10.5 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.7
Schlumberger Limited 2004 Stock and Deferral Plan for Non-Employee Directors, amended and restated effective January 19, 2012 (incorporated by reference to Exhibit 10 to Schlumberger's Current Report on Form 8-K filed on April 11, 2012.) (+)	10.8
Schlumberger 2005 Stock Incentive Plan, as conformed to include amendments through January 1, 2009 (incorporated by reference to Exhibit 10.6 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2008) (+)	10.9
Third Amendment to Schlumberger 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.10
Schlumberger 2008 Stock Incentive Plan, as conformed to include amendments through January 1, 2009 (incorporated by reference to Exhibit 10.8 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2008) (+)	10.11
Second Amendment to Schlumberger 2008 Stock Incentive Plan (incorporated by reference to Exhibit 10.7 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.12
Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Schlumberger's Current Report on Form 8-K filed on April 9, 2010) (+)	10.13
First Amendment to Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.8 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.14

Rules of the Schlumberger 2010 Omnibus Stock Incentive Plan, French Sub-Plan for Restricted Units (incorporated by reference to Exhibit 10.1 to Schlumberger's Current Report on Form 8-K filed on April 6, 2016) (+)	10.15
Cameron International Corporation Equity Incentive Plan, as amended and restated January 1, 2013 (+)(*)	10.16
Form of 2014 Three-Year Performance Share Unit Award Agreement under Schlumberger 2013 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014) (+)	10.17
French Sub-Plan of Schlumberger 2010 Omnibus Stock Incentive Plan for Employees in France (incorporated by reference to Exhibit 10.7 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013) (+)	10.18
Form of Option Agreement (Employees in France), Incentive Stock Option, under Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.10 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.19
Form of Option Agreement (Employees in France), Non-Qualified Stock Option, under Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.11 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.20
Form of Restricted Stock Unit Award Agreement (Employees in France) under Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.12 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.21
Schlumberger 2013 Omnibus Stock Incentive Plan (incorporated by reference to Appendix A to Schlumberger's Definitive Proxy Statement on Schedule 14A filed on March 1, 2013) (+)	10.22
First Amendment to Schlumberger 2013 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.9 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013) (+)	10.23
Form of Option Agreement, Incentive Stock Option, under Schlumberger 2013 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Schlumberger's Quarterly Report on Form 10-Q for the quarter ended in June 30, 2015) (+)	10.24
Form of Option Agreement, Non-Qualified Stock Option, under Schlumberger 2013 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015) (+)	10.25
Form of Restricted Stock Unit Award Agreement under Schlumberger 2013 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015) (+)	10.26
Schlumberger Discounted Stock Purchase Plan, as amended and restated effective as of January 1, 2013 (incorporated by reference to Appendix B to Schlumberger's Definitive Proxy Statement on Schedule 14A filed on March 1, 2013) (+)	10.27
Form of Option Agreement, Uncapped Incentive Stock Option (for 2001, 2005 and 2008 stock plans) (incorporated by reference to Exhibit 10.11 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2009) (+)	10.28
Form of Option Agreement, Uncapped Non-Qualified Stock Option (for 2001, 2005 and 2008 stock plans) (incorporated by reference to Exhibit 10.12 to Schlumberger's Annual Report on Form 10-K for the year ended December 31, 2009) (+)	10.29
Form of Incentive Stock Option Agreement under the Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015) (+)	10.30
Form of Restricted Stock Unit Award Agreement under the Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.7 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015) (+)	10.31
Form of Non-Qualified Stock Option Agreement under the Schlumberger 2010 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.8 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015) (+)	10.32

Form of 2016 Three-Year Performance Share Unit Award Agreement under the Schlumberger 2013 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended April 27, 2016) (+)	10.33
Employment Agreement effective as of June 1, 2016 by and between Schlumberger Limited and Sherif Foda (incorporated by reference to Exhibit 10.1 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (+).	10.34
Form of Cameron International Corporation Performance-Based Restricted Stock Award Agreement (+)(*)	10.35
Form of Cameron International Corporation Restricted Stock Unit Award Agreement (+)(*)	10.36
Cameron International Corporation Restricted Stock Unit Award Agreement, applicable to Chief Executive Officer, dated October 14, 2015 (+)(*)	10.37
Form of 2015 Cameron International Corporation Stock Option Agreement applicable to Chief Executive Officer (+)(*)	10.38
Form of 2011 Cameron International Corporation Non-Qualified Stock Option Agreement (+)(*)	10.39
Form of 2013 Cameron International Corporation Non-Qualified Stock Option Agreement (+)(*)	10.40
Form of 2014 Cameron International Corporation Non-Qualified Stock Option Agreement (+)(*)	10.41
Form of 2010 Cameron International Corporation Incentive Stock Option Agreement (+)(*)	10.42
Form of 2011 Cameron International Corporation Incentive Stock Option Agreement (+)(*)	10.43
Form of 2013 Cameron International Corporation Incentive Stock Option Agreement (+)(*)	10.44
Form of 2014 Cameron International Corporation Incentive Stock Option Agreement (+)(*)	10.45
Form of Indemnification Agreement (incorporated by reference to Exhibit 10 to Schlumberger's Current Report on Form 8-K filed on October 21, 2013)	10.46
Subsidiaries (*)	21
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Certification of Chief Executive Officer pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)	31.1
Certification of Chief Financial Officer pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)	31.2
Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*)	32.1
Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*)	32.2
Mine Safety Disclosure (*)	95
The following materials from Schlumberger Limited's Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statement of Income, (ii) Consolidated Statement of Comprehensive Income, (iii) Consolidated Balance Sheet, (iv) Consolidated Statement of Cash Flows, (v) Consolidated Statement of Equity and (vi) Notes to Consolidated Financial Statements. (*)	101
(*) Exhibits electronically filed with this Form 10-K. All other exhibits incorporated by reference.	
(+ ) Management contracts or compensatory plans or arrangements.	

**Cameron International Corporation**  
**Equity Incentive Plan**  
**(Amended and Restated as of January 1, 2013)**

Cameron International Corporation (the “Company”), a Delaware corporation, hereby amends and restates the following 2005 Equity Incentive Plan (the “Plan”).

## **1. Purpose of the Plan**

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The purpose of the Plan is to assist the Company and its Subsidiaries in attracting and retaining selected individuals to serve as employees and directors of the Company who are expected to contribute to the Company’s success and to achieve long-term objectives which will inure to the benefit of all stockholders of the Company through the additional incentives inherent in the Awards hereunder.

## **2. Definitions**

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2.1 **“Authorized Officer”** shall mean the Chairman of the Board, the Chief Executive Officer of the Company or the senior human resources officer of the Company (or any other senior officer of the Company to whom any of such individuals shall delegate the authority to execute any Award Agreement).

2.2 **“Award”** shall mean any Option, Stock Appreciation Right, Restricted Stock Award, Performance Award, Stock Unit Award, Cash Award or any other right, interest or option relating to Shares or other property (including cash) granted pursuant to the provisions of the Plan.

2.3 **“Award Agreement”** shall mean any agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder. Such agreement may be in electronic or written form.

2.4 **“Board”** shall mean the board of directors of the Company.

2.5 **“Cash Award”** shall mean an Award denominated in cash.

2.6 **“Code”** shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.7 **“Committee”** shall mean the committee of the Board charged with oversight of the Company’s incentive compensation and equity-based plans, which, at the time of the adoption of this Plan is the Compensation and Governance Committee. The Committee consists and always will consist of no fewer than two Directors.

2.8 **“Covered Employee”** shall mean a “covered employee” within the meaning of Section 162(m) of the Code.

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- 2.9        “**Director**” shall mean a non-employee member of the Board and any prospective director conditioned upon, and effective not earlier than, such person’s becoming a non-employee member of the Board.
- 2.10       “**Dividend Equivalents**” shall have the meaning set forth in Section 12.5.
- 2.11       “**Employee**” shall mean any employee of the Company or any Subsidiary and any prospective employee conditioned upon, and effective not earlier than, such person’s becoming an employee of the Company or any Subsidiary.
- 2.12       “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.
- 2.13       “**Fair Market Value**” shall mean, with respect to any property other than Shares, the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. The Fair Market Value of a Share shall mean, as of a particular date, (1) if Shares are listed on a national securities exchange, the closing sales price per Share on the consolidated transaction reporting system for the principal national securities exchange on which Shares are listed on that date, or, if there shall have been no such sale so reported on that date, on the last preceding date on which such a sale was so reported, (2) if the Shares are not so listed, the average of the closing bid and asked price on that date, or, if there are no quotations available for such date, on the last preceding date on which such quotations shall be available, as reported by an inter-dealer quotation system, (3) if Shares are not publicly traded, the most recent value determined by an independent appraiser appointed by the Committee for such purpose, or (4) if none of the above are applicable, the fair market value of a Share as determined in good faith by the Committee.
- 2.14       “**Freestanding Stock Appreciation Right**” shall have the meaning set forth in Section 6.1.
- 2.15       “**Incentive Stock Option**” shall mean an Option intended to qualify as an “incentive stock option” as defined in Section 422 of the Code.
- 2.16       “**Limitations**” shall have the meaning set forth in Section 10.5.
- 2.17       “**Option**” shall mean any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine.
- 2.18       “**Participant**” shall mean an Employee or Director to whom an Award has been made under this Plan.
- 2.19       “**Payee**” shall have the meaning set forth in Section 13.1.
- 2.20       “**Performance Award**” shall mean any Award of Performance Shares, Performance Units or any other Award made subject to the attainment of performance goals granted pursuant to Article 9.
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- 2.21 **“Performance Period”** shall mean that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.
- 2.22 **“Performance Share”** shall mean any grant pursuant to Article 9 of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.
- 2.23 **“Performance Unit”** shall mean any grant pursuant to Article 9 of a unit valued by reference to a designated amount of property (including cash and Shares), which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.
- 2.24 **“Permitted Assignee”** shall have the meaning set forth in Section 12.3.
- 2.25 **“Prior Plans”** shall mean, collectively, the NATCO Group, Inc. 1998 Employee Stock Option Plan, the NATCO Group, Inc. 2004 Stock Incentive Plan, the NATCO Group, Inc. 2006 Long-Term Incentive Plan, the Company’s Long-Term Incentive Plan, the Company’s Broadbased 2000 Incentive Plan, and the Company’s 1995 Stock Option Plan for Non-Employee Directors.
- 2.26 **“Restatement Date”** shall mean January 1, 2013.
- 2.27 **“Restricted Stock”** shall mean any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.
- 2.28 **“Restriction Period”** shall have the meaning set forth in Section 7.1.
- 2.29 **“Restricted Stock Award”** shall have the meaning set forth in Section 7.1.
- 2.30 **“Shares”** shall mean the shares of common stock of the Company, par value \$.01 per share.
- 2.31 **“Stock Appreciation Right”** shall mean the right granted to a Participant pursuant to Section 6.
- 2.32 **“Stock Unit Award”** shall have the meaning set forth in Section 8.1.
- 2.33 **“Subsidiary”** shall mean (i) in the case of a corporation, a “subsidiary corporation” of the Company as defined in Section 424(f) of the Code and (ii) in the case of a partnership or other business entity not organized as a corporation, any such business entity of which the Company directly or indirectly owns 50% or more of the voting, capital or profits interests (whether in the form of partnership interests, membership interests or otherwise).
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2.34 “**Substitute Awards**” shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

2.35 “**Tandem Stock Appreciation Right**” shall have the meaning set forth in Section 6.1.

### **3. Shares Subject to the Plan**

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#### **3.1 Number of Shares.**

a. Subject to adjustment under Section 12.2, on or after the Restatement Date a total of 15,242,718 Shares shall be authorized for grant under the Plan, less one (1) Share for every one (1) Share that was subject to an Option or SAR granted after December 31, 2012 and one and seventy-nine hundredths (1.79) Shares for every one Share that was subject to an Award other than an Option or SAR granted after December 31, 2012.

b. If (i) any Shares subject to an Award are forfeited, an Award expires or an Award is settled for cash (in whole or in part), or (ii) after December 31, 2012 any Shares subject to an award under any Prior Plan are forfeited, an award under any Prior Plan expires or is settled for cash (in whole or in part), then in each such case the Shares subject to such Award or award under any Prior Plan shall, to the extent of such forfeiture, expiration or cash settlement, again be available for Awards under the Plan, in accordance with Section 3.1(d) below. In the event that withholding tax liabilities arising from an Award other than an Option or Stock Appreciation Right or, after December 31, 2012, an award other than an option or stock appreciation right under any Prior Plan are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, the Shares so tendered or withheld shall again be available for Awards under the Plan in accordance with Section 3.1(d) below. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under paragraph (a) of this Section: (i) Shares tendered by the Participant or withheld by the Company in payment of the purchase price of an Option or, after December 31, 2012, an option under any Prior Plan, (ii) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to Options or Stock Appreciation Rights or, after December 31, 2012, options or stock appreciation rights under any Prior Plan, (iii) Shares subject to a Stock Appreciation Right or, after December 31, 2012, a stock appreciation right under any Prior Plan that are not issued in connection with its stock settlement on exercise thereof, and (iv) Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options or, after December 31, 2012, options under any Prior Plan.

c. Substitute Awards shall not reduce the Shares authorized for grant under the Plan or authorized for grant to a Participant in any calendar year. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable

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to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

d. Any Shares that again become available for grant pursuant to this Section shall be added back as (i) one (1) Share for every one (1) Share subject to Options or Stock Appreciation Rights granted under the Plan or options or stock appreciation rights granted under any Prior Plan, and (ii) as one and seventy-nine hundredths (1.79) Shares for every one (1) Share subject to Awards other than Options or Stock Appreciation Rights granted under the Plan or awards other than options or stock appreciation rights granted under any Prior Plan.

e. The aggregate grant date fair value of awards to a Director in any calendar year shall not exceed \$500,000.

3.2 **Character of Shares.** Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

## **4. Eligibility and Administration**

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4.1 **Eligibility.** Any Employee or Director shall be eligible to be selected as a Participant.

4.2 **Administration.**

a. The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees and Directors to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards, not inconsistent with the provisions of the Plan, to be granted to each Participant hereunder; (iii) determine the number of Shares to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (vii) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended; (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) determine whether any Award will have Dividend Equivalents; and (xii) make any other determination and take any

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other action that the Committee deems necessary or desirable for administration of the Plan. Subject to Section 5.3 and Section 6.2(a) hereof, the Committee may, in its discretion, (x) provide for the extension of the exercisability of an Award, or (y) in the event of death, disability, retirement or change of control, accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions contained in an Award, waive any restriction or other provision of this Plan or an Award or otherwise amend or modify an Award in any manner that is, in either case, (1) not adverse to the Participant to whom such Award was granted, (2) consented to by such Participant or (3) authorized by Section 12.2 hereof; provided, however, that no such action shall permit the term of any Option to be greater than 10 years from its Grant Date.

b. Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Subsidiary. A majority of the members of the Committee may determine its actions and fix the time and place of its meetings.

4.3 **Delegation of Authority.** The Committee may delegate any of its authority to grant Awards to Employees who are not subject to Section 16(b) of the Exchange Act, subject to Section 4.2(a) above, to the Board or to any other committee of the Board, provided such delegation is made in writing and specifically sets forth such delegated authority. The Committee may also delegate to an Authorized Officer authority to execute on behalf of the Company any Award Agreement. The Committee and the Board, as applicable, may engage or authorize the engagement of a third party administrator to carry out administrative functions under this Plan. Any such delegation hereunder shall only be made to the extent permitted by applicable law.

4.4 **Indemnity.** No member of the Board or the Committee or officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Section 4.3 of this Plan shall be liable for anything done or omitted to be done by him, by any member of the Board or the Committee or by any officer of the Company in connection with the performance of any duties under this Plan, except for his own willful misconduct or as expressly provided by statute.

## 5. Options

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5.1 **Grant of Options.** Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option shall be subject to the terms and conditions of this Article and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem desirable.

5.2 **Award Agreements.** All Options granted pursuant to this Article shall be evidenced by a written or electronic Award Agreement in such form and containing such terms and conditions as the Committee shall determine which are not inconsistent with the provisions of the Plan, including, if required by the Committee, execution by the Participant to whom the Award is granted. The terms of Options need not be the same with respect to each Participant. Granting of an Option pursuant to the Plan shall impose no obligation on the recipient to exercise such Option. Any individual who is granted an Option pursuant to this Article may hold more than one Option granted pursuant to the Plan at the same time.

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5.3 **Option Price.** Other than in connection with Substitute Awards, the option price per each Share purchasable under any Option granted pursuant to this Article shall not be less than 100% of the Fair Market Value of such Share on the date of grant of such Option. Other than pursuant to Section 12.2, the Committee shall not, without the approval of the Company's stockholders, (a) lower the option price per Share of an Option after it is granted, (b) cancel an Option when the option price per Share exceeds the Fair Market Value of the underlying Shares in exchange for cash or for another Award (other than in connection with Substitute Awards), and (c) take any other action with respect to an Option that may be treated as a repricing under the rules and regulations of the principal national securities exchange on which Shares are listed.

5.4 **Option Term.** The term of each Option shall be fixed by the Committee in its sole discretion; provided that no Option shall be exercisable after the expiration of 10 years from the date the Option is granted; provided further, that if an Option other than an Incentive Stock Option would otherwise expire when trading in Shares is prohibited by law or by Company insider trading policy, the Award Agreement may provide for the automatic extension of the Option term to the 30<sup>th</sup> day after expiration of such prohibition; provided further, that any such extension will not subject the Option to Code Section 409A.

5.5 **Exercise of Options.** Vested Options granted under the Plan may be exercised by the Participant, by a Permitted Assignee thereof, or by the Participant's executors, administrators, guardian or legal representative as to all or part of the Shares covered thereby, by the giving of notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased, accompanied by payment of the full purchase price for the Shares being purchased. Unless otherwise provided in an Award Agreement, full payment of such purchase price shall be made at the time of exercise and shall be made (a) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (b) by tendering previously acquired Shares (either actually or by attestation, valued at their then-Fair Market Value), (c) with the consent of the Committee, by delivery of other consideration (including, where permitted by law and the Committee, other Awards) having a Fair Market Value on the exercise date equal to the total purchase price, (d) with the consent of the Committee, by withholding Shares otherwise issuable in connection with the exercise of the Option, (e) through any other method specified in an Award Agreement, or (f) any combination of any of the foregoing. The notice of exercise, accompanied by such payment, shall be delivered to the Company at its principal business office or such other office as the Committee may from time to time direct, and shall be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. In no event may any Option granted hereunder be exercised for a fraction of a Share. No adjustment shall be made for ordinary cash dividends or other rights for which the record date is prior to the date as of which the Participant exercises the Option and becomes the sole owner of the subject Shares. An Option shall be automatically exercised as of the end of the last day of the term of the Option, if the Option price is less than the Fair Market Value of a Share on such date, on a net exercise basis as contemplated by Section 5.5(d) and with tax withholding satisfied by the Company retaining Shares from the exercise as contemplated by Section 13.1.

5.6 **Form of Settlement.** In its sole discretion, the Committee may provide, at the time of grant, that the Shares to be issued upon an Option's exercise shall be in the form of Restricted Stock or other similar securities, or may reserve the right so to provide after the time of grant.

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5.7 **Incentive Stock Options.** The Committee may grant Incentive Stock Options to any Employee of the Company or any Subsidiary, subject to the requirements of Section 422 of the Code. Notwithstanding anything in Section 3.1 to the contrary and solely for the purposes of determining whether Shares are available for the grant of “incentive stock options” under the Plan, the maximum aggregate number of Shares with respect to which “incentive stock options” may be granted under the Plan shall be 15,242,718 Shares.

## 6. Stock Appreciation Rights

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6.1 **Grant and Exercise.** The Committee may provide Stock Appreciation Rights (a) in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (“Tandem Stock Appreciation Right”), (b) in conjunction with all or part of any Award (other than an Option) granted under the Plan or at any subsequent time during the term of such Award, or (c) without regard to any Option or other Award (a “Freestanding Stock Appreciation Right”), in each case upon such terms and conditions as the Committee may establish in its sole discretion.

6.2 **Terms and Conditions.** Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

a. Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of (i) the Fair Market Value of one Share on the date of exercise or such other amount as the Committee shall so determine at any time during a specified period before the date of exercise over (ii) the grant price of the right on the date of grant, or in the case of a Tandem Stock Appreciation Right granted on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards or in connection with an adjustment provided in Section 12.2, shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be other than pursuant to Section 12.2, the Committee shall not, without the approval of the Company stockholders, (a) lower the grant price of a Stock Appreciation Right after it is granted, (b) cancel a Stock Appreciation Right when the grant price exceeds the Fair Market Value of the underlying Shares in exchange for cash or for another Award (other than in connection with Substitute Awards), and (c) take any other action with respect to a Stock Appreciation Right that may be treated as a repricing under the rules and regulations of the national securities exchange on which Shares are listed.

b. Upon the exercise of a Stock Appreciation Right, the Committee shall determine in its sole discretion whether payment shall be made in cash, in whole Shares or other property, or any combination thereof.

c. Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or at any time thereafter before exercise or expiration of such Option.

d. Any Tandem Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related Option exceeds the option price at which Shares can be

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acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies.

e. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised.

f. The provisions of Stock Appreciation Rights need not be the same with respect to each recipient.

g. The Committee may impose such other conditions or restrictions on the terms of exercise and the exercise price of any Stock Appreciation Right, as it shall deem appropriate, including providing that the exercise price of a Tandem Stock Appreciation Right may be less than the Fair Market Value on the date of grant if the Tandem Stock Appreciation Right is added to an Option following the date of the grant of the Option. Notwithstanding the foregoing provisions of this Section 6.2(g), but subject to Section 12.2, a Freestanding Stock Appreciation Right shall be evidenced by an electronic or written Award Agreement and generally have the same terms and conditions as Options, including (i) an exercise price not less than Fair Market Value on the date of grant and (ii) a term not greater than 10 years (including an extension of term as provided in Section 5.4 and automatic exercise of an otherwise expiring Award provided in Section 5.5). In addition to the foregoing, but subject to Section 12.2, the base amount of any Stock Appreciation Right shall not be reduced after the date of grant.

h. The Committee may impose such terms and conditions on Stock Appreciation Rights granted in conjunction with any Award (other than an Option) as the Committee shall determine in its sole discretion.

## **7. Restricted Stock Awards**

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7.1 **Grants.** Awards of Restricted Stock may be issued hereunder to Participants either alone or in addition to other Awards granted under the Plan (a "Restricted Stock Award"), and such Restricted Stock Awards shall also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. A Restricted Stock Award shall be subject to restrictions imposed by the Committee covering a period of time specified by the Committee (the "Restriction Period"). The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Subsidiary as a condition precedent to the issuance of Restricted Stock.

7.2 **Award Agreements.** The terms of any Restricted Stock Award granted under the Plan shall be set forth in an electronic or written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of Restricted Stock Awards need not be the same with respect to each Participant.

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7.3 **Rights of Holders of Restricted Stock.** Beginning on the date of grant of the Restricted Stock Award and subject to the terms and conditions of the Award, the Participant shall become a shareholder of the Company with respect to all Shares subject to the Award and shall have all of the rights of a shareholder, including the right to vote such Shares and the right to receive distributions made with respect to such Shares; provided, however, that any Shares or any other property (other than cash) distributed as a dividend or otherwise with respect to any Restricted Stock as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Restricted Stock.

## 8. Stock Unit Awards; Cash Awards

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8.1 **Grants.** Other Awards of units having a value equal to a number of Shares (“Stock Unit Awards”) may be granted hereunder to Participants, in addition to other Awards granted under the Plan. Stock Unit Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based incentive compensation.

8.2 **Award Agreements.** The terms of Stock Unit Awards granted under the Plan shall be set forth in an electronic or written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of such Awards need not be the same with respect to each Participant.

8.3 **Payment.** Except as provided in Article 10 or as may be provided in an Award Agreement, Stock Unit Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee at the time of payment. Stock Unit Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis.

8.4 **Cash Awards.** An Employee Award may be in the form of a Cash Award. The terms, conditions and limitations applicable to a Cash Award, including, but not limited to, vesting or other restrictions, shall be determined by the Committee.

## 9. Performance Awards

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9.1 **Grants.** Performance Awards in the form of Performance Shares or Performance Units, as determined by the Committee in its sole discretion, may be granted hereunder to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 10.2.

9.2 **Award Agreements.** The terms of any Performance Award granted under the Plan shall be set forth in an electronic or written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan, including whether such Awards shall have Dividend Equivalents. The terms of Performance Awards need not be the same with respect to each Participant.

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9.3 **Terms and Conditions.** The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. The amount of the Award to be distributed shall be conclusively determined by the Committee.

9.4 **Payment.** Except as provided in Article 11 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee at the time of payment. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

## 10. Code Section 162(m) Provisions

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10.1 **Covered Employees.** Notwithstanding any other provision of the Plan, if the Committee determines at the time a Restricted Stock Award, a Performance Award, a Stock Unit Award, or Cash Award is granted to a Participant who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Article 10 is applicable to such Award.

10.2 **Performance Criteria.** If the Committee determines that a Restricted Stock Award, a Performance Award, a Stock Unit Award, or Cash Award is subject to this Article 10, the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of the following: revenues; booking of orders; earnings, or some derivative thereof such as earnings before interest and taxes (“EBIT”), earnings before interest, taxes, depreciation and amortization (“EBITDA”), or earnings per share; operating income; pre- or after-tax income; cash flow; net earnings; return on equity (“ROE”); return on capital (including return on total capital or return on invested capital); return on assets or net assets; economic value added (“EVA”) (or an equivalent metric); margins; share price performance; total shareholder return (“TSR”); improvement in or attainment of expense levels; safety performance; on-time delivery; and improvement in or attainment of working capital levels of the Company or any Subsidiary, division, business unit or product line of the Company for or within which the Participant is primarily employed. Such performance goals also may be based solely by reference to the Company’s performance or the performance of a Subsidiary, division, business unit or product line of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, and the regulations thereunder. The Committee may provide in any such Performance Award that any evaluation of performance may include or exclude certain events that occur during a Performance Period including but not limited to: (i) amortization, depreciation or impairment of tangible or intangible assets, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs or reductions in force or early retirement programs, (v) any extraordinary non-recurring items that may be defined in an objective and non-discretionary manner under or by reference to U.S. Generally Accepted Accounting Principles, accounting standards or other applicable accounting standards in effect

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from time to time and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year, (vi) the sale of investments or non-core assets; (vii) discontinued operations, categories or segments; (viii) investments, acquisitions or dispositions; (ix) political, legal and other business interruptions (such as due to war, insurrection, riot, terrorism, confiscation, expropriation, nationalization, deprivation, seizure, and regulatory requirements); (x) natural catastrophes; (xi) currency fluctuations; (xii) stock based compensation expense; (xiii) stock repurchases; (xiv) early retirement of debt; (xv) conversion of convertible debt securities; and (xvi) termination of real estate leases.

10.3 **Adjustments.** Notwithstanding any provision of the Plan (other than Article 12), with respect to any Restricted Stock, Performance Award, Stock Unit Award, or Cash Award that is subject to this Section 10, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals, except in the case of the death or disability of the Participant or change of control or as otherwise determined by the Committee in special circumstances.

10.4 **Restrictions.** The Committee shall have the power to impose such other restrictions on Awards subject to this Article as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m) of the Code.

10.5 **Limitations on Grants to Individual Participant.** Subject to adjustment as provided in Section 12.2, no Participant may be granted (i) Options or Stock Appreciation Rights during any calendar year with respect to more than 1,500,000 Shares, (ii) Restricted Stock, Performance Awards and/or Stock Unit Awards that are denominated in Shares in any calendar year with respect to more than 1,500,000 Shares (the "Limitations"). In addition to the foregoing, the maximum dollar value payable to any Participant in any calendar year with respect to a Cash Award that is a Performance Award is \$5,000,000. If an Award is cancelled, the cancelled Award shall continue to (including a Performance Unit denominated in cash) be counted toward the applicable Limitations.

## **11. Cancellation of Award; Clawbacks**

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Notwithstanding anything to the contrary contained herein, (1) an Award Agreement may provide that the Award shall be canceled if the Participant, without the consent of the Company, while employed by the Company or any Subsidiary or after termination of such employment or service, establishes a relationship with a competitor of the Company or any Subsidiary or engages in activity that is in conflict with or adverse to the interest of the Company or any Subsidiary, as determined by the Committee in its sole discretion and (2) all Awards shall be subject to any clawback policy adopted by the Company whether before or after the grant of the Award.

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## 12. Generally Applicable Provisions

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12.1 **Amendment, Modification, Suspension or Termination.** The Board may amend, modify, suspend or terminate this Plan (and the Committee may amend an Award Agreement) for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (1) no amendment or alteration that would adversely affect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (2) no amendment or alteration shall be effective prior to its approval by the stockholders of the Company to the extent stockholder approval is otherwise required by applicable legal requirements or the requirements of the securities exchange on which the Company's stock is listed, including any amendment that expands the types of Awards available under this Plan, materially increases the number of Shares available for Awards under this Plan, materially expands the classes of persons eligible for Awards under this Plan, materially extends the term of this Plan, materially changes the method of determining the exercise price of Options, or deletes or limits any provisions of this Plan that prohibit the repricing of Options or SARs.

### 12.2 **Adjustments.**

a. The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the capital stock of the Company or its business or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the Shares) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

b. In the event of any subdivision or consolidation of outstanding shares of Common Stock, declaration of a dividend payable in Shares or other stock split, then (1) the number of Shares reserved under this Plan, (2) the number of Shares covered by outstanding Awards in the form of Shares or units denominated in Shares, (3) the exercise price or other price in respect of such Awards, (4) the Limitations, and (5) the appropriate Fair Market Value and other price determinations for such Awards shall each be proportionately adjusted by the Committee as appropriate to reflect such transaction. In the event of any other recapitalization or capital reorganization of the Company, any consolidation or merger of the Company with another corporation or entity, the adoption by the Company of any plan of exchange affecting the Shares or any distribution to holders of Shares of securities or property (other than normal cash dividends or dividends payable in Shares), the Committee shall make appropriate adjustments to (i) the number and kind of shares covered by Awards in the form of Shares or units denominated in Shares, (ii) the exercise price or other price in respect of such Awards, (iii) the appropriate Fair Market Value and other price determinations for such Awards, and (iv) the Limitations to reflect such transaction; provided that such adjustments shall only be such as are necessary to maintain the proportionate interest of the holders of the Awards and preserve, without increasing, the value of such Awards.

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c. In connection with a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee may make such adjustments to Awards or other provisions for the disposition of Awards as it deems equitable, and shall be authorized, in its discretion, (1) to provide for the substitution of a new Award or other arrangement (which, if applicable, may be exercisable for such property or stock as the Committee determines) for an Award or the assumption of the Award, regardless of whether in a transaction to which Code Section 424(a) applies, (2) to provide for the acceleration of the vesting and exercisability of, or lapse of restrictions with respect to, the Award and, if the transaction is a cash merger, provide for the termination of any portion of the Award that remains unexercised at the time of such transaction, or (3) to cancel any such Awards and to deliver to the Participants cash in an amount that the Committee shall determine in its sole discretion is equal to the fair market value of such Awards on the date of such event, which in the case of Options or Stock Appreciation Rights shall be the excess of the Fair Market Value of Common Stock on such date over the Option or base price of such Award.

d. No adjustment or substitution pursuant to this Section 12.2 shall be made in a manner that results in noncompliance with the requirements of Code Section 409A, to the extent applicable.

12.3 **Transferability of Awards.** Except as provided below, and except as otherwise authorized by the Committee in an Award Agreement, no Award and no Shares subject to Awards described in Article 8 that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian or legal representative. Notwithstanding the foregoing, a Participant may assign or transfer an Award (i) for charitable donations, (ii) to the Participant's spouse, children or grandchildren (including any adopted and stepchildren and grandchildren, (iii) a trust for the benefit of one or more of the Participant or the persons referred to in clause (ii), or (iv) any other person with the consent of the Committee (each transferee thereof, a "Permitted Assignee"); provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that such Participant shall remain bound by the terms and conditions of the Plan. The Company shall cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any transfer permitted under this Section.

12.4 **Termination of Employment.** The Committee shall determine and set forth in each Award Agreement whether any Awards granted in such Award Agreement will continue to be exercisable, and the terms of such exercise, on and after the date that a Participant ceases to be employed by or to provide services to the Company or any Subsidiary (including as a Director), whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

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12.5 **Deferral; Dividend Equivalents.** The Committee shall be authorized to establish procedures pursuant to which the payment of any Award may be deferred. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award (including any deferred Award) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, cash, stock or other property dividends, or cash payments in amounts equivalent to cash, stock or other property dividends on Shares (“Dividend Equivalents”) with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that such amounts and Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested and may provide that such as amounts and Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. Dividend Equivalents attributable to Performance Awards shall not be paid out before the underlying Performance Award has been earned. No Dividend Equivalents shall be granted in connection with an Option or a Stock Appreciation Right.

12.6 **Restrictions.** No Common Stock or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities laws. Certificates evidencing shares of Common Stock delivered under this Plan (to the extent that such shares are so evidenced) may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Common Stock is then listed or to which it is admitted for quotation and any applicable federal or state securities law. The Committee may cause a legend or legends to be placed upon such certificates (if any) to make appropriate reference to such restrictions.

### **13. Miscellaneous**

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13.1 **Tax Withholding.** The Company shall have the right to make all payments or distributions pursuant to the Plan to a Participant (or a Permitted Assignee thereof) (any such person, a “Payee”) net of any applicable federal, state and local taxes required to be paid or withheld as a result of (a) the grant of any Award, (b) the exercise of an Option or Stock Appreciation Right, (c) the delivery of Shares or cash, (d) the lapse of any restrictions in connection with any Award or (e) any other event occurring pursuant to the Plan. The Company or any Subsidiary shall have the right to withhold from wages or other amounts otherwise payable to such Payee such withholding taxes as may be required by law, or to otherwise require the Payee to pay such withholding taxes. If the Payee shall fail to make such tax payments as are required, the Company or its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Payee or to take such other action as may be necessary to satisfy such withholding obligations. The Committee shall be authorized to establish procedures for election by Participants to satisfy such obligation for the payment of such taxes by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), or by directing the Company to retain Shares (up to the Participant’s minimum required tax withholding rate or such other rate that will not trigger a negative accounting impact) otherwise deliverable in connection with the Award.

13.2 **Right of Discharge Reserved; Claims to Awards.** Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee or Director the right to continue in the employment or service of the Company or any Subsidiary or affect any right that the Company or any Subsidiary may have to terminate the employment or service of (or to demote or to

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exclude from future Awards under the Plan) any such Employee or Director at any time for any reason. Except as specifically provided by the Committee, the Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee or Director shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees or Directors under the Plan.

13.3 **Prospective Recipient.** The prospective recipient of any Award under the Plan shall not, with respect to such Award, be deemed to have become a Participant, or to have any rights with respect to such Award, until and unless such recipient shall have complied with the then applicable terms and conditions of the Award.

13.4 **Stop-Transfer Orders.** All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

13.5 **Nature of Payments.** All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Subsidiary, division or business unit of the Company. Any income or gain realized pursuant to Awards under the Plan and any Stock Appreciation Rights constitute a special incentive payment to the Participant and shall not be taken into account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or any Subsidiary except as may be determined by the Committee or by the Board or board of directors of the applicable Subsidiary.

13.6 **Other Plans.** Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

13.7 **Severability.** If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the Plan.

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13.8 **Construction.** As used in the Plan, the words “include” and “including” , and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation”.

13.9 **Unfunded Status of the Plan.** The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver the Shares or payments in lieu of or with respect to Awards hereunder; provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

13.10 **Governing Law.** The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws, and construed accordingly.

13.11 **Effective Date of Amended and Restated Plan; Expiration of Plan.** The amended and restated Plan shall be effective on the date of the approval of the amended and restated Plan by the holders of the shares entitled to vote at a duly constituted meeting of the stockholders of the Company. The amended and restated Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event the Plan as in effect immediately prior to the Restatement Date will continue to operate in accordance with its terms. Awards may be granted under the amended and restated Plan at any time and from time to time on or prior to the tenth anniversary of the effective date of the amended and restated Plan, on which date the amended and restated Plan will expire except as to Awards then outstanding under the Plan. Such outstanding Awards shall remain in effect until they have been exercised or terminated, or have expired.

13.12 **Foreign Employees.** Awards may be granted to Participants who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company’s obligation with respect to tax equalization for Employees on assignments outside their home country.

13.13 **Code Section 409A.**

a. Awards made under this Plan are intended to comply with or be exempt from Code Section 409A, and ambiguous provisions hereof, if any, shall be construed and interpreted in a manner consistent with such intent. No payment, benefit or consideration shall be substituted for an Award if such action would result in the imposition of taxes under Code Section 409A. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under this Plan would result in the imposition of an additional tax under Code Section 409A, that Plan provision or Award shall be reformed, to the extent permissible under Code Section 409A, to avoid imposition of the additional tax, and no such action shall be deemed to adversely affect the Participant’s rights to an Award.

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b. Unless the Committee provides otherwise in an Award Agreement, each Restricted Stock Unit Award, Performance Unit Award or Cash Award (or portion thereof if the Award is subject to a vesting schedule) shall be settled no later than the 15<sup>th</sup> day of the third month after the end of the first calendar year in which the Award (or such portion thereof) is no longer subject to a “substantial risk of forfeiture” within the meaning of Code Section 409A. If the Committee determines that a Restricted Stock Unit Award, Performance Unit Award or Cash Award is intended to be subject to Code Section 409A, the applicable Award Agreement shall include terms that are designed to satisfy the requirements of Code Section 409A.

c. If the Participant is identified by the Company as a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i) on the date on which the Participant has a “separation from service” (other than due to death) within the meaning of Treasury Regulation § 1.409A-1(h), any Award payable or settled on account of a separation from service that is deferred compensation subject to Code Section 409A shall be paid or settled on the earliest of (1) the first business day following the expiration of six months from the Participant’s separation from service, (2) the date of the Participant’s death, or (3) such earlier date as complies with the requirements of Code Section 409A.

13.14 **Captions.** The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

**CAMERON INTERNATIONAL CORPORATION**  
**PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT**  
**GRANT DATE: [    ]**  
*(Including Non-Compete, Non-Solicitation, and Confidentiality Agreements)*

*Performance Period: [    ]*

This PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Award Agreement”) is between the employee named in the attached Notice of Grant of Award (“Participant”) and Cameron International Corporation (the “Company”), in connection with the Performance-Based Restricted Stock Unit (“PRSU”) Award granted to Participant by the Company under the Company’s **Equity Incentive Plan** (the “Plan”). For purposes of this Award Agreement, “Employer” means the Company or Subsidiary that employs the Participant on the applicable date. All capitalized terms not defined in this Award Agreement shall have the same meaning as set forth in the Plan.

This Award covers the performance during the years [    ] (the “Performance Period”). That portion of the Target Award which can be earned by performance based on Return on Invested Capital (“ROIC”) is subject to performance against a yearly ROIC goal for each of these three years. That portion of the Award which can be earned by performance based on Total Shareholder Return (“TSR”) is subject to a TSR goal for the three-year period.

**This Award is performance based, and performance will be measured against the goals specified in your Notice of Grant of Award for TSR for the three-year period and for ROIC for [    ]. Subsequent communications will specify the ROIC goals for each of the years [    ]. The actual number of units earned under the Award and the actual value of the Award will be determined by performance against goals during the Performance Period and can range between 0 and 200% of the Target Award.**

**1. Effective Date and Issuance of PRSUs.**

(a) The Company hereby grants to the Participant, on the terms and conditions set forth herein, an award of PRSUs (**the “Award”**) effective as of [    ].

(b) This Award is a commitment to issue one share of Cameron common stock (“Shares”) for each PRSU actually earned pursuant to the terms of this Award Agreement, subject to the Participant’s acceptance of this Agreement in writing or electronically in the manner prescribed by the Company or its third party administrator.

(c) Notwithstanding the foregoing, the Company may, in its sole discretion, settle the PRSUs in the form of (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require the Participant or the Company to obtain the approval of any governmental and/or regulatory body in the Participant’s country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) Shares, but require the Participant to immediately sell such Shares (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant’s behalf).

2. **Terms Subject to the Plan.** This Award Agreement is expressly subject to the terms and provisions of the Plan, as indicated in the Participant's Notice of Grant of Award. A copy of the Plan is available from the Corporate Secretary upon request. In the event there is a conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall control.

3. **Vesting Schedule.** The Award, to the extent earned, will become vested in 2018 upon the determination of actual performance achieved against goals by the Compensation Committee following completion of the Performance Period (the "Scheduled Vesting Date"), provided there has been continuous employment of the Participant by the Company and/or Subsidiary from the date of Grant to the Scheduled Vesting Date, subject to the provisions of Sections 4 and 5 below.

4. **Termination of Employment.** Notwithstanding the foregoing:

(a) If the Participant's employment terminates, for reasons other than "Cause" (*as defined below*), at age 60 or older and the Participant has at least ten years of continuous employment with either or both of the Company or a Subsidiary, the Award shall vest according to the terms of the Award Agreement including its performance conditions, except that, unless the Participant is an Executive Officer, categorized as a Tier 1 Executive Officer at the time of grant or at the time of termination, age 65 or older and has at least ten years of continuous employment with either or both of the Company or a Subsidiary at the time of termination, if such termination occurs during the first year of the Award, the Award shall be prorated based on the number of days worked during the first year of the Award to the date of termination divided by 365 and the Shares shall be delivered in accordance with Section 6.

(b) If the Participant's employment terminates by reason of death or "Long-Term Disability" (*as defined below*) of the Participant, the Award shall immediately vest. For that portion of the Award subject to performance against TSR, vesting shall be at Target Performance. For that portion of the Award subject to performance against ROIC, vesting shall be at the attainment levels for those years for which a determination has been made by the Compensation Committee and at Target Performance for any other year during the Performance Period.

(c) Subject to the provisions of Section 5(a), if the Participant's employment terminates by reason of a workforce reduction, the Award shall vest according to the terms of the Award Agreement including its performance conditions, and the Shares shall be delivered in accordance with Section 6, except that, unless the Participant is an executive officer, categorized as a Tier 1 Executive Officer at the time of grant or at the time of termination, age 65 or older and has at least ten years of continuous employment with either or both of the Company or a Subsidiary at time of termination, if such termination occurs during the first year of the Award, the Award shall be reduced in proportion to the number of days worked during the first year of the Award and 365 and the Shares shall be delivered in accordance with Section 6; and

(d) If the Participant's employment terminates for reasons other than for those addressed in Sections 4(a)-(c) or Section 5(a), all PRSUs subject to this Award shall be forfeited upon Participant's termination of employment.

(e) For purposes of clarity and unless otherwise determined by the Committee in its sole discretion, any termination of employment shall be effective as of the date on which the Participant's active employment ends and will not be extended by any notice period mandated under local law (e.g., active employment will not include a period of "garden leave" or similar period pursuant to local law). The Compensation Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of the PRSUs.

(f) "Cause", for the purposes hereof, shall mean the Participant has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or Employer; (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or Employer; (3) breached any material policy or code of conduct established by the Company or Employer; (4) engaged in conduct that Participant knows or should know is materially injurious to the Company or Employer; (5) been convicted of a felony or a misdemeanor involving moral turpitude; or (6) engaged in an act of dishonest or impropriety which materially impairs the Participant's effectiveness in his or her position with the Company or Employer.

(g) "Long-Term Disability", for the purposes hereof, shall mean the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

## 5. **Change in Control.**

(a) Notwithstanding any other agreement between the Company and the Participant, upon termination of employment in connection with a "Change in Control" (*as defined below*) or in the event the Company does not survive a Change in Control during the Performance Period as a separate publicly traded corporation, the Award granted hereunder shall immediately become vested. For that portion of the award subject to performance against a TSR goal, vesting shall be at the attainment level, and the number of shares to be vested shall be calculated as of when the Change in Control occurs, but otherwise in accordance with the Notice of Grant of Award using the Company's TSR. For that portion of the Award subject to performance against a ROIC goal, vesting shall be at the attainment levels for those years for which a determination has been made by the Compensation Committee prior to the Change in Control and at Target Performance for any other year during the Performance Period unless termination of employment occurs after the Performance Period ends but before the Scheduled Vesting Date, in which case attainment levels will be calculated as of the end of the Performance Period.

(b) "Change in Control" for the purposes of this Award, shall mean the earliest date on which:

- (i) any Person is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or

- (ii) individuals who constitute the Board on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or
- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction 50% or more of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company’s outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the 50% or more continuity test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder’s ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company’s outstanding voting securities immediately prior to the transaction); or
- (iv) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change in Control shall be deemed to have occurred by virtue of any transaction which results in the Participant, or a group of Persons which includes the Participant, acquiring 20% or more of either the combined voting power of the Company’s outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

(c) For the purposes of this Award Agreement, a termination in connection with a Change in Control shall mean a Change in Control shall have occurred and there has occurred a termination of the Participant’s employment with the Company or a Subsidiary either by the Company or a Subsidiary without Cause (*as defined above in Section 4(f)*), or by the Participant for “Good Reason” (*as defined below*) during the “Effective Period” (*as defined below*).

- (i) The “Effective Period” shall mean for the purposes of this Award Agreement the period from (A) the earliest date to occur of any of the following: (1) any of the events set forth under the definition of Change in

Control shall have occurred, (2) the receipt by the Company of a Schedule 13D stating the intention of any person to take actions which if accomplished, would constitute a Change in Control; (3) the public announcement by any person of its intention to take any such action, in each case without regard for any contingency or condition which has not been satisfied on such date; (4) the agreement by the Company to enter into a transaction which, if consummated, would result in a Change in Control; or (5) consideration by the Board of a transaction which, if consummated, would result in a Change in Control and continues until (B) the Scheduled Vesting Date, provided that the Change in Control is consummated during the Performance Period. If, however, an Effective Period occurs but the proposed transaction to which it relates ceases to be actively considered or pending, the Effective Period will be deemed not to have commenced for purposes of this Agreement. If, however, an Effective Period occurs with respect to a proposed transaction which ceased to be actively considered but for which active consideration is revived, the Effective Period with respect to the Change in Control that ultimately occurs shall begin on the date upon which consideration was revived and continue until the Scheduled Vesting Date, provided that the consummation of the Change in Control occurs during the Performance Period.

- (ii) “Good Reason” for the purposes of the Award Agreement shall mean the occurrence of any of the following without the Participant’s express written consent: (1) a material change in the Participant’s status, title(s) or positions(s) with the Company, including as an officer of the Company, as in effect immediately prior to the Effective Period which in the Participant’s reasonable judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Participant’s status, title(s) and positions(s) immediately prior to the Effective Period; or the assignment to the Participant of any duties or responsibilities which, in the Participant’s reasonable judgment, are materially inconsistent with such status, title(s) or positions(s); or any removal of the Participant from or any failure to reappoint or reelect the Participant to such position(s); provided that the circumstances described in this item (1) do not apply if as a result of the Participant’s Death, voluntary termination of employment after age 60, with 10 years of service or Long-Term Disability or following receipt by the Participant of written notice from the Company of the termination of the Participant’s employment for Cause; (2) a reduction by the Company during the Effective Period in the Participant’s then current base salary; (3) the failure by the Company to continue to effect any material Plan in which the Participant was participating immediately prior to the Effective Period other than as a result of the normal expiration or amendment of any such Plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would materially adversely affect the Participant’s continued participation in any such Plan on at least as favorable a basis to

the Participant's participation as in effect immediately prior to the Effective Period or which would materially reduce the Participant's benefits under any such Plan or deprive the Participant of any material benefit enjoyed by Participant immediately prior to the Effective Period; or (4) the relocation of the principal place of Participant's employment to a location 25 miles further from the Participant's principal residence. To qualify as Good Reason, a Participant must (i) give written notice of an event constituting Good Reason within 90 days of its initial occurrence, (ii) give the Company 30 days in which to cure such condition, and (iii) actually terminate employment within two years following the initial occurrence of the Good Reason condition and prior to the Scheduled Vesting Date.

**6. Delivery of Shares.**

(a) Employed through Scheduled Vesting Date. If the Participant is continuously employed with the Company or a Subsidiary through the Scheduled Vesting Date the number of Shares equal to the number of PRSUs that have vested shall be delivered within 30 days following the Committee's certification of results of performance against goals and the number of PRSUs earned, but in no event later than the end of the calendar year during which the Scheduled Vesting Date occurs, unless deferred under the provisions of the Equity Incentive Deferral Program by means of the Company's Election/ Acknowledgement Form, in which case the Shares shall be delivered pursuant to the Election/Acknowledgement Form.

(b) Employment Terminates prior to Scheduled Vesting Date

i. If the Participant's employment is terminated pursuant to the circumstances provided for in Section 4(b) hereof, prior to the Scheduled Vesting Date, the number of Shares equal to the PRSUs that were vested by reason of Section 4(b) shall be delivered within 30 days of the date of termination.

ii. If the Participant's employment is terminated pursuant to the circumstances provided for in Sections 4(a) or 4(c), the number of Shares equal to the number of PRSUs that vested pursuant to Section 4(a) or 4(c), as applicable, shall be delivered within 30 days following the Scheduled Vesting Date, but in no event later than the end of the calendar year during which the Scheduled Vesting Date occurs.

(c) Employment Termination in Connection with a Change in Control. Upon termination of employment in connection with a Change in Control, that also constitutes a "change in control event" within the meaning of U.S. Department of Treasury Regulation Section 1.409A-3(i)(5) (a "Section 409A CIC"), the number of Shares equal to the Participant's PRSUs vested pursuant to Section 5(a), shall be delivered within 30 days following such Section 409A CIC or such termination, whichever is the later to occur. Upon the occurrence of a Change in Control that is not a Section 409A CIC, the Shares underlying the Participant's PRSUs vested pursuant to Section 5(a), shall be delivered within 30 days following the Scheduled Vesting Date

or such termination, whichever is the earlier to occur, unless the termination occurs before the Change in Control, in which case the PRSUs vested pursuant to Section 5(a) will be paid within 30 days following the Scheduled Vesting Date, but in no event later than the end of the calendar year during which the Scheduled Vesting Date occurs.

(d) Payment Net of Withholding Taxes. The Shares which the Award entitles the Participant to receive shall be delivered to the Participant, subject to withholding as provided in Section 13 below.

7. Restrictions on Transfer. In no event shall an Award granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Participant other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) by transfer by a Participant to a member of the Participant's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Participant and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement. "Immediate Family" mean the spouse, children or grandchildren of the Participant.

8. No Voting Rights. The PRSUs granted pursuant to this Award, whether or not vested, will not confer any voting rights upon the Participant, unless and until the Award is paid in Shares.

9. Changes in Capitalization. The PRSUs granted pursuant to this Award shall be subject to the provisions of Section 12.2 of the Plan relating to adjustments to corporate capitalization.

10. Covenant Not To Compete, Solicit or Disclose Confidential Information.

(a) The Participant acknowledges that the Participant is in possession of and has access to confidential information, including material relating to the business, products and/or services of the Company or Employer and that he or she will continue to have such possession and access during employment by the Company or Employer. The Participant also acknowledges that the Company's or Employer's business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, **the Participant agrees that as partial consideration for the Award granted herein that should the Participant engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company or Employer shall be entitled to: (i) recover from the Participant the value of any portion of the Award that has been paid; (ii) seek injunctive relief against the Participant pursuant to the provisions of subsection (c) below; (iii) recover all damages, court costs, and attorneys' fees incurred by the Company or Employer in enforcing the provisions of this Award, and (iv) set-off any such sums to which the Company or Employer is entitled hereunder against any sum which may be owed the Participant by the Company or Employer.**

(b) “Detrimental Activity” for the purposes hereof, other than with respect to involuntary termination without Cause, termination in connection with or as a result of a “Change in Control” (as defined in Section 5 hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company or any Subsidiary; (ii) disclosing to anyone outside the Company or any Subsidiary, or using in other than the Company’s or any Subsidiary’s business, without prior written authorization from the Company or any Subsidiary, any confidential information including material relating to the business, products or services of the Company or any Subsidiary acquired by the Participant during employment with the Company or any Subsidiary; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company or any Subsidiary to leave his or her employment, whether done on Participant’s own account or on account of any person, organization or business which is or becomes competitive with the Company or any Subsidiary, or (iv) directly or indirectly soliciting the trade or business of any customer of the Company or any Subsidiary. “Detrimental Activity” for the purposes hereof with respect to involuntary termination without Cause, termination in connection with or as a result of a “Change in Control”, or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

(c) Because of the difficulty of measuring economic losses to the Company or Employer as a result of a breach of the foregoing covenants, and because of the immediate and irreparable damage that could be caused to the Company or Employer for which it would have no other adequate remedy, the Participant agrees that the foregoing covenants may be enforced by the Company or Employer in the event of breach by him/her by injunction relief and restraining order, without the necessity of posting a bond, and that such enforcement shall not be the Company’s or Employer’s exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company or Employer.

(d) The covenants and the provisions of this Section 10 are severable and separate, and the unenforceability of any specific covenant or provision shall not affect the enforceability of any other covenant or provision. Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope or time set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the panel or court deems reasonable, and this Agreement shall thereby be reformed.

(e) Each of the covenants in this Section 10 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of the Participant against the Company or Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company or Employer of such covenants or provisions.

**11. Nature of Grant.** In accepting the Award of PRSUs, Participant acknowledges that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Award Agreement.

(b) The grant of PRSUs is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.

(c) The Participant is voluntarily participating in the Plan.

(d) A PRSU is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Participant's employment contract, if any.

(e) The PRSUs are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

(f) The PRSUs will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the PRSUs will not be interpreted to form an employment contract with any Subsidiary.

(g) This Agreement shall not confer upon the Participant any right to continuation of employment by the Employer, nor shall this Agreement interfere in any way with the Employer's right to terminate the Participant's employment at any time, as may be permitted under local law.

(h) The future value of the underlying Shares is unknown and cannot be predicted with certainty.

(i) If the PRSUs vest and the Participant obtains Shares, the value of those Shares acquired may increase or decrease in value.

(j) In consideration of the grant of the PRSUs, no claim or entitlement to compensation or damages shall arise from termination of the PRSUs, or diminution in value of the PRSUs or Shares acquired upon settlement of the PRSUs, resulting from termination of the Participant's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Award, the Participant will be deemed irrevocably to have waived the Participant's entitlement to pursue such claim.

(k) In the event of involuntary termination of Participant's employment (whether or not in breach of local labor laws), Participant's right to receive the PRSUs and vest under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws), Participant's right to receive Shares pursuant to the PRSUs after termination of employment, if any will be measured by the date of termination of Participant's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of the award of the PRSUs.

(l) Except as provided in the Plan, the PRSUs and benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

12. **Notices.** All notices required or permitted under this Award Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:

Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

13. **Tax and Social Insurance Withholding.**

(a) Regardless of any action the Company or Employer takes with respect to any or all income tax (including foreign, federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or Employer. Participant further acknowledges that the Company or Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PRSUs, including the grant of the PRSUs, the vesting of the PRSUs, the conversion of the PRSUs into Shares or the receipt of any equivalent cash payment, the subsequent sale of any Shares acquired at vesting, and (ii) do not commit to structure the terms of the grant or any aspect of the PRSUs to reduce or eliminate Participant's liability for the Tax-Related Items.

(b) Prior to any relevant taxable or tax withholding event ("Tax Date"), as applicable, Participant will pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company, Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. dollars in the amount of the Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Participant having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Participant's wages or other cash compensation which would otherwise be payable to Participant by the Company or from any equivalent cash payment received upon vesting of the PRSUs, equal to the amount necessary to satisfy any such obligation, (iii) withhold from proceeds of the sale of Shares acquired upon issuance of the PRSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Participant has submitted an irrevocable notice of sale.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares due to him or her at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan. Finally, Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to the Participant if Participant fails to comply with his or her obligations in connection with the Tax-Related Items as described herein.

**14. Repatriation; Compliance with Laws.** If the Participant is resident or employed outside of the United States, the Participant may be required to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the PRSUs) in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). It is the Participant's responsibility to comply with all foreign exchange rules and all other local compliance requirements that he or she may be subject to with respect to his or her participation in the Plan. In addition, the Participant is required to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be necessary to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). The Participant is also required to take any and all actions as may be necessary to comply with the Participant's personal legal and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

**15. Securities Matters.** The Company shall not be required to deliver any Shares until the requirements of any federal, state or foreign securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied. If the Participant is resident or employed outside of the United States, neither the grant of the PRSUs under the Plan nor the issuance of the underlying Shares upon settlement of the PRSUs is intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

**16. Legal Requirements and Risks.** No employee of the Company or a Subsidiary is permitted to advise the Participant on whether the Participant should acquire Shares under the Plan. Acquiring Shares involves a degree of risk. Before deciding to acquire Shares pursuant to the PRSUs, the Participant should carefully consider all risk factors relevant to the acquisition of Shares under the Plan and the Participant should carefully review all of the materials related to the PRSUs and the Plan. In addition, the Participant should consult with the Participant's own financial advisor and legal advisor for professional investment advice.

17. **Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the PRSUs by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. **Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Award and the Participant's participation in the Plan. The collection, processing and transfer of the Participant's personal data are necessary for the Company's administration of the Plan and the Participant's participation in the Plan. The Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's participation in the Plan. The Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Participant's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Participant's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Participant may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Participant's participation in the Plan. The Participant may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**19. English Language.** The Participant acknowledges and agrees that it is the Participant's express intent that the Notice of Grant of Award, the Award Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the PRSUs, be drawn up in English. If the Participant has received the Notice of Grant of Award, Award Agreement, the Plan or any other documents related to the PRSUs translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**20. Governing Law; Venue.** All questions concerning the validity, construction and effect of this Award Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws. Any dispute concerning this Agreement will be resolved exclusively in the state or federal courts in Harris County, Texas, and the Participant agrees to exclusive venue and jurisdiction in such courts as a condition of receiving this Award.

**21. Appendix.** Notwithstanding any provisions of this Award Agreement to the contrary, the PRSUs shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the PRSUs to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the PRSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). In all circumstances, the Appendix shall constitute part of this Award Agreement.

**22. Additional Requirements.** The Company reserves the right to impose other requirements on the PRSUs, any Shares acquired pursuant to the PRSUs, and the Participant's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the PRSUs and the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**23. Section 409A.**

(a) This Award is intended to comply with Section 409A of the Code and ambiguous provisions, if any, shall be construed in a manner that is compliant with or exempt from the application of Section 409A, as appropriate. This Award shall not be amended or terminated in a manner that would cause the Award or any amounts payable under the Award to fail to comply with the requirements of Section 409A, to the extent applicable, and, further, the provisions of any purported amendment that may reasonably be expected to result in such non-compliance shall be of no force or effect with respect to the Award. The Company shall neither cause nor permit any payment, benefit or consideration to be substituted for a benefit that is payable under this Award if such action would result in the failure of any amount that is subject to Section 409A to comply with the applicable requirements of Section 409A. For purposes of Section 409A, each payment under this Award shall be deemed to be a separate payment.

(b) Notwithstanding any provision of the Award to the contrary, if the Participant is a “specified employee” within the meaning of Section 409A as of the date of the Participant’s termination of employment and the Company determines, in good faith, that immediate payments of any amounts or benefits would cause a violation of Section 409A, then any amounts or benefits which are payable under this Award upon the Participant’s “separation from service” within the meaning of Section 409A which (i) are subject to the provisions of Section 409A; (ii) are not otherwise excluded under Section 409A; and (iii) would otherwise be payable during the first six-month period following such separation from service shall be paid on the first business day next following the earlier of (1) the date that is six months and one day following the Date of termination or (2) the date of the participant’s death.

**24. Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan, or Participant’s acquisition or sale of the Shares underlying the PRSUs. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

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**CAMERON INTERNATIONAL CORPORATION**  
**RESTRICTED STOCK UNIT AWARD AGREEMENT**  
*(Including Non-Compete, Non-Solicitation, and Confidentiality Agreements)*

[   ]

This RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Award Agreement”) is between the employee named in the Notice of Grant of Award (“Participant”) and Cameron International Corporation (the “Company”), in connection with the Restricted Stock Units (“RSU”) granted to Participant by the Company under the Company’s **Equity Incentive Plan** (the “Plan”). For purposes of this Award Agreement, “Employer” means the Company or Subsidiary that employs the Participant on the applicable date. All capitalized terms not defined in this Award Agreement shall have the same meaning as set forth in the Plan.

**1. Effective Date of RSUs.**

(a) The Company hereby grants to the Participant, on the terms and conditions set forth herein, an award of RSUs (the “Award”), effective [   ] (“Effective Date”).

(b) This Award is a commitment to issue one share of Cameron common stock (“Shares”) for each RSU specified on the Notice of Grant of Award pursuant to the terms of the Award Agreement, subject to the Participant’s acceptance of this Agreement in writing or electronically in the manner prescribed by the Company or its third party administrator.

(c) Notwithstanding the foregoing, the Company may, in its sole discretion, settle the RSUs in the form of (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require the Participant or the Company to obtain the approval of any governmental and/or regulatory body in the Participant’s country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) Shares, but require the Participant to immediately sell such Shares (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant’s behalf).

**2. Terms Subject to the Plan.** This Award Agreement is expressly subject to the terms and provisions of the Plan, as indicated in the Participant’s Notice of Grant of Award. A copy of the Plan is available from the Corporate Secretary upon request. In the event there is a conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall control.

**3. Vesting Schedule.** The Award shall become vested, in three installments as follows: one-third on [   ], one-third on [   ], and one-third on [   ] (the “Scheduled Vesting Dates”) provided (i) the Company achieves Net Income of \$50 Million or more in the calendar year 2015, and (ii) there has been continuous employment of the Participant by the Company and/or a Subsidiary from the Effective Date to the Scheduled Vesting Dates, subject to Section 4. All RSUs which become vested shall be payable in accordance with Section 5 hereof.

4. **Termination of Employment.** Notwithstanding the foregoing:

(a) If the Participant's employment terminates at age 60 or older for reasons other than "Cause" (*as defined below*), and the Participant has at least ten years of continuous employment with the Company or a Subsidiary, any unvested RSUs shall vest according to the terms of the Award; except that, unless the Participant is an executive officer, categorized as a Tier 1 Executive Officer at the time of grant or the time of termination, age 65 or older and has at least ten years of continuous employment with either or both of the Company or a Subsidiary at the time of termination, if such termination occurs before [ ], the number of RSUs that will continue to vest shall be reduced to be proportionate to the number of days worked during the first year of the award and 365, with the balance of the Award to be immediately cancelled.

(b) If the Participant's employment terminates by reason of the death or "Long-Term Disability" (*as defined below*) of the Participant, the Award shall immediately vest in full as of the date of death or the date of such termination and the Shares shall be delivered in accordance with Section 5.

(c) If the Participant's employment terminates by reason of a workforce reduction, the Award shall vest according to the terms of the Award and the Shares shall be delivered in accordance with Section 5; except that, unless the Participant is an executive officer, categorized as a Tier 1 Executive Officer at the time of grant or the time of termination, age 65 or older and has at least ten years of continuous employment with either or both of the Company or a Subsidiary at the time of termination, if such termination occurs within one year from the Effective Date, the number of RSUs that will vest in full shall be reduced to be proportionate to the number of days between the Effective Date and the date of termination and 365, with the balance of the Award to be immediately cancelled.

(d) Notwithstanding any other agreement between the Company (or a Subsidiary) and the Participant, if there is a termination in connection with a "Change in Control" (*as defined below*), the award shall immediately vest and the Shares shall be delivered in accordance with Section 5. For the purposes of this Award Agreement, a termination in connection with a Change in Control shall mean a Change in Control shall have occurred and there has occurred a termination of the Participant's employment with the Company or a Subsidiary either by the Company or a Subsidiary without "Cause" (*as defined below*), or by the Participant for "Good Reason" (*as defined below*) during the "Effective Period" (*as defined below*).

(e) If the Participant's employment terminates for reasons other than for those addressed in Sections 4(a)-(d), all unvested RSUs subject to this Award shall be forfeited upon Participant's termination of employment.

(f) For purposes of clarity and unless otherwise determined by the Committee in its sole discretion, any termination of employment shall be effective as of the date on which the Participant's active employment ends and will not be extended by any notice period mandated under local law (e.g., active employment will not include a period of "garden leave" or similar period pursuant to local law). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of the RSUs.

(g) “Cause” for the purposes hereof, shall mean the Participant has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or Employer; (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or Employer; (3) breached any material policy or code of conduct established by the Company or Employer; (4) engaged in conduct that Participant knows or should know is materially injurious to the Company or Employer; (5) been convicted of a felony or a misdemeanor involving moral turpitude; or (6) engaged in an act of dishonest or impropriety which materially impairs the Participant’s effectiveness in his or her position with the Company or Employer.

(h) “Long-Term Disability” for the purposes hereof, shall mean the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

(i) “Change in Control” for the purposes of this Award, shall mean the earliest date on which:

- i. any Person is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company’s outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or
- ii. individuals who constitute the Board on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or
- iii. a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction 50% or more of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company’s outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the 50% or more continuity test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder’s ownership of the stock of, or their ownership interest in, the corporation or other entity with which the

Company is merged or consolidated as not owned by persons who were beneficial owners of the Company's outstanding voting securities immediately prior to the transaction); or

- iv. all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change in Control shall be deemed to have occurred by virtue of any transaction which results in the Participant, or a group of Persons which includes the Participant, acquiring 20% or more of either the combined voting power of the Company's outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

(j) The "Effective Period" shall mean for the purposes of this Award Agreement the period from (A) the earliest date to occur of any of the following: (1) any of the events set forth under the definition of Change in Control shall have occurred; (2) the receipt by the Company of a Schedule 13D stating the intention of any person to take actions which if accomplished, would constitute a Change in Control; (3) the public announcement by any person of its intention to take any such action, in each case without regard for any contingency or condition which has not been satisfied on such date; (4) the agreement by the Company to enter into a transaction which, if consummated, would result in a Change in Control; or (5) consideration by the Board of a transaction which, if consummated, would result in a Change in Control and continues until (B) the Scheduled Vesting Date, provided that the Change in Control is consummated prior to the last Scheduled Vesting Date.

(k) If, however, an Effective Period occurs but the proposed transaction to which it relates ceases to be actively considered or pending, the Effective Period will be deemed not to have commenced for purposes of this Agreement. If, however, an Effective Period occurs with respect to a proposed transaction which ceased to be actively considered but for which active consideration is revived, the Effective Period with respect to the Change in Control that ultimately occurs shall begin on the date upon which consideration was revived and continue until the Scheduled Vesting Date, provided that the consummation of the Change in Control occurs prior to the last Scheduled Vesting Date.

(l) "Good Reason" for the purposes of the Award Agreement shall mean the occurrence of any of the following without the Participant's express written consent: (1) a material change in the Participant's status, title(s) or positions(s) with the Company, including as an officer of the Company, as in effect immediately prior to the Effective Period which in the Participant's reasonable judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Participant's status, title(s) and positions(s) immediately prior to the Effective Period; or the assignment to the Participant of any duties or responsibilities which, in the Participant's reasonable judgment, are materially inconsistent with such status, title(s) or positions(s); or any removal of the Participant from or any failure to reappoint or

relect the Participant to such position(s); provided that the circumstances described in this item (1) do not apply if as a result of the Participant's Death, voluntary termination of employment after age 60, with 10 years of service or Long-Term Disability or following receipt by the Participant of written notice from the Company of the termination of the Participant's employment for Cause; (2) a reduction by the Company during the Effective Period in the Participant's then current base salary; (3) the failure by the Company to continue to effect any material Plan in which the Participant was participating immediately prior to the Effective Period other than as a result of the normal expiration or amendment of any such Plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would materially adversely affect the Participant's continued participation in any such Plan on at least as favorable a basis to the Participant's participation as in effect immediately prior to the Effective Period or which would materially reduce the Participant's benefits under any such Plan or deprive the Participant of any material benefit enjoyed by Participant immediately prior to the Effective Period; or (4) the relocation of the principal place of Participant's employment to a location 25 miles further from the Participant's principal residence. To qualify as Good Reason, a Participant must (i) give written notice of an event constituting Good Reason within 90 days of its initial occurrence, (ii) give the Company 30 days in which to cure such condition, and (iii) actually terminate employment within two years following the initial occurrence of the Good Reason condition and prior to the Scheduled Vesting Date.

**5. Delivery of Shares.**

(a) Employed through Scheduled Vesting Date(s). If the Participant is employed with the Company or Subsidiary through the Scheduled Vesting Date the number of Shares equal to the number of RSUs that have vested shall be delivered within 30 days following the Scheduled Vesting Date.

(b) Employment Terminates Prior to Scheduled Vesting Date.

- i. If the Participant terminates employment in accordance with Sections 4(a) or 4(c), the number of Shares equal to the portion of the RSUs that vested shall be delivered within 30 days following the Scheduled Vesting Date.
- ii. If the Participant's employment terminates by reason of death or Long-term Disability in accordance with Section 4(b), prior to the Scheduled Vesting Date, the number of Shares equal to the RSUs that were subject to accelerated vesting pursuant to Section 4 hereof, shall be delivered within 30 days of such termination.
- iii. If the Participant's employment is terminated in connection with a "Change in Control" as provided for in Section 4(d), and if the "Change in Control" also constitutes a "change in control event" within the meaning of U.S. Department of Treasury Regulation Section 1.409A-3(i)(5) (a "Section 409A CIC"), the number of Shares equal to the Participant's vested RSUs shall be delivered within 30 days following such Section 409A CIC or date of such termination, whichever is the later to occur. Upon the occurrence of a Change in Control that is not a Section 409A

CIC, the Shares underlying the Participant's vested RSUs shall be delivered within 30 days following the Scheduled Vesting Date or such termination, whichever is the earlier to occur, unless the termination occurs before the Change in Control, in which case the RSUs vested pursuant to Section 4(d) will be paid within 30 days following the Scheduled Vesting Date, but in no event later than the end of 2018.

(c) The Shares which the Award entitles the Participant to receive shall be delivered to the Participant, subject to withholding as provided in Section 12 below.

**6. Restrictions on Transfer.** In no event shall an Award granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Participant other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) by transfer by a Participant to a member of the Participant's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Participant and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement. "Immediate Family" mean the spouse, children or grandchildren of the Participant.

**7. No Voting Rights.** The RSUs granted pursuant to this Award, whether or not vested, will not confer any voting rights upon the Participant, unless and until the Award is paid in Shares.

**8. Changes in Capitalization.** The RSUs granted under this Award shall be subject to the provisions of Section 12.2 of the Plan relating to adjustments to corporate capitalization.

**9. Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Participant acknowledges that the Participant is in possession of and has access to confidential information, including material relating to the business, products and/or services of the Company or Employer and that he or she will continue to have such possession and access during employment by the Company or Employer. The Participant also acknowledges that the Company's or Employer's business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, **the Participant agrees that as partial consideration for the Award granted herein that should the Participant engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company or Employer shall be entitled to: (i) recover from the Participant the value of any portion of the Award that has been paid; (ii) seek injunctive relief against the Participant pursuant to the provisions of subsection (c) below; (iii) recover all damages, court costs, and attorneys' fees incurred by the Company or Employer in enforcing the provisions of this Award, and (iv) set-off any such sums to which the Company or Employer is entitled hereunder against any sum which may be owed the Participant by the Company or Employer.**

(b) “Detrimental Activity” for the purposes hereof, other than with respect to involuntary termination without Cause, termination in connection with or as a result of a “Change in Control” (as defined in Section 5 hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company or any Subsidiary; (ii) disclosing to anyone outside the Company or any Subsidiary, or using in other than the Company’s or any Subsidiary’s business, without prior written authorization from the Company or any Subsidiary, any confidential information including material relating to the business, products or services of the Company or any Subsidiary acquired by the Participant during employment with the Company or any Subsidiary; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company or any Subsidiary to leave his or her employment, whether done on Participant’s own account or on account of any person, organization or business which is or becomes competitive with the Company or any Subsidiary, or (iv) directly or indirectly soliciting the trade or business of any customer of the Company or any Subsidiary. “Detrimental Activity” for the purposes hereof with respect to involuntary termination without Cause, termination in connection with or as a result of a “Change in Control”, or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

(c) Because of the difficulty of measuring economic losses to the Company or Employer as a result of a breach of the foregoing covenants, and because of the immediate and irreparable damage that could be caused to the Company or Employer for which it would have no other adequate remedy, the Participant agrees that the foregoing covenants may be enforced by the Company or Employer in the event of breach by him/her by injunction relief and restraining order, without the necessity of posting a bond, and that such enforcement shall not be the Company’s or Employer’s exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company or Employer.

(d) The covenants and the provisions of this Section 9 are severable and separate, and the unenforceability of any specific covenant or provision shall not affect the enforceability of any other covenant or provision. Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope or time set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the panel or court deems reasonable, and this Agreement shall thereby be reformed.

(e) Each of the covenants in this Section 9 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of the Participant against the Company or Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company or Employer of such covenants or provisions.

**10. Nature of Grant.** In accepting the Award of RSUs, Participant acknowledges that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Award Agreement.

(b) The grant of RSUs is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.

(c) The Participant is voluntarily participating in the Plan.

(d) An RSU is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Participant's employment contract, if any.

(e) The RSUs are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

(f) The RSUs will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the RSUs will not be interpreted to form an employment contract with any Subsidiary.

(g) This Agreement shall not confer upon the Participant any right to continuation of employment by the Employer, nor shall this Agreement interfere in any way with the Employer's right to terminate the Participant's employment at any time, as may be permitted under local law.

(h) The future value of the underlying Shares is unknown and cannot be predicted with certainty.

(i) If the RSUs vest and the Participant obtains Shares, the value of those Shares acquired may increase or decrease in value.

(j) In consideration of the grant of the RSUs, no claim or entitlement to compensation or damages shall arise from termination of the RSUs or diminution in value of the RSUs or Shares acquired upon settlement of the RSUs resulting from termination of the Participant's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Award, the Participant will be deemed irrevocably to have waived the Participant's entitlement to pursue such claim.

(k) In the event of involuntary termination of Participant's employment (whether or not in breach of local labor laws), Participant's right to receive the RSUs and vest under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws), Participant's right to receive Shares pursuant to the RSUs after termination of employment, if any will be measured by the date of termination of Participant's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of the award of the RSUs.

(l) Except as provided in the Plan, the RSUs and benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability

**11. Notices.** All notices required or permitted under this Award Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:

Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

**12. Tax and Social Insurance Withholding.**

(a) Regardless of any action the Company or Employer takes with respect to any or all income tax (including foreign, federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or Employer. Participant further acknowledges that the Company or Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the conversion of the RSUs into Shares or the receipt of any equivalent cash payment, the subsequent sale of any Shares acquired at vesting, and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for the Tax-Related Items.

(b) Prior to any relevant taxable or tax withholding event ("Tax Date"), as applicable, Participant will pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company, Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. dollars in the amount of the Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Participant having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Participant's wages or other cash compensation which would otherwise be payable to Participant by the Company or from any equivalent cash payment received upon vesting of the RSUs, equal to the amount necessary to satisfy any such obligation, (iii) withhold from proceeds of the sale of Shares acquired upon issuance of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Participant has submitted an irrevocable notice of sale.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares due to him or her at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan. Finally, Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to the Participant if Participant fails to comply with his or her obligations in connection with the Tax-Related Items as described herein.

**13. Repatriation; Compliance with Laws.** If the Participant is resident or employed outside of the United States, the Participant may be required to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the RSUs) in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). It is the Participant's responsibility to comply with all foreign exchange rules and all other local compliance requirements that he or she may be subject to with respect to his or her participation in the Plan. In addition, the Participant is required to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be necessary to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). The Participant is also required to take any and all actions as may be necessary to comply with the Participant's personal legal, and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

**14. Securities Matters.** The Company shall not be required to deliver any Shares until the requirements of any federal, state or foreign securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied. If the Participant is resident or employed outside of the United States, neither the grant of the RSUs under the Plan nor the issuance of the underlying Shares upon settlement of the RSUs is intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

**15. Legal Requirements and Risks.** No employee of the Company or a Subsidiary is permitted to advise the Participant on whether the Participant should acquire Shares under the Plan. Acquiring Shares involves a degree of risk. Before deciding to acquire Shares pursuant to the RSUs, the Participant should carefully consider all risk factors relevant to the acquisition of Shares under the Plan and the Participant should carefully review all of the materials related to the RSUs and the Plan. In addition, the Participant should consult with the Participant's own financial advisor and legal advisor for professional investment advice.

**16. Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the RSUs by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**17. Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Award and the Participant's participation in the Plan. The collection, processing and transfer of the Participant's personal data are necessary for the Company's administration of the Plan and the Participant's participation in the Plan. The Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's participation in the Plan. The Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Participant's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Participant's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Participant may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Participant's participation in the Plan. The Participant may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**18. English Language.** The Participant acknowledges and agrees that it is the Participant's express intent that the Notice of Grant of Award, the Award Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs, be drawn up in English. If the Participant has received the Notice of Grant of Award, Award Agreement, the Plan or any other documents related to the RSUs translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**19. Governing Law; Venue.** All questions concerning the validity, construction and effect of this Award Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws. Any dispute concerning this Agreement will be resolved exclusively in the state or federal courts in Harris County, Texas, and the Participant agrees to exclusive venue and jurisdiction in such courts as a condition of receiving this Award.

**20. Appendix.** Notwithstanding any provisions of this Award Agreement to the contrary, the RSUs shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the RSUs to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). In all circumstances, the Appendix shall constitute part of this Award Agreement.

**21. Additional Requirements.** The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs, and the Participant's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the RSUs and the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**22. Section 409A.**

(a) This Award is intended to comply with Section 409A of the Code and ambiguous provisions, if any, shall be construed in a manner that is compliant with or exempt from the application of Section 409A, as appropriate. This Award shall not be amended or terminated in a manner that would cause the Award or any amounts payable under the Award to fail to comply with the requirements of Section 409A, to the extent applicable, and, further, the provisions of any purported amendment that may reasonably be expected to result in such non-compliance shall be of no force or effect with respect to the Award. The Company shall neither cause nor permit any payment, benefit or consideration to be substituted for a benefit that is payable under this Award if such action would result in the failure of any amount that is subject to Section 409A to comply with the applicable requirements of Section 409A. For purposes of Section 409A, each payment under this Award shall be deemed to be a separate payment.

(b) Notwithstanding any provision of the Award to the contrary, if the Participant is a “specified employee” within the meaning of Section 409A as of the date of the Participant’s termination of employment and the Company determines, in good faith, that immediate payments of any amounts or benefits would cause a violation of Section 409A, then any amounts or benefits which are payable under this Award upon the Participant’s “separation from service” within the meaning of Section 409A which (i) are subject to the provisions of Section 409A; (ii) are not otherwise excluded under Section 409A; and (iii) would otherwise be payable during the first six-month period following such separation from service shall be paid on the first business day next following the earlier of (1) the date that is six months and one day following the Date of termination or (2) the date of the participant’s death.

**23. Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan, or Participant’s acquisition or sale of the Shares underlying the RSUs. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

**CAMERON INTERNATIONAL CORPORATION  
RESTRICTED STOCK UNIT AWARD AGREEMENT**

**(October 14, 2015)**

This RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Award Agreement”) is between the employee named in the Notice of Grant of Award (“Participant”) and Cameron International Corporation (the “Company”), in connection with the Restricted Stock Units (“RSU”) granted to Participant by the Company under the Company’s **Equity Incentive Plan** (the “Plan”). For purposes of this Award Agreement, “Employer” means the Company or any successor of the Company or any affiliate of either that employs the Participant on the applicable date. All capitalized terms not defined in this Award Agreement shall have the same meaning as set forth in the Plan.

**1. Effective Date of RSUs.**

(a) The Company hereby grants to the Participant, on the terms and conditions set forth herein, an award of RSUs (the “Award”), effective **October 14, 2015** (“Effective Date”).

(b) This Award is a commitment to issue one share of Cameron common stock (“Shares”) for each RSU specified on the Notice of Grant of Award pursuant to the terms of the Award Agreement, subject to the Participant’s acceptance of this Award Agreement in writing or electronically in the manner prescribed by the Company or its third party administrator.

(c) Notwithstanding the foregoing, the Company may, in its sole discretion, settle the RSUs in the form of (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require the Participant or the Company to obtain the approval of any governmental and/or regulatory body in the Participant’s country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) Shares, but require the Participant to immediately sell such Shares (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant’s behalf).

**2. Terms Subject to the Plan.** This Award Agreement is expressly subject to the terms and provisions of the Plan, as indicated in the Participant’s Notice of Grant of Award. A copy of the Plan is available from the Corporate Secretary upon request. In the event there is a conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall control.

**3. Vesting Schedule.**

(a) The Award shall vest on the earliest of (i) the “normal vesting schedule”, (ii) the date following the closing of the proposed Cameron/Schlumberger merger pursuant to the Merger Agreement between Cameron and Schlumberger Holdings Corporation, et.al. dated as of August 25, 2015 (the “Closing”) on which the Participant is no longer employed by the Company or Employer for any reason, or (iii) the Participant’s death or termination due to “Long-Term Disability (*as defined below*). The “normal vesting schedule” is three installments

as follows: one-third on **October 14, 2016**, one-third on **October 14, 2017**, and one-third on **October 14, 2018**, provided the Participant remains employed as of such date (each a “Scheduled Vesting Date”). All RSUs which become vested shall be payable in accordance with Section 4 hereof.

(b) “Cause”, for the purposes hereof, shall mean the Participant has (i) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or Employer; (ii) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or Employer; (iii) breached any material policy or code of conduct established by the Company or Employer and affecting the Participant; (iv) engaged in conduct that Participant knows or should know is materially injurious to the Company or Employer; (v) been convicted of a felony or a misdemeanor involving moral turpitude; or (vi) engaged in an act of dishonest or impropriety which materially impairs the Participant’s effectiveness in his or her position with the Company or Employer.

(c) “Long-Term Disability”, for the purposes hereof, shall mean the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

#### **4. Delivery of Shares.**

(a) Employed through Scheduled Vesting Date(s). If the Participant is employed with the Company or Employer through the Scheduled Vesting Date the number of Shares equal to the number of RSUs that have vested shall be delivered within 30 days following the Scheduled Vesting Date.

(b) Employment Terminates Prior to Scheduled Vesting Date. If the Participant’s employment is terminated under the circumstances set out in subsection 3(a)(ii), 3(a)(iii) or 3(a)(iv) hereof, for any reason the number of Shares equal to the portion of the RSUs that remain unvested shall be delivered within 30 days following the termination date.

(c) The Shares which the Award entitles the Participant to receive shall be delivered to the Participant, subject to withholding as provided in Section 10 below.

**5. Restrictions on Transfer.** In no event shall an Award granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Participant other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) by transfer by a Participant to a member of the Participant’s Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Participant and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement. “Immediate Family” mean the spouse, children or grandchildren of the Participant.

6. **No Voting Rights.** The RSUs granted pursuant to this Award, whether or not vested, will not confer any voting rights upon the Participant, unless and until the Award is paid in Shares.

7. **Changes in Capitalization.** The RSUs granted under this Award shall be subject to the provisions of Section 12.2 of the Plan relating to adjustments to corporate capitalization.

8. **Nature of Grant.** In accepting the Award of RSUs, Participant acknowledges that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Award Agreement.

(b) The grant of RSUs is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.

(c) The Participant is voluntarily participating in the Plan.

(d) An RSU is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Participant's employment contract, if any.

(e) The RSUs are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

(f) The RSUs will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the RSUs will not be interpreted to form an employment contract with any Subsidiary.

(g) This Award Agreement shall not confer upon the Participant any right to continuation of employment by the Employer, nor shall this Award Agreement interfere in any way with the Employer's right to terminate the Participant's employment at any time, as may be permitted under local law.

(h) The future value of the underlying Shares is unknown and cannot be predicted with certainty.

(i) If the RSUs vest and the Participant obtains Shares, the value of those Shares acquired may increase or decrease in value.

(j) In consideration of the grant of the RSUs, no claim or entitlement to compensation or damages shall arise from termination of the RSUs or diminution in value of the RSUs or Shares acquired upon settlement of the RSUs resulting from termination of the Participant's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Award, the Participant will be deemed irrevocably to have waived the Participant's entitlement to pursue such claim.

**9. Notices.** All notices required or permitted under this Award Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:

Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

**10. Tax and Social Insurance Withholding.**

(a) Regardless of any action the Company or Employer takes with respect to any or all income tax (including foreign, federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or Employer. Participant further acknowledges that the Company or Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the conversion of the RSUs into Shares or the receipt of any equivalent cash payment, the subsequent sale of any Shares acquired at vesting, and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for the Tax-Related Items.

(b) Prior to any relevant taxable or tax withholding event ("Tax Date"), as applicable, Participant will pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company, Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. dollars in the amount of the Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Participant having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Participant's wages or other cash compensation which would otherwise be payable to Participant by the Company or from any equivalent cash payment received upon vesting of the RSUs, equal to the amount necessary to satisfy any such obligation, (iii) withhold from proceeds of the sale of Shares acquired upon issuance of the RSUs either

through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Participant has submitted an irrevocable notice of sale.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares due to him or her at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan. Finally, Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to the Participant if Participant fails to comply with his or her obligations in connection with the Tax-Related Items as described herein.

**11. Repatriation; Compliance with Laws.** If the Participant is resident or employed outside of the United States, the Participant may be required to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the RSUs) in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). It is the Participant's responsibility to comply with all foreign exchange rules and all other local compliance requirements that he or she may be subject to with respect to his or her participation in the Plan. In addition, the Participant is required to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be necessary to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). The Participant is also required to take any and all actions as may be necessary to comply with the Participant's personal legal, and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

**12. Securities Matters.** The Company shall not be required to deliver any Shares until the requirements of any federal, state or foreign securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied. If the Participant is resident or employed outside of the United States, neither the grant of the RSUs under the Plan nor the issuance of the underlying Shares upon settlement of the RSUs is intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

13. **Legal Requirements and Risks.** No employee of the Company or a Subsidiary is permitted to advise the Participant on whether the Participant should acquire Shares under the Plan. Acquiring Shares involves a degree of risk. Before deciding to acquire Shares pursuant to the RSUs, the Participant should carefully consider all risk factors relevant to the acquisition of Shares under the Plan and the Participant should carefully review all of the materials related to the RSUs and the Plan. In addition, the Participant should consult with the Participant's own financial advisor and legal advisor for professional investment advice.

14. **Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the RSUs by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. **Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Award and the Participant's participation in the Plan. The collection, processing and transfer of the Participant's personal data are necessary for the Company's administration of the Plan and the Participant's participation in the Plan. The Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's participation in the Plan. The Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Participant's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Participant's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Participant may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Participant's participation in the Plan. The Participant may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**16. English Language.** The Participant acknowledges and agrees that it is the Participant's express intent that the Notice of Grant of Award, the Award Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs, be drawn up in English. If the Participant has received the Notice of Grant of Award, Award Agreement, the Plan or any other documents related to the RSUs translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**17. Governing Law; Venue.** All questions concerning the validity, construction and effect of this Award Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws. Any dispute concerning this Award Agreement will be resolved exclusively in the state or federal courts in Harris County, Texas, and the Participant agrees to exclusive venue and jurisdiction in such courts as a condition of receiving this Award.

**18. Appendix.** Notwithstanding any provisions of this Award Agreement to the contrary, the RSUs shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Award Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the RSUs to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). In all circumstances, the Appendix shall constitute part of this Award Agreement.

**19. Additional Requirements.** The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs, and the Participant's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the RSUs and the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**20. Section 409A.**

(a) This Award is intended to comply with Section 409A of the Code and ambiguous provisions, if any, shall be construed in a manner that is compliant with or exempt from the application of Section 409A, as appropriate. This Award shall not be amended or terminated in a manner that would cause the Award or any amounts payable under the Award to fail to comply with the requirements of Section 409A, to the extent applicable, and, further, the provisions of any purported amendment that may reasonably be expected to result in such non-compliance shall be of no force or effect with respect to the Award. The Company shall neither cause nor permit any payment, benefit or consideration to be substituted for a benefit that is payable under this Award if such action would result in the failure of any amount that is subject to Section 409A to comply with the applicable requirements of Section 409A. For purposes of Section 409A, each payment under this Award shall be deemed to be a separate payment.

(b) Notwithstanding any provision of the Award to the contrary, if the Participant is a "specified employee" within the meaning of Section 409A as of the date of the Participant's termination of employment and the Company determines, in good faith, that immediate payments of any amounts or benefits would cause a violation of Section 409A, then any amounts or benefits which are payable under this Award upon the Participant's "separation from service" within the meaning of Section 409A which (i) are subject to the provisions of Section 409A; (ii) are not otherwise excluded under Section 409A; and (iii) would otherwise be payable during the first six-month period following such separation from service shall be paid on the first business day next following the earlier of (1) the date that is six months and one day following the Date of termination or (2) the date of the participant's death.

**21. Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the Shares underlying the RSUs. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

**CAMERON INTERNATIONAL CORPORATION**  
**STOCK OPTION AGREEMENT**

**Effective Date:** [ ], 2015

1. **Purpose.** As an additional incentive and inducement to you to remain in the employment of Cameron International Corporation (the “Company”) to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the “Optionee”, the option to purchase common stock of the Company from the Company (the “Options”) at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and this Option Agreement (the “Agreement”), subject to your acceptance of this Agreement in writing or electronically in the manner prescribed by the Company or its third party administrator. The Options are not intended to be incentive stock options granted in accordance with Code Section 422. For purposes of this Agreement, “Employer” means the Company or any successor of the Company or any affiliate of either that employs the Optionee on the applicable date. All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan.

2. **Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company’s **Equity Incentive Plan** (the “Plan”), as indicated in your Notice of Grant of Stock Options. A copy of the Plan is available from the Corporate Secretary upon request. In the event there is a conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control.

3. **Purchase Price.** The purchase price of the Shares of the Company’s common stock subject to the Agreement shall be \$[ ] per Share.

4. **Vesting and Exercisability.**

(a) The Options granted pursuant to this Agreement shall vest on the earliest of (i) the “normal vesting schedule”, (ii) the date following the closing of the proposed Cameron/Schlumberger merger pursuant to the Merger Agreement between Cameron and Schlumberger Holdings Corporation, et. al. dated as of August 25, 2015 (the “Closing”), on which the Optionee is no longer employed by the Company or Employer for any reason or (iii) the Optionee’s death or termination due to Long-Term Disability (*as defined below*). The “normal vesting schedule” is three installments as follows: one-third on [ ], 2016, one-third on [ ], 2017, and one-third on [ ], 2018, provided the Optionee remains employed as of such date (each a “Scheduled Vesting Date”).

(b) The Options granted pursuant to this Agreement may be exercised, in whole or in part, but only as to the number of Options as to which the right to exercise has vested at the time of exercise, during the period beginning [ ], 2016 (one year from the date on which the Option was granted), and ending [ ], 2025 (ten years from the date on which the Option was granted.)

(c) “Cause”, for the purposes hereof, shall mean the Optionee has (i) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or Employer; (ii) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or Employer; (iii) breached any material policy or code of conduct established by the Company or Employer; (iv) engaged in conduct that Optionee knows or should know is materially injurious to the Company or Employer; (v) been convicted of a felony or a misdemeanor involving moral turpitude; or (vi) engaged in an act of dishonest or impropriety which materially impairs the Optionee’s effectiveness in his or her position with the Company or Employer.

(d) “Long-Term Disability”, for the purposes hereof, shall mean the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

5. **Exercise of Option.** The Options granted herein may be exercised as to vested Options, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in an electronic or written form as prescribed by the Company or its designated third party administrator. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check in U.S. Dollars, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee, (iii) a combination of cash and Shares theretofore owned and held by the Optionee, or (iv) the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations.

6. **Changes in the Company’s Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of Section 12.2 of the Plan relating to adjustments to corporate capitalization.

7. **Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

8. **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:  
Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

**9. Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

**10. Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to grants of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement. "Immediate Family" means the spouse, children or grandchildren of the Optionee.

**11. Tax Withholding.**

(a) Regardless of any action the Company or Optionee's employer (the "Employer") takes with respect to any or all income tax (including foreign, federal, state and local tax), social insurance, payroll tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by Optionee is and remains Optionee's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including but not limited to, the grant, vesting, exercise of the Option, the issuance of Shares upon exercise, the subsequent sale of Shares acquired pursuant to the exercise of the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee has become subject to tax in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event (“Tax Date”), as applicable, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. Dollars in the amount of Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Optionee having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Optionee’s wages or other cash compensation which would otherwise be payable to Optionee by the Company and/or the Employer, equal to the amount necessary to satisfy any such obligations, (iii) withhold from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee’s behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Optionee have submitted an irrevocable notice of exercise.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee are deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items. Finally, Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Optionee’s participation in the Plan that cannot be satisfied by the means previously described. The Company shall have sole discretion to deliver the Shares if Optionee fails to comply with his or her obligations in connection with the Tax-Related Items as described in this section and Optionee unconditionally consents to and approves any such action taken by the Company. Optionee (or any beneficiary or person entitled to act on Optionee’s behalf) shall provide the Company with any forms, documents or other information reasonably required by the Company.

**12. Repatriation; Compliance with Laws.** If the Optionee is resident or employed outside of the United States, the Optionee may be required to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the Option) in accordance with local foreign exchange rules and regulations in the Optionee’s country of residence (and country of employment, if different). It is the Optionee’s responsibility to comply with all foreign exchange rules and all other local compliance requirements that he or she may be subject to with respect to his or her participation in the Plan. In addition, the Optionee is required to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be necessary to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Optionee’s country of residence (and country of employment, if different). The Optionee is also required to take any and all actions as may be necessary to comply with the Optionee’s personal legal, and tax obligations under local laws, rules and regulations in the Optionee’s country of residence (and country of employment, if different).

**13. Securities Matters.** The Company shall not be required to deliver any Shares until the requirements of any federal, state or foreign securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied. If the Optionee is resident or employed outside of the United States, neither the grant of the Options under the Plan nor the issuance of the underlying Shares upon exercise of the Options is intended to be a public offering of securities in the Optionee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

**14. Legal Requirements and Risks.** No employee of the Company or a Subsidiary is permitted to advise the Optionee on whether the Optionee should acquire Shares under the Plan. Acquiring Shares involves a degree of risk. Before deciding to acquire Shares pursuant to the Options, the Optionee should carefully consider all risk factors relevant to the acquisition of Shares under the Plan and the Optionee should carefully review all of the materials related to the Options and the Plan. In addition, the Optionee should consult with the Optionee's own financial advisor and legal advisor for professional investment advice.

**15. Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Optionee of the following in relation to the Optionee's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Option and the Optionee's participation in the Plan. The collection, processing and transfer of the Optionee's personal data are necessary for the Company's administration of the Plan and the Optionee's participation in the Plan. The Optionee's denial and/or objection to the collection, processing and transfer of personal data may affect the Optionee's participation in the Plan. The Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Optionee or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Optionee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Optionee's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Optionee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Optionee's behalf to a broker or other third party with whom the Optionee may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Optionee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan. The Optionee may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**16. English Language.** The Optionee acknowledges and agrees that it is the Optionee's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Option, be drawn up in English. If the Optionee has received the Agreement, the Plan or any other documents related to the Options translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**17. Nature of Grant.**

In accepting the award of Options, Optionee acknowledges that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.

(b) The grant of Options is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.

(c) The Optionee is voluntarily participating in the Plan.

(d) An Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Optionee's employment contract, if any.

(e) The Options are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

(f) The Options will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the Options will not be interpreted to form an employment contract with any Subsidiary.

(g) This Agreement shall not confer upon the Optionee any right to continuation of employment by the Employer, nor shall this Agreement interfere in any way with the Employer's right to terminate the Optionee's employment at any time, as may be permitted under local law.

(h) The future value of the underlying Shares is unknown and cannot be predicted with certainty; if the value of the Shares does not increase after the time of grant, this Option will have no value.

(i) If the Options vest and the Optionee obtains Shares, the value of those Shares acquired may increase or decrease in value.

(j) In consideration of the grant of the Options, no claim or entitlement to compensation or damages shall arise from termination of the Options or diminution in value of the Options or Shares acquired upon exercise of the Option resulting from termination of the Optionee's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Option, the Optionee will be deemed irrevocably to have waived the Optionee's entitlement to pursue such claim.

(k) The Options and benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

**18. Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the Option by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**19. Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the Shares underlying the Option. Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

20. **Governing Law.** All questions concerning the validity, construction and effect of this Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws. Any dispute concerning this Agreement will be resolved exclusively in the state or federal courts in Harris County, Texas, and the Optionee agrees to exclusive venue and jurisdiction in such courts as a condition of receiving this Award.

21. **Appendix Terms.** Notwithstanding any provisions of this Agreement to the contrary, the Option shall be subject to such special terms and conditions for the Optionee's country of residence (and country of employment, if different), as are set forth in the Appendix to this Agreement (the "Appendix"). Further, if the Optionee transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Option to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

22. **Additional Requirements.** The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options, and the Optionee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Options and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

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**CAMERON INTERNATIONAL CORPORATION**  
**NON-QUALIFIED STOCK OPTION AGREEMENT**

**Effective Date: [    ], 2011**

1.       **Purpose.** As an additional incentive and inducement to you to remain in the employment of the Company or one of its direct or indirect subsidiaries and to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the "Optionee", the option to purchase common stock of the Company from the Company at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and Option Agreement (the "Agreement"). If Optionee completes, signs, and returns one copy of this Agreement to the Company in Houston, Texas, U.S.A., this Agreement will become effective as of [    ].

2.       **Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company's **2005 Equity Incentive Plan** (the "Plan"), a copy of which is attached hereto, and in the event there is a conflict between the terms of the Plan and the Agreement, the terms of the Plan shall control.

3.       **Purchase Price.** The purchase price of the Shares of the Company's common stock subject to the Agreement shall be \$[    ] per Share.

4.       **Vesting.** The Option granted pursuant to the Agreement ("Option") may be exercised, in whole or in part, but only as to the number of Shares as to which the right to exercise has vested at the time of exercise, during the period beginning [    ], 2012 (one year from the date on which it was granted), and ending [    ], 2021 (ten years from the date on which Option was granted.)

5.       **Exercise of Option.** The Option granted herein may be exercised as to vested Shares, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in a form substantially similar to the form attached hereto. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee for more than six months, (iii) a combination of cash and Shares theretofore owned and held by the Optionee for more than six months, or (iv) the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations. The notice shall state a requested delivery date for the Share certificate or

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certificates at least fifteen days after the delivery of such notice; provided, however, that if the Optionee is exercising any Option granted pursuant to this Agreement in connection with a broker's transaction described in 5(iv) above, such notice shall state a requested date of delivery to the broker of such Share certificate or certificates which shall be no later than five business days after delivery of such notice or such greater or lesser time as may be required or permitted by law.

6. **Shares Subject to Listing and Registration.** The Option granted herein shall be subject to the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any applicable state or federal law. This Option may not be exercised in whole or in part unless such listing, registration or qualification shall have been effected or obtained free of any conditions not reasonably acceptable to the Board of Directors.

7. **Changes in the Company's Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of the Plan relating to adjustments to corporate capitalization, provided; however, that in the event of any reorganization, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split or other similar change in corporate structure affecting the Shares subject to the Option, the Option shall be appropriately adjusted to reflect such change, but only so far as is necessary to maintain the proportionate interest of the Participant and preserve, without exceeding, the value of such Option.

8. **Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Optionee acknowledges that the Optionee is in possession of and has access to confidential information, including material relating to the business, products or services of the Company and that he or she will continue to have such possession and access during employment by the Company. The Optionee also acknowledges that the Company's business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, the Optionee agrees that as partial consideration for the Option granted herein that should the Optionee engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company shall be entitled to: (i) cancel any un-exercised portion of the Option; (ii) recover from the Optionee the value of any portion of the Option that has been exercised; (iii) seek injunctive relief against the Optionee; (iv) recover all damages, court costs, and attorneys' fees incurred by the Company in enforcing the provisions of this Option grant, and (v) set-off any such sums to which the Company is entitled hereunder against any sum which may be owed the Optionee by the Company.

(b) "Detrimental Activity" for the purposes hereof, other than with respect to involuntary termination without cause, termination in connection with or as a result of a "Change of Control" (as defined in Section 10(b) hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company; (ii) disclosing to anyone outside the Company, or using in other than the Company's business, without prior written authorization from the Company, any confidential information

including material relating to the business, products or services of the Company acquired by the Optionee during employment with the Company; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company to leave his or her employment, whether done on Optionee's own account or on account of any person, organization or business which is or becomes competitive with the Company, or (iv) directly or indirectly soliciting the trade or business of any customer of the Company. "Detrimental Activity" for the purposes hereof with respect to involuntary termination without cause, termination in connection with or as a result of a "Change of Control", or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

**9. Termination of Employment.**

(a) If the Optionee's employment terminates, for reasons other than cause (as defined below), at age 60 or older and the Optionee has at least ten years of service with the Company, any unvested shares shall continue to vest according to the terms of the Option except that if such termination occurs within one year from grant date, the number of shares that will continue to vest shall be reduced to be proportionate to that portion of the year between grant date and termination date; and the Optionee shall have the right to exercise the Option at any time within the lesser of: (i) the term of the option, or (ii) a three (3) year period commencing on the day next following such termination; and

(b) If the Optionee is an Executive Officer age 65 or older with at least ten years of service with the Company and the Optionee's employment terminates, for reason other than cause (as defined below), or death or "long-term" disability (as defined below), any unvested shares shall continue to vest according to the terms of the Option and the Optionee shall have the right to exercise the Option according to the terms of the Option; and

(c) If the Optionee's employment terminates by reason of death or "long-term disability", as defined below, of the Optionee, the Option shall vest in full, and the Optionee or his/her personal representatives, heirs, legatees or distributees shall have the right to exercise the Option granted hereunder at any time within the lesser of: (1) the term of the Option or, (ii) a three (3) year period commencing on the date next following such termination. For purposes of this Stock Option Agreement, "long-term disability" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months; and

(d) If the Optionee's employment terminates by reason of a workforce reduction, any unvested Shares shall continue to vest according to the terms of the option, except that, unless the Optionee is an Executive Officer, age 65 or older and has at least ten years service with the Company at time of termination, if such termination occurs within one year from grant date, the number of shares that will continue to vest shall be reduced to be proportionate to that portion of the year between the grant date and termination date; and the Optionee shall have the right to exercise the Option granted hereunder at any time within the lesser of: (i) the term of the Option, or (ii) a three(3) year period commencing on the day next following such termination; and

(e) If the Optionee's employment terminates voluntarily other than as provided for in Sections (a), (b), (c) or (d) above, or as a result of involuntary termination other than for cause or as provided for in Sections (c) and (d) above, no additional Shares shall vest for the benefit of the Optionee after the termination date, and the Option shall be exercisable by the Optionee, with respect to those Shares which had already vested only, within a three (3) month period after such termination or the term of the Option, whichever is less, but only to the extent it was exercisable immediately prior to the date of termination; and

(f) If the Optionee's employment is terminated for "cause", the Option shall terminate and no longer be exercisable for either the vested or the unvested Shares. For purposes of the Option, "cause" shall mean the Optionee has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company, (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company, (3) breached any material policy or code of conduct established by the Company and affecting the Optionee, (4) engaged in conduct that Optionee knows or should know is materially injurious to the Company, (5) been convicted of a felony or a misdemeanor involving moral turpitude, or (6) engaged in an act of dishonest or impropriety which materially impairs the Optionee's effectiveness in his or her position with the Company; and

(g) In the event of any reorganization, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split or other similar change in corporate structure affecting the shares subject to the stock option grant, the grant shall be appropriately adjusted to reflect such change, but only in so far as is necessary to maintain the proportionate interest of the holder of the grant and preserve, without exceeding, the value of such a grant.

**10. Change of Control.**

(a) Notwithstanding Section 11.2 of the Plan, upon a "Change of Control" of the Company, the Option granted hereunder shall immediately and fully vest and become fully exercisable.

(b) "Change of Control" for the purposes of this Option, shall mean the earliest date on which:

(i) any Person is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or

(ii) individuals who constitute the Board on the date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or

- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction less than 50% of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company's outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the 50% continuity test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder's ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company's outstanding voting securities immediately prior to the transaction).
- (iv) a tender offer or exchange offer is made and consummated by a Person other than the Company for the ownership of 20% or more of the voting securities of the Company then outstanding; or
- (v) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change of Control shall be deemed to have occurred by virtue of any transaction which results in the Participant, or a group of Persons which includes the Participant, acquiring more than 20% of either the combined voting power of the Company's outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

**11. Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

**12. Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:

Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

13. **Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

14. **Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to Awards of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any Award transferred shall continue to be subject to all terms and conditions contained in the Award Agreement.

15. **Tax Withholding.**

(a) With respect to the cash payment under the Plan, Optionee agrees that as a condition to the exercise of the Option granted hereunder, any cash payment shall be reduced by, or shall include such additional amount required to be paid or withheld with respect thereto under all applicable federal, state and local taxes and any other law or regulation that may be in effect as of the date of each such payment ("Tax Amounts").

(b) With respect to issuance of Shares pursuant to the exercise of the Option granted hereunder, no issuance shall be made until appropriate arrangements have been made for the payment of any Tax Amounts that may be required to be paid or withheld with respect thereto, and such arrangements can be accomplished by:

- (i) directing the Company to retain Shares (up to the Optionee's minimum required tax withholding rate or such other rate that will not trigger a negative accounting impact) otherwise deliverable in connection with the Award;
- (ii) payment of the Required Tax amounts to the Company; or
- (iii) if Optionee is a current employee or Director of the Company, the Optionee may satisfy the obligation for payment of the required Tax Amounts by tendering previously acquired Shares (either actually or by attestation, valued at their then "Fair Market Value" as defined by the Plan) that have been owned for a period of at least six months (or such other period necessary to avoid accounting charges against the Company's earnings).

**CAMERON INTERNATIONAL CORPORATION**  
**NON-QUALIFIED STOCK OPTION AGREEMENT**

**Effective Date: [     ], 2013**

- 1. Purpose.** As an additional incentive and inducement to you to remain in the employment of Cameron International Corporation (the "Company") or one of its direct or indirect subsidiaries or affiliate ("Subsidiary") and to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the "Optionee", the option to purchase common stock of the Company from the Company (the "Options") at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and this Option Agreement (the "Agreement"). If Optionee completes, signs, and returns one copy of this Agreement to the Company in Houston, Texas, U.S.A., this Agreement will become effective as of [     ], 2013.
- 2. Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company's **Equity Incentive Plan** (the "Plan"), as indicated in your Notice of Grant of Stock Options. A copy of the Plan is available on the Cameron Intranet under the Legal Section. In the event there is a conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control.
- 3. Purchase Price.** The purchase price of the Shares of the Company's common stock subject to the Agreement shall be \$[     ] per Share.
- 4. Vesting.** The Options granted pursuant to this Agreement may be exercised, in whole or in part, but only as to the number of Options as to which the right to exercise has vested at the time of exercise, during the period beginning [     ], 2014 (one year from the date on which they were granted), and ending [     ], 2023 (ten years from the date on which Option was granted.)
- 5. Exercise of Option.** The Options granted herein may be exercised as to vested Options, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in a form substantially similar to the form attached hereto. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check in U.S. Dollars, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee for more than six months, (iii) a combination of cash and Shares theretofore owned and held by the Optionee for more than six months, or (iv) the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations.

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6. **Shares Subject to Listing and Registration.** The Option granted herein shall be subject to the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any applicable state, federal or foreign law. This Option may not be exercised in whole or in part unless such listing, registration or qualification shall have been effected or obtained free of any conditions not reasonably acceptable to the Board of Directors.

7. **Changes in the Company's Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of the Plan relating to adjustments to corporate capitalization, provided; however, that in the event of any reorganization, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split or other similar change in corporate structure affecting the Shares subject to the Option, the Option shall be appropriately adjusted to reflect such change, but only so far as is necessary to maintain the proportionate interest of the Optionee and preserve, without exceeding, the value of such Option.

8. **Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Optionee acknowledges that the Optionee is in possession of and has access to confidential information, including material relating to the business, products or services of the Company and that he or she will continue to have such possession and access during employment by the Company. The Optionee also acknowledges that the Company's business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, the Optionee agrees that as partial consideration for the Option granted herein that should the Optionee engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company shall be entitled to: (i) cancel any unexercised portion of the Option; (ii) recover from the Optionee the value of any portion of the Option that has been exercised; (iii) seek injunctive relief against the Optionee; (iv) recover all damages, court costs, and attorneys' fees incurred by the Company in enforcing the provisions of this Option grant, and (v) set-off any such sums to which the Company is entitled hereunder against any sum which may be owed the Optionee by the Company.

(b) "Detrimental Activity" for the purposes hereof, other than with respect to involuntary termination without cause, termination in connection with or as a result of a "Change of Control" (as defined in Section 9(b) hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company; (ii) disclosing to anyone outside the Company, or using in other than the Company's business, without prior written authorization from the Company, any confidential information including material relating to the business, products or services of the Company acquired by the Optionee during employment with the Company; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company to leave his or her employment, whether done on Optionee's own account or on account of any person, organization or business which is or becomes competitive with the Company, or (iv) directly or indirectly soliciting the trade or

business of any customer of the Company. "Detrimental Activity" for the purposes hereof with respect to involuntary termination without cause, termination in connection with or as a result of a "Change of Control", or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

**9. Termination of Employment.**

(a) If the Optionee's employment terminates at age 60 or older, for reasons other than "Cause" (as defined below), and the Optionee has at least ten years of continuous service with either or both the Company or a Subsidiary, any unvested Options shall continue to vest and be payable according to the terms of the Agreement; except that, if such termination occurs within one year from grant date, the number of Options that will continue to vest shall be reduced to be proportionate to that portion of the year between grant date and termination date and the balance of the Option shall be immediately cancelled. The Optionee shall have the right to exercise the Option at any time within the lesser of: (i) the term of the option, or (ii) a three (3) year period commencing on the day next following such termination. "Continuous service" shall mean ten (10) years of continuous and uninterrupted employment of the Optionee by either or both of the Company or a Subsidiary from their most recent date of hire; and

(b) If the Optionee is an executive officer, as determined annually by the Chief Executive Office of the Company, age 65 or older with at least ten years of continuous service with either or both of the Company or a Subsidiary and the Optionee's employment terminates for reason other than Cause, or death or "Long-term Disability", any unvested Options shall continue to vest according to the terms of the Agreement and the Optionee shall have the right to exercise the Options according to the terms of the Agreement; and

(c) If the Optionee's employment terminates by reason of death or "Long-term Disability", of the Optionee, the Option shall vest in full, as of the date of death or the date of such termination and be exercisable pursuant to the terms of Section 5, and the Optionee or his/her personal representatives, heirs, legatees or distributees shall have the right to exercise the Option granted hereunder at any time within the lesser of: (1) the term of the Option or, (ii) a three (3) year period commencing on the date next following the date of such termination. For purposes of this Agreement, "Long-term Disability" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months; and

(d) If the Optionee's employment terminates by reason of a workforce reduction, the Options shall continue to vest and be exercisable according to their terms; except that, if such termination occurs within one year from the effective date of the grant, the number of Options that will vest in full shall be reduced to be proportionate to that portion of the year between such effective date and the date of termination, and the balance of the grant shall be immediately cancelled; and

(e) If the Optionee's employment terminates voluntarily other than as provided for in Sections (a), (b), (c) or (d) above, or as a result of involuntary termination other than for Cause or as provided for in Sections (c) and (d) above, no additional Options shall vest for the benefit of the Optionee after the termination date, and the Options shall be exercisable by the Optionee, with respect to those Shares which had already vested only, within a three (3) month period after such termination or the term of the Options, whichever is less, but only to the extent exercisable immediately prior to the date of termination; and

(f) If the Optionee's employment is terminated for Cause, the Options shall terminate and no longer be exercisable for either the vested or the unvested Options; and

(g) Any other agreement between the Optionee and the Company notwithstanding, if there is a termination of Optionee's employment either by the Company without "Cause" or by the Optionee for reasons that would constitute "constructive termination" under applicable law during the period from the earlier of the occurrence of any of the events that would cause a "Change in Control" (as defined below) or the date of the agreement by the Company to enter into a transaction which results in a "Change in Control" or within two years following a "Change in Control", the Options shall immediately vest and be payable in full pursuant to the terms of Section 5.

(h) "Cause" for the purposes hereof, shall mean the Optionee has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or a Subsidiary; (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or a Subsidiary; (3) breached any material policy or code of conduct established by the Company or a Subsidiary and affecting the Optionee; (4) engaged in conduct that Optionee knows or should know is materially injurious to the Company or a Subsidiary; (5) been convicted of a felony or a misdemeanor involving moral turpitude; or (6) engaged in an act of dishonest or impropriety which materially impairs the Optionee's effectiveness in his or her position with the Company or a Subsidiary.

(i) "Long-term Disability" for the purposes hereof, shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

(j) "Change in Control" for the purposes of this Agreement, shall mean the earliest date on which:

- (i) any Person is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or

- (ii) individuals who constitute the Board on the date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or
- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction less than a majority of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company's outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the majority ownership continuity test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder's ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company's outstanding voting securities immediately prior to the transaction).
- (iv) a tender offer or exchange offer is made and consummated by a Person other than the Company for the ownership of 20% or more of the voting securities of the Company then outstanding; or
- (v) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change of Control shall be deemed to have occurred by virtue of any transaction which results in the Optionee, or a group of Persons which includes the Optionee, acquiring more than 20% of either the combined voting power of the Company's outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

**10. Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

**11. Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:  
Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

**12. Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

**13. Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to grants of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement.

**14. Tax Withholding.**

(a) Regardless of any action the Company or Optionee's employer (the "Employer") takes with respect to any or all income tax (including foreign, federal, state and local tax), social insurance, payroll tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by Optionee is and remains Optionee's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including but not limited to, the grant, vesting, exercise of the Option, the issuance of Shares upon exercise, the subsequent sale of Shares acquired pursuant to the exercise of the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee has become subject to tax in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event (“Tax Date”), as applicable, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. Dollars in the amount of Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Optionee having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Optionee’s wages or other cash compensation which would otherwise be payable to Optionee by the Company and/or the Employer, equal to the amount necessary to satisfy any such obligations, (iii) withhold from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee’s behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Optionee have submitted an irrevocable notice of exercise.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee are deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items. Finally, Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Optionee’s participation in the Plan that cannot be satisfied by the means previously described. The Company shall have sole discretion to deliver the Shares if Optionee fails to comply with his or her obligations in connection with the Tax-Related Items as described in this section and Optionee unconditionally consents to and approves any such action taken by the Company. Optionee (or any beneficiary or person entitled to act on Optionee’s behalf) shall provide the Company with any forms, documents or other information reasonably required by the Company.

**15. Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Optionee of the following in relation to the Optionee’s personal data and the collection, processing and transfer of such data in relation to the Company’s grant of this Option and the Optionee’s participation in the Plan. The collection, processing and transfer of the Optionee’s personal data are necessary for the Company’s administration of the Plan and the Optionee’s participation in the Plan. The Optionee’s denial and/or objection to the collection, processing and transfer of personal data may affect the Optionee’s participation in the Plan. The Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Optionee, including the Optionee’s name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other

entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Optionee or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Optionee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Optionee's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Optionee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Optionee's behalf to a broker or other third party with whom the Optionee may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Optionee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan. The Optionee may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**16. English Language.** The Optionee acknowledges and agrees that it is the Optionee's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Option, be drawn up in English. If the Optionee has received the Agreement, the Plan or any other documents related to the Options translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**17. Nature of Grant.**

In accepting the award of Options, Optionee acknowledges that:

- (a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.
- (b) The grant of Options is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.
- (c) The Optionee is voluntarily participating in the Plan.
- (d) An Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Optionee's employment contract, if any.
- (e) The Options are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.
- (f) The Options will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the Options will not be interpreted to form an employment contract with any Subsidiary.
- (g) This Agreement shall not confer upon the Optionee any right to continuation of employment by the Employer, nor shall this Agreement interfere in any way with the Employer's right to terminate the Optionee's employment at any time, as may be permitted under local law.
- (h) The future value of the underlying Shares is unknown and cannot be predicted with certainty; if the value of the Shares does not increase after the time of grant, this Option will have no value.
- (i) If the Options vest and the Optionee obtains Shares, the value of those Shares acquired may increase or decrease in value.

(j) In consideration of the grant of the Options, no claim or entitlement to compensation or damages shall arise from termination of the Options or diminution in value of the Options or Shares acquired upon exercise of the Option resulting from termination of the Optionee's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Option, the Optionee will be deemed irrevocably to have waived the Optionee's entitlement to pursue such claim.

(k) In the event of involuntary termination of Optionee's employment (whether or not in breach of local labor laws), Optionee's right to receive Options and vest under the Plan, if any, will terminate effective as of the date that Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws), Optionee's right to exercise Options and vesting in Options after termination of employment, if any will be measured by the date of termination of Optionee's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of the award of the Options.

(l) The Options and benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

**18. Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the Option by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**19. Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the Shares underlying the Option. Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

**20. Governing Law.** All questions concerning the validity, construction and effect of this Award Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws.

21. **Appendix Terms.** Notwithstanding any provisions of this Agreement to the contrary, the Option shall be subject to such special terms and conditions for the Optionee's country of residence (and country of employment, if different), as are set forth in the Appendix to this Agreement (the "Appendix"). Further, if the Optionee transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Option to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

22. **Additional Requirements.** The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options, and the Optionee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Options and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**CAMERON INTERNATIONAL CORPORATION**  
**NON-QUALIFIED STOCK OPTION AGREEMENT**  
**(Including Non-Compete, Non-Solicitation, and Confidentiality Agreements)**

**Effective Date: [    ], 2014**

1. **Purpose.** As an additional incentive and inducement to you to remain in the employment of Cameron International Corporation (the “Company”) or one of its Subsidiaries and to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the “Optionee”, the option to purchase common stock of the Company from the Company (the “Options”) at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and this Option Agreement (the “Agreement”), subject to your acceptance of this Agreement in writing or electronically in the manner prescribed by the Company or its third party administrator. The Options are not intended to be incentive stock options granted in accordance with Code Section 422. For purposes of this Agreement, “Employer” means the Company or Subsidiary that employs the Participant on the applicable date. All capitalized terms not defined in this Award Agreement shall have the same meaning as set forth in the Plan.

2. **Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company’s **Equity Incentive Plan** (the “Plan”), as indicated in your Notice of Grant of Stock Options. A copy of the Plan is available from the Corporate Secretary upon request. In the event there is a conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control.

3. **Purchase Price.** The purchase price of the Shares of the Company’s common stock subject to the Agreement shall be \$[    ] per Share.

4. **Vesting.** The Options granted pursuant to this Agreement may be exercised, in whole or in part, but only as to the number of Options as to which the right to exercise has vested at the time of exercise, during the period beginning [    ], 2015 (one year from the date on which they were granted), and ending [    ], 2024 (ten years from the date on which Option was granted.)

5. **Exercise of Option.** The Options granted herein may be exercised as to vested Options, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in an electronic or written form as prescribed by the Company or its designated third party administrator. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check in U.S. Dollars, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee, (iii) a combination of cash and Shares theretofore owned and held by the Optionee, or (iv) the Optionee delivering to the Company a properly executed exercise notice together with

irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations.

6. **Changes in the Company's Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of Section 12.2 of the Plan relating to adjustments to corporate capitalization.

7. **Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Optionee acknowledges that the Optionee is in possession of and has access to confidential information, including material relating to the business, products and/or services of the Company and that he or she will continue to have such possession and access during employment by the Company or Employer. The Optionee also acknowledges that the Company's (or Employer's) business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, **the Optionee agrees that as partial consideration for the Option granted herein that should the Optionee engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company or Employer shall be entitled to: (i) cancel any unexercised portion of the Option grant; (ii) recover from the Optionee the value of any portion of the Option grant that has been exercised; (iii) seek injunctive relief against the Optionee pursuant to the provision of subsection (c) below; (iv) recover all damages, court costs, and attorneys' fees incurred by the Company or Employer in enforcing the provisions of this Option grant, and (v) set-off any such sums to which the Company or Employer is entitled hereunder against any sum which may be owed the Optionee by the Company or Employer.**

(b) "Detrimental Activity" for the purposes hereof, other than with respect to involuntary termination without Cause, termination in connection with or as a result of a "Change of Control" (as defined in Section 8(j) hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company or Employer or any Subsidiary; (ii) disclosing to anyone outside the Company or any Subsidiary, or using in other than the Company's or any Subsidiary's business, without prior written authorization from the Company or Employer or any Subsidiary, any confidential information including material relating to the business, products or services of the Company or Employer or any Subsidiary acquired by the Optionee during employment with the Company or Employer or any Subsidiary; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company or Employer or any Subsidiary to leave his or her employment, whether done on Optionee's own account or on account of any person, organization or business which is or becomes competitive with the Company or Employer or any Subsidiary, or (iv) directly or indirectly soliciting the trade or business of any customer of the Company or Employer or any Subsidiary. "Detrimental Activity" for the purposes hereof with respect to involuntary termination without Cause, termination in connection with or as a result of a "Change of Control", or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

(c) Because of the difficulty of measuring economic losses to the Company or Employer as a result of a breach of the foregoing covenants, and because of the immediate and irreparable damage that could be caused to the Company or Employer for which it would have no other adequate remedy, the Optionee agrees that the foregoing covenants may be enforced by the Company or Employer in the event of breach by him/her by injunction relief and restraining order, without the necessity of posting a bond, and that such enforcement shall not be the Company's or Employer's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company or Employer.

(d) The covenants and the provisions of this Section 7 are severable and separate, and the unenforceability of any specific covenant or provision shall not affect the enforceability of any other covenant or provision. Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope or time set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the panel or court deems reasonable, and this Agreement shall thereby be reformed.

(e) Each of the covenants in this Section 7 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of the Optionee against the Company or Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company or Employer of such covenants or provisions.

## **8. Termination of Employment.**

(a) If the Optionee's employment terminates at age 60 or older, for reasons other than "Cause" (*as defined below*), and the Optionee has at least ten years of continuous employment with either or both the Company or a Subsidiary, any unvested Options shall continue to vest and be payable according to the terms of the Agreement; except that if such termination occurs within one year from grant date, the number of Options that will continue to vest shall be reduced to be proportionate to the ratio of the number of days between grant date and termination date and 365, with the balance of the Option immediately cancelled. The Optionee shall have the right to exercise the Option at any time within the lesser of: (i) the term of the option, or (ii) a three (3) year period commencing on the day next following such termination.

(b) If the Optionee is an executive officer, categorized as a Tier 1 Executive Officer at the time of grant or at the time of termination, age 65 or older with at least ten years of continuous employment with either or both of the Company or a Subsidiary and the Optionee's employment terminates for reason other than Cause, or death or "Long-term Disability" (*as defined below*), any unvested Options shall continue to vest according to the terms of the Agreement and Optionee shall have the right to exercise the Options for the full term of this Agreement.

(c) If the Optionee's employment terminates by reason of death or "Long-term Disability", of the Optionee, the Option shall vest in full, as of the date of death or the date of such termination and be exercisable pursuant to the terms of Section 4, and the Optionee or his/her personal representatives, heirs, legatees or distributees shall have the right to exercise the Option granted hereunder at any time within the lesser of: (1) the term of the Option or, (ii) a three (3) year period commencing on the date next following the date of such termination.

(d) If the Optionee's employment terminates by reason of a workforce reduction, the Options shall continue to vest and be exercisable according to their terms; except that, unless the Optionee is an executive officer categorized as a Tier 1 Executive Officer at the time of grant or the time of termination, age 65 or older and has at least ten years of continuous employment with either or both of the Company or a Subsidiary at the time of termination, if such termination occurs within one year from the grant date, the number of Options that will vest in full shall be reduced to be proportionate to the ratio of the number of days between the grant date and the date of termination and 365, with the balance of the Option immediately cancelled.

(e) If the Optionee's employment terminates other than as provided for in Sections (a), (b), (c) or (d) above, no additional Options shall vest for the benefit of the Optionee after the termination date, and the Options shall be exercisable by the Optionee, with respect to those Shares which had already vested only, within a three (3) month period after such termination or the term of the Options, whichever is less, but only to the extent exercisable immediately prior to the date of termination.

(f) If the Optionee's employment is terminated for Cause, the Options shall terminate and no longer be exercisable for either the vested or the unvested Options.

(g) Any other agreement between the Optionee and the Company notwithstanding, if there is a termination in connection with a "Change in Control" (*as defined below*), the Options shall immediately vest and be exercisable in full pursuant to the terms of Section 5. For the purposes of this Award Agreement, a termination in connection with a Change in Control shall mean a Change in Control shall have occurred and there has occurred a termination of the Optionee's employment with the Company or a Subsidiary either by the Company or a Subsidiary without Cause, or by the Optionee for "Good Reason" (*as defined below*) during the "Effective Period" (*as defined below*).

(h) "Cause" for the purposes hereof, shall mean the Optionee has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or a Subsidiary; (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or a Subsidiary; (3) breached any material policy or code of conduct established by the Company or a Subsidiary and affecting the Optionee; (4) engaged in conduct that Optionee knows or should know is materially injurious to the Company or a Subsidiary; (5) been convicted of a felony or a misdemeanor involving moral turpitude; or (6) engaged in an act of dishonest or impropriety which materially impairs the Optionee's effectiveness in his or her position with the Company or a Subsidiary.

(i) “Long-term Disability” for the purposes hereof, shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

(j) “Change in Control” for the purposes of this Agreement, shall mean the earliest date on which:

- (i) any Person is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company’s outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or
- (ii) individuals who constitute the Board on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or
- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction at least 50% of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company’s outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the 50% test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder’s ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company’s outstanding voting securities immediately prior to the transaction); or
- (iv) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change of Control shall be deemed to have occurred by virtue of any transaction which results in the Optionee, or a group of Persons which includes the Optionee, acquiring 20% or more of either the combined voting power of the Company’s outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

(k) The “Effective Period” shall mean for the purposes of this Award Agreement the period from (A) the earliest date to occur of any of the following: (1) any of the events set forth under the definition of Change in Control shall have occurred, (2) the receipt by the Company of a Schedule 13D stating the intention of any person to take actions which if accomplished, would constitute a Change in Control; (3) the public announcement by any person of its intention to take any such action, in each case without regard for any contingency or condition which has not been satisfied on such date; (4) the agreement by the Company to enter into a transaction which, if consummated, would result in a Change in Control; or (5) consideration by the Board of a transaction which, if consummated, would result in a Change in Control and continues until (B) the Scheduled Vesting Date, provided that the Change in Control is consummated prior to the last scheduled vesting date. If, however, an Effective Period occurs but the proposed transaction to which it relates ceases to be actively considered or pending, the Effective Period will be deemed not to have commenced for purposes of this Agreement. If, however, an Effective Period occurs with respect to a proposed transaction which ceased to be actively considered but for which active consideration is revived, the Effective Period with respect to the Change in Control that ultimately occurs shall begin on the date upon which consideration was revived and continue until the Scheduled Vesting Date, provided that the consummation of the Change in Control occurs during the term of the Option.

(l) “Good Reason” for the purposes of the Award Agreement shall mean the occurrence of any of the following without the Optionee’s express written consent: (1) a material change in the Optionee’s status, title(s) or positions(s) with the Company, including as an officer of the Company, as in effect immediately prior to the Effective Period which in the Optionee’s reasonable judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Optionee’s status, title(s) and positions(s) immediately prior to the Effective Period; or the assignment to the Optionee of any duties or responsibilities which, in the Optionee’s reasonable judgment, are materially inconsistent with such status, title(s) or positions(s); or any removal of the Optionee from or any failure to reappoint or reelect the Optionee to such position(s); provided that the circumstances described in this item (1) do not apply if as a result of the Optionee’s Death, voluntary termination of employment after age 60 with 10 years of service, Long-Term Disability or following receipt by the Optionee of written notice from the Company of the termination of the Optionee’s employment for Cause; (2) a reduction by the Company during the Effective Period in the Optionee’s then current base salary; (3) the failure by the Company to continue in effect any material Plan in which the Optionee was participating immediately prior to the Effective Period other than as a result of the normal expiration or amendment of any such Plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would materially adversely affect the Optionee’s continued participation in any such Plan on at least as favorable a basis to the Optionee’s participation as in effect immediately prior to the Effective Period or which would materially reduce the Optionee’s benefits under any such Plan or deprive the Optionee of any material benefit enjoyed by Optionee immediately prior to the Effective Period; or (4) the relocation of the principal place of Optionee’s employment to a location 25 miles further from the Optionee’s principal residence. To qualify as Good Reason, an Optionee must (i) give written notice of an event constituting Good Reason within 90 days of its initial occurrence, (ii) give the Company 30 days in which to cure such condition, and (iii) actually terminate employment within two years following the initial occurrence of the Good Reason condition and prior to the Scheduled Vesting Date.

9. **Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

10. **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:  
Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

11. **Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

12. **Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to grants of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement. "Immediate Family" means the spouse, children or grandchildren of the Optionee.

13. **Tax Withholding.**

(a) Regardless of any action the Company or Optionee's employer (the "Employer") takes with respect to any or all income tax (including foreign, federal, state and local tax), social insurance, payroll tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by Optionee is and remains Optionee's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including but not limited to, the grant, vesting, exercise of the Option, the issuance of Shares upon exercise, the subsequent sale of Shares acquired pursuant to the exercise of the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the

Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee has become subject to tax in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event ("Tax Date"), as applicable, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. Dollars in the amount of Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Optionee having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Optionee's wages or other cash compensation which would otherwise be payable to Optionee by the Company and/or the Employer, equal to the amount necessary to satisfy any such obligations, (iii) withhold from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Optionee have submitted an irrevocable notice of exercise.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee are deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items. Finally, Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company shall have sole discretion to deliver the Shares if Optionee fails to comply with his or her obligations in connection with the Tax-Related Items as described in this section and Optionee unconditionally consents to and approves any such action taken by the Company. Optionee (or any beneficiary or person entitled to act on Optionee's behalf) shall provide the Company with any forms, documents or other information reasonably required by the Company.

**14. Repatriation; Compliance with Laws.** If the Optionee is resident or employed outside of the United States, the Optionee may be required to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the Option) in accordance with local foreign exchange rules and regulations in the Optionee's country of residence (and country of employment, if different). It is the Optionee's responsibility to comply with all foreign exchange rules and all other local compliance requirements that he or she may be subject to with respect to his or her participation in the Plan. In addition, the Optionee is required to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be necessary to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Optionee's country of residence (and country of employment, if different). The Optionee is also required to take any and all actions as may be

necessary to comply with the Optionee's personal legal, and tax obligations under local laws, rules and regulations in the Optionee's country of residence (and country of employment, if different).

**15. Securities Matters.** The Company shall not be required to deliver any Shares until the requirements of any federal, state or foreign securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied. If the Optionee is resident or employed outside of the United States, neither the grant of the Options under the Plan nor the issuance of the underlying Shares upon exercise of the Options is intended to be a public offering of securities in the Optionee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

**16. Legal Requirements and Risks.** No employee of the Company or a Subsidiary is permitted to advise the Optionee on whether the Optionee should acquire Shares under the Plan. Acquiring Shares involves a degree of risk. Before deciding to acquire Shares pursuant to the Options, the Optionee should carefully consider all risk factors relevant to the acquisition of Shares under the Plan and the Optionee should carefully review all of the materials related to the Options and the Plan. In addition, the Optionee should consult with the Optionee's own financial advisor and legal advisor for professional investment advice.

**17. Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Optionee of the following in relation to the Optionee's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Option and the Optionee's participation in the Plan. The collection, processing and transfer of the Optionee's personal data are necessary for the Company's administration of the Plan and the Optionee's participation in the Plan. The Optionee's denial and/or objection to the collection, processing and transfer of personal data may affect the Optionee's participation in the Plan. The Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Optionee or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the

Optionee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Optionee's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Optionee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Optionee's behalf to a broker or other third party with whom the Optionee may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Optionee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan. The Optionee may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**18. English Language.** The Optionee acknowledges and agrees that it is the Optionee's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Option, be drawn up in English. If the Optionee has received the Agreement, the Plan or any other documents related to the Options translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**19. Nature of Grant.**

In accepting the award of Options, Optionee acknowledges that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.

(b) The grant of Options is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.

(c) The Optionee is voluntarily participating in the Plan.

(d) An Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Optionee's employment contract, if any.

(e) The Options are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

(f) The Options will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the Options will not be interpreted to form an employment contract with any Subsidiary.

(g) This Agreement shall not confer upon the Optionee any right to continuation of employment by the Employer, nor shall this Agreement interfere in any way with the Employer's right to terminate the Optionee's employment at any time, as may be permitted under local law.

(h) The future value of the underlying Shares is unknown and cannot be predicted with certainty; if the value of the Shares does not increase after the time of grant, this Option will have no value.

(i) If the Options vest and the Optionee obtains Shares, the value of those Shares acquired may increase or decrease in value.

(j) In consideration of the grant of the Options, no claim or entitlement to compensation or damages shall arise from termination of the Options or diminution in value of the Options or Shares acquired upon exercise of the Option resulting from termination of the Optionee's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Option, the Optionee will be deemed irrevocably to have waived the Optionee's entitlement to pursue such claim.

(k) In the event of involuntary termination of Optionee's employment (whether or not in breach of local labor laws), Optionee's right to receive Options and vest under the Plan, if any, will terminate effective as of the date that Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws), Optionee's right to exercise Options and vesting in Options after termination of employment, if any will be measured by the date of termination of Optionee's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of the award of the Options.

(l) The Options and benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

20. **Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the Option by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the Shares underlying the Option. Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

22. **Governing Law.** All questions concerning the validity, construction and effect of this Award Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws. Any dispute concerning this Agreement will be resolved exclusively in the state or federal courts in Harris County, Texas, and the Optionee agrees to exclusive venue and jurisdiction in such courts as a condition of receiving this Award.

23. **Appendix Terms.** Notwithstanding any provisions of this Agreement to the contrary, the Option shall be subject to such special terms and conditions for the Optionee's country of residence (and country of employment, if different), as are set forth in the Appendix to this Agreement (the "Appendix"). Further, if the Optionee transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Option to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

24. **Additional Requirements.** The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options, and the Optionee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Options and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**CAMERON INTERNATIONAL CORPORATION**  
**INCENTIVE STOCK OPTION AGREEMENT**

**Effective Date:** [    ], 2010

1.        **Purpose.** As an additional incentive and inducement to you to remain in the employment of the Company or one of its direct or indirect subsidiaries and to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the "Optionee", the option to purchase common stock of the Company from the Company at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and Option Agreement (the "Agreement"). If Optionee completes, signs, and returns one copy of this Agreement to the Company in Houston, Texas, U.S.A., this Agreement will become effective as of **October 20, 2011**.

2.        **Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company's **2005 Equity Incentive Plan** (the "Plan"), a copy of which is attached hereto, and in the event there is a conflict between the terms of the Plan and the Agreement, the terms of the Plan shall control.

3.        **Purchase Price.** The purchase price of the Shares of the Company's common stock subject to the Agreement shall be \$[    ] per Share.

4.        **Vesting.** The Option granted pursuant to the Agreement ("Option") may be exercised, in whole or in part, but only as to the number of Shares as to which the right to exercise has vested at the time of exercise, during the period beginning [    ], **2011** (one year from the date on which it was granted), and ending [    ], **2017** (**seven** years from the date on which Option was granted.)

5.        **Exercise of Option.** The Option granted herein may be exercised as to vested Shares, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in a form substantially similar to the form attached hereto. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee for more than six months, (iii) a combination of cash and Shares theretofore owned and held by the Optionee for more than six months, or (iv) the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations.

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The notice shall state a requested delivery date for the Share certificate or certificates at least fifteen days after the delivery of such notice; provided, however, that if the Optionee is exercising any Option granted pursuant to this Agreement in connection with a broker's transaction described in 5(iv) above, such notice shall state a requested date of delivery to the broker of such Share certificate or certificates which shall be no later than five business days after delivery of such notice or such greater or lesser time as may be required or permitted by law.

6. **Shares Subject to Listing and Registration.** The Option granted herein shall be subject to the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any applicable state or federal law. This Option may not be exercised in whole or in part unless such listing, registration or qualification shall have been effected or obtained free of any conditions not reasonably acceptable to the Board of Directors.

7. **Changes in the Company's Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of the Plan relating to adjustments to corporate capitalization, provided; however, that in the event of any reorganization, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split or other similar change in corporate structure affecting the Shares subject to the Option, the Option shall be appropriately adjusted to reflect such change, but only so far as is necessary to maintain the proportionate interest of the Participant and preserve, without exceeding, the value of such Option.

8. **Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Optionee acknowledges that the Optionee is in possession of and has access to confidential information, including material relating to the business, products or services of the Company and that he or she will continue to have such possession and access during employment by the Company. The Optionee also acknowledges that the Company's business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, the Optionee agrees that as partial consideration for the Option granted herein that should the Optionee engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company shall be entitled to: (i) cancel any un-exercised portion of the Option; (ii) recover from the Optionee the value of any portion of the Option that has been exercised; (iii) seek injunctive relief against the Optionee; (iv) recover all damages, court costs, and attorneys' fees incurred by the Company in enforcing the provisions of this Option grant, and (v) set-off any such sums to which the Company is entitled hereunder against any sum which may be owed the Optionee by the Company.

(b) "Detrimental Activity" for the purposes hereof, other than with respect to involuntary termination without cause, termination in connection with or as a result of a "Change of Control" (as defined in Section 10(b) hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the

Company; (ii) disclosing to anyone outside the Company, or using in other than the Company's business, without prior written authorization from the Company, any confidential information including material relating to the business, products or services of the Company acquired by the Optionee during employment with the Company; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company to leave his or her employment, whether done on Optionee's own account or on account of any person, organization or business which is or becomes competitive with the Company, or (iv) directly or indirectly soliciting the trade or business of any customer of the Company. "Detrimental Activity" for the purposes hereof with respect to involuntary termination without cause, termination in connection with or as a result of a "Change of Control", or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

**9. Termination of Employment.**

(a) If the Optionee's employment terminates, for reasons other than cause (as defined below), at age 60 or older and the Optionee has at least ten years of service with the Company, any unvested shares shall continue to vest according to the terms of the Option except that if such termination occurs within one year from grant date, the number of shares that will continue to vest shall be reduced to be proportionate to that portion of the year between grant date and termination date; and the Optionee shall have the right to exercise the Option at any time within the lesser of: (i) the term of the option, or (ii) a three (3) year period commencing on the day next following such termination, or one (1) year from the last date of vesting, whichever is greater; and

(b) If the Optionee is an Executive Officer, the Optionee's employment terminates, for reason other than cause (as defined below), at age 65 or older and the Optionee has at least ten years of service with the Company, any unvested shares shall continue to vest according to the terms of the Option and the Optionee shall have the right to exercise the Option according to the terms of the Option; and

(c) If the Optionee's employment terminates by reason of death or "long-term disability", as defined below, of the Optionee, the Option shall vest in full, and the Optionee or his/her personal representatives, heirs, legatees or distributees shall have the right to exercise the Option granted hereunder at any time within the lesser of: (1) the term of the Option or, (ii) a three (3) year period commencing on the date next following such termination, but in either case, never less than 12 months from the date of such termination. For purposes of this Stock Option Agreement, "long-term disability" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months; and

(d) If the Optionee's employment terminates by reason of a workforce reduction, any unvested Shares shall continue to vest according to the terms of the option except that if such termination occurs within one year from grant date, the number of shares that will continue to vest shall be reduced to be proportionate to that portion of the year between the grant date and termination date; and the Optionee shall have the right to exercise the Option granted hereunder

at any time within the lesser of: (i) the term of the Option, or (ii) a three(3) year period commencing on the day next following such termination, or one (1) year from the last date of vesting, whichever is greater; and

(e) If the Optionee's employment terminates voluntarily other than as provided for in Sections (a), (b), (c) or (d) above, or as a result of involuntary termination other than for cause or as provided for in Sections (c) and (d) above, no additional Shares shall vest for the benefit of the Optionee after the termination date, and the Option shall be exercisable by the Optionee, with respect to those Shares which had already vested only, within a three (3) month period after such termination or the term of the Option, whichever is less, but only to the extent it was exercisable immediately prior to the date of termination; and

(f) If the Optionee's employment is terminated for "cause", the Option shall terminate and no longer be exercisable for either the vested or the unvested Shares. For purposes of the Option, "cause" shall mean the Optionee has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company, (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company, (3) breached any material policy or code of conduct established by the Company and affecting the Optionee, (4) engaged in conduct that Optionee knows or should know is materially injurious to the Company, (5) been convicted of a felony or a misdemeanor involving moral turpitude, or (6) engaged in an act of dishonest or impropriety which materially impairs the Optionee's effectiveness in his **or her** position with the Company.

#### **10. Change of Control.**

(a) Notwithstanding Section 11.2 of the Plan, upon a "Change of Control" of the Company, the Option granted hereunder shall immediately and fully vest and become fully exercisable.

(b) "Change of Control" for the purposes of this Option, shall mean the earliest date on which:

(i) any Person is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or

(ii) individuals who constitute the Board on the date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or

- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction less than 50% of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company's outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the 50% continuity test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder's ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company's outstanding voting securities immediately prior to the transaction).
- (iv) a tender offer or exchange offer is made and consummated by a Person other than the Company for the ownership of 20% or more of the voting securities of the Company then outstanding; or
- (v) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change of Control shall be deemed to have occurred by virtue of any transaction which results in the Participant, or a group of Persons which includes the Participant, acquiring more than 20% of either the combined voting power of the Company's outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

**11. Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

**12. Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:

Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

13. **Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

14. **Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to Awards of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any Award transferred shall continue to be subject to all terms and conditions contained in the Award Agreement.

15. **Tax Withholding.**

(a) With respect to the cash payment under the Plan, Optionee agrees that as a condition to the exercise of the Option granted hereunder, any cash payment shall be reduced by, or shall include such additional amount required to be paid or withheld with respect thereto under all applicable federal, state and local taxes and any other law or regulation that may be in effect as of the date of each such payment ("Tax Amounts").

(b) With respect to issuance of Shares pursuant to the exercise of the Option granted hereunder, no issuance shall be made until appropriate arrangements have been made for the payment of any Tax Amounts that may be required to be paid or withheld with respect thereto, and such arrangements can be accomplished by:

- (i) directing the Company to retain Shares (up to the Optionee's minimum required tax withholding rate or such other rate that will not trigger a negative accounting impact) otherwise deliverable in connection with the Award;
- (ii) payment of the Required Tax amounts to the Company; or
- (iii) if Optionee is a current employee or Director of the Company, the Optionee may satisfy the obligation for payment of the required Tax Amounts by tendering previously acquired Shares (either actually or by attestation, valued at their then "Fair Market Value" as defined by the Plan) that have been owned for a period of at least six months (or such other period necessary to avoid accounting charges against the Company's earnings).

**CAMERON INTERNATIONAL CORPORATION**  
**INCENTIVE STOCK OPTION AGREEMENT**

**Effective Date: [    ], 2011**

1.       **Purpose.** As an additional incentive and inducement to you to remain in the employment of the Company or one of its direct or indirect subsidiaries and to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the "Optionee", the option to purchase common stock of the Company from the Company at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and Option Agreement (the "Agreement"). If Optionee completes, signs, and returns one copy of this Agreement to the Company in Houston, Texas, U.S.A., this Agreement will become effective as of [    ], 2011.

2.       **Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company's 2005 Equity Incentive Plan (the "Plan"), a copy of which is attached hereto, and in the event there is a conflict between the terms of the Plan and the Agreement, the terms of the Plan shall control.

3.       **Purchase Price.** The purchase price of the Shares of the Company's common stock subject to the Agreement shall be \$[    ] per Share.

4.       **Vesting.** The Option granted pursuant to the Agreement ("Option") may be exercised, in whole or in part, but only as to the number of Shares as to which the right to exercise has vested at the time of exercise, during the period beginning [    ], 2012 (one year from the date on which it was granted), and ending [    ], 2021 (ten years from the date on which Option was granted.)

5.       **Exercise of Option.** The Option granted herein may be exercised as to vested Shares, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in a form substantially similar to the form attached hereto. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee for more than six months, (iii) a combination of cash and Shares theretofore owned and held by the Optionee for more than six months, or (iv) the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations. The notice shall state a requested delivery date for the Share certificate or

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certificates at least fifteen days after the delivery of such notice; provided, however, that if the Optionee is exercising any Option granted pursuant to this Agreement in connection with a broker's transaction described in 5(iv) above, such notice shall state a requested date of delivery to the broker of such Share certificate or certificates which shall be no later than five business days after delivery of such notice or such greater or lesser time as may be required or permitted by law.

6. **Shares Subject to Listing and Registration.** The Option granted herein shall be subject to the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any applicable state or federal law. This Option may not be exercised in whole or in part unless such listing, registration or qualification shall have been effected or obtained free of any conditions not reasonably acceptable to the Board of Directors.

7. **Changes in the Company's Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of the Plan relating to adjustments to corporate capitalization, provided; however, that in the event of any reorganization, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split or other similar change in corporate structure affecting the Shares subject to the Option, the Option shall be appropriately adjusted to reflect such change, but only so far as is necessary to maintain the proportionate interest of the Participant and preserve, without exceeding, the value of such Option.

8. **Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Optionee acknowledges that the Optionee is in possession of and has access to confidential information, including material relating to the business, products or services of the Company and that he or she will continue to have such possession and access during employment by the Company. The Optionee also acknowledges that the Company's business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, the Optionee agrees that as partial consideration for the Option granted herein that should the Optionee engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company shall be entitled to: (i) cancel any un-exercised portion of the Option; (ii) recover from the Optionee the value of any portion of the Option that has been exercised; (iii) seek injunctive relief against the Optionee; (iv) recover all damages, court costs, and attorneys' fees incurred by the Company in enforcing the provisions of this Option grant, and (v) set-off any such sums to which the Company is entitled hereunder against any sum which may be owed the Optionee by the Company.

(b) “Detrimental Activity” for the purposes hereof, other than with respect to involuntary termination without cause, termination in connection with or as a result of a “Change of Control” (as defined in Section 10(b) hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company; (ii) disclosing to anyone outside the Company, or using in other than the Company’s business, without prior written authorization from the Company, any confidential information including material relating to the business, products or services of the Company acquired by the Optionee during employment with the Company; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company to leave his or her employment, whether done on Optionee’s own account or on account of any person, organization or business which is or becomes competitive with the Company, or (iv) directly or indirectly soliciting the trade or business of any customer of the Company. “Detrimental Activity” for the purposes hereof with respect to involuntary termination without cause, termination in connection with or as a result of a “Change of Control”, or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

**9. Termination of Employment.**

(a) If the Optionee’s employment terminates, for reasons other than cause (as defined below), at age 60 or older and the Optionee has at least ten years of service with the Company, any unvested shares shall continue to vest according to the terms of the Option except that if such termination occurs within one year from grant date, the number of shares that will continue to vest shall be reduced to be proportionate to that portion of the year between grant date and termination date; and the Optionee shall have the right to exercise the Option at any time within the lesser of: (i) the term of the option, or (ii) a three (3) year period commencing on the day next following such termination; and

(b) If the Optionee is an Executive Officer age 65 or older with at least ten years of service with the Company and the Optionee’s employment terminates, for reason other than cause (as defined below), or death or “long-term” disability (as defined below), any unvested shares shall continue to vest according to the terms of the Option and the Optionee shall have the right to exercise the Option according to the terms of the Option; and

(c) If the Optionee’s employment terminates by reason of death or “long-term disability”, as defined below, of the Optionee, the Option shall vest in full, and the Optionee or his/her personal representatives, heirs, legatees or distributees shall have the right to exercise the Option granted hereunder at any time within the lesser of: (1) the term of the Option or, (ii) a three (3) year period commencing on the date next following such termination. For purposes of this Stock Option Agreement, “long-term disability” shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months; and

(d) If the Optionee’s employment terminates by reason of a workforce reduction, any unvested Shares shall continue to vest according to the terms of the option, except that, unless

the Optionee is an Executive Officer, age 65 or older and has at least ten years service with the Company at time of termination, if such termination occurs within one year from grant date, the number of shares that will continue to vest shall be reduced to be proportionate to that portion of the year between the grant date and termination date; and the Optionee shall have the right to exercise the Option granted hereunder at any time within the lesser of: (i) the term of the Option, or (ii) a three(3) year period commencing on the day next following such termination; and

(e) If the Optionee's employment terminates voluntarily other than as provided for in Sections (a), (b), (c) or (d) above, or as a result of involuntary termination other than for cause or as provided for in Sections (c) and (d) above, no additional Shares shall vest for the benefit of the Optionee after the termination date, and the Option shall be exercisable by the Optionee, with respect to those Shares which had already vested only, within a three (3) month period after such termination or the term of the Option, whichever is less, but only to the extent it was exercisable immediately prior to the date of termination; and

(f) If the Optionee's employment is terminated for "cause", the Option shall terminate and no longer be exercisable for either the vested or the unvested Shares. For purposes of the Option, "cause" shall mean the Optionee has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company, (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company, (3) breached any material policy or code of conduct established by the Company and affecting the Optionee, (4) engaged in conduct that Optionee knows or should know is materially injurious to the Company, (5) been convicted of a felony or a misdemeanor involving moral turpitude, or (6) engaged in an act of dishonest or impropriety which materially impairs the Optionee's effectiveness in his or her position with the Company; and

(g) In the event of any reorganization, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split or other similar change in corporate structure affecting the shares subject to the stock option grant, the grant shall be appropriately adjusted to reflect such change, but only in so far as is necessary to maintain the proportionate interest of the holder of the grant and preserve, without exceeding, the value of such a grant.

**10. Change of Control.**

(a) Notwithstanding Section 11.2 of the Plan, upon a "Change of Control" of the Company, the Option granted hereunder shall immediately and fully vest and become fully exercisable.

(b) "Change of Control" for the purposes of this Option, shall mean the earliest date on which:

(i) any Person is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's

outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or

- (ii) individuals who constitute the Board on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or
- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction less than 50% of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company’s outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the 50% continuity test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder’s ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company’s outstanding voting securities immediately prior to the transaction).
- (iv) a tender offer or exchange offer is made and consummated by a Person other than the Company for the ownership of 20% or more of the voting securities of the Company then outstanding; or
- (v) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change of Control shall be deemed to have occurred by virtue of any transaction which results in the Participant, or a group of Persons which includes the Participant, acquiring more than 20% of either the combined voting power of the Company’s outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

**11. Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

12. **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:  
Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

13. **Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

14. **Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to Awards of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any Award transferred shall continue to be subject to all terms and conditions contained in the Award Agreement.

15. **Tax Withholding.**

(a) With respect to the cash payment under the Plan, Optionee agrees that as a condition to the exercise of the Option granted hereunder, any cash payment shall be reduced by, or shall include such additional amount required to be paid or withheld with respect thereto under all applicable federal, state and local taxes and any other law or regulation that may be in effect as of the date of each such payment ("Tax Amounts").

(b) With respect to issuance of Shares pursuant to the exercise of the Option granted hereunder, no issuance shall be made until appropriate arrangements have been made for the payment of any Tax Amounts that may be required to be paid or withheld with respect thereto, and such arrangements can be accomplished by:

- (i) directing the Company to retain Shares (up to the Optionee's minimum required tax withholding rate or such other rate that will not trigger a negative accounting impact) otherwise deliverable in connection with the Award;
- (ii) payment of the Required Tax amounts to the Company; or

- (iii) if Optionee is a current employee or Director of the Company, the Optionee may satisfy the obligation for payment of the required Tax Amounts by tendering previously acquired Shares (either actually or by attestation, valued at their then “Fair Market Value” as defined by the Plan) that have been owned for a period of at least six months (or such other period necessary to avoid accounting charges against the Company’s earnings).

**CAMERON INTERNATIONAL CORPORATION**  
**INCENTIVE STOCK OPTION AGREEMENT**

**Effective Date:** [    ], 2013

1.       **Purpose.** As an additional incentive and inducement to you to remain in the employment of Cameron International Corporation (the "Company") or one of its direct or indirect subsidiaries or affiliate ("Subsidiary") and to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the "Optionee", the option to purchase common stock of the Company from the Company (the "Options") at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and this Option Agreement (the "Agreement"). If Optionee completes, signs, and returns one copy of this Agreement to the Company in Houston, Texas, U.S.A., this Agreement will become effective as of [    ], 2013.

2.       **Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company's **Equity Incentive Plan** (the "Plan"), as indicated in your Notice of Grant of Stock Options. A copy of the Plan is available on the Cameron Intranet under the Legal Section. In the event there is a conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control.

3.       **Purchase Price.** The purchase price of the Shares of the Company's common stock subject to the Agreement shall be \$[    ] per Share.

4.       **Vesting.** The Options granted pursuant to this Agreement may be exercised, in whole or in part, but only as to the number of Options as to which the right to exercise has vested at the time of exercise, during the period beginning [    ], 2014 (one year from the date on which they were granted), and ending [    ], 2023 (ten years from the date on which Option was granted.)

5.       **Exercise of Option.** The Options granted herein may be exercised as to vested Options, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in a form substantially similar to the form attached hereto. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check in U.S. Dollars, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee for more than six months, (iii) a combination of cash and Shares theretofore owned and held by the Optionee for more than six months, or (iv) the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations.

6. **Shares Subject to Listing and Registration.** The Option granted herein shall be subject to the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any applicable state, federal or foreign law. This Option may not be exercised in whole or in part unless such listing, registration or qualification shall have been effected or obtained free of any conditions not reasonably acceptable to the Board of Directors.

7. **Changes in the Company's Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of the Plan relating to adjustments to corporate capitalization, provided; however, that in the event of any reorganization, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split or other similar change in corporate structure affecting the Shares subject to the Option, the Option shall be appropriately adjusted to reflect such change, but only so far as is necessary to maintain the proportionate interest of the Optionee and preserve, without exceeding, the value of such Option.

8. **Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Optionee acknowledges that the Optionee is in possession of and has access to confidential information, including material relating to the business, products or services of the Company and that he or she will continue to have such possession and access during employment by the Company. The Optionee also acknowledges that the Company's business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, the Optionee agrees that as partial consideration for the Option granted herein that should the Optionee engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company shall be entitled to: (i) cancel any unexercised portion of the Option; (ii) recover from the Optionee the value of any portion of the Option that has been exercised; (iii) seek injunctive relief against the Optionee; (iv) recover all damages, court costs, and attorneys' fees incurred by the Company in enforcing the provisions of this Option grant, and (v) set-off any such sums to which the Company is entitled hereunder against any sum which may be owed the Optionee by the Company.

(b) "Detrimental Activity" for the purposes hereof, other than with respect to involuntary termination without cause, termination in connection with or as a result of a "Change of Control" (as defined in Section 9(b) hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company; (ii) disclosing to anyone outside the Company, or using in other than the Company's business, without prior written authorization from the Company, any confidential information including material relating to the business, products or services of the Company acquired by the Optionee during employment with the Company; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company to leave his or her employment, whether done on Optionee's own account or on account of any person, organization or business which is or becomes competitive with the Company, or (iv) directly or indirectly soliciting the trade or

business of any customer of the Company. “Detrimental Activity” for the purposes hereof with respect to involuntary termination without cause, termination in connection with or as a result of a “Change of Control”, or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

**9. Termination of Employment.**

(a) If the Optionee’s employment terminates at age 60 or older, for reasons other than “Cause” (as defined below), and the Optionee has at least ten years of continuous service with either or both the Company or a Subsidiary, any unvested Options shall continue to vest and be payable according to the terms of the Agreement; except that, if such termination occurs within one year from grant date, the number of Options that will continue to vest shall be reduced to be proportionate to that portion of the year between grant date and termination date and the balance of the Option shall be immediately cancelled. The Optionee shall have the right to exercise the Option at any time within the lesser of: (i) the term of the option, or (ii) a three (3) year period commencing on the day next following such termination. “Continuous service” shall mean ten (10) years of continuous and uninterrupted employment of the Optionee by either or both of the Company or a Subsidiary from their most recent date of hire; and

(b) If the Optionee is an executive officer, as determined annually by the Chief Executive Office of the Company, age 65 or older with at least ten years of continuous service with either or both of the Company or a Subsidiary and the Optionee’s employment terminates for reason other than Cause, or death or “Long-term Disability”, any unvested Options shall continue to vest according to the terms of the Agreement and the Optionee shall have the right to exercise the Options according to the terms of the Agreement; and

(c) If the Optionee’s employment terminates by reason of death or “Long-term Disability”, of the Optionee, the Option shall vest in full, as of the date of death or the date of such termination and be exercisable pursuant to the terms of Section 5, and the Optionee or his/her personal representatives, heirs, legatees or distributees shall have the right to exercise the Option granted hereunder at any time within the lesser of: (1) the term of the Option or, (ii) a three (3) year period commencing on the date next following the date of such termination. For purposes of this Agreement, “Long-term Disability” shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months; and

(d) If the Optionee’s employment terminates by reason of a workforce reduction, the Options shall continue to vest and be exercisable according to their terms; except that, if such termination occurs within one year from the effective date of the grant, the number of Options that will vest in full shall be reduced to be proportionate to that portion of the year between such effective date and the date of termination, and the balance of the grant shall be immediately cancelled; and

(e) If the Optionee's employment terminates voluntarily other than as provided for in Sections (a), (b), (c) or (d) above, or as a result of involuntary termination other than for Cause or as provided for in Sections (c) and (d) above, no additional Options shall vest for the benefit of the Optionee after the termination date, and the Options shall be exercisable by the Optionee, with respect to those Shares which had already vested only, within a three (3) month period after such termination or the term of the Options, whichever is less, but only to the extent exercisable immediately prior to the date of termination; and

(f) If the Optionee's employment is terminated for Cause, the Options shall terminate and no longer be exercisable for either the vested or the unvested Options; and

(g) Any other agreement between the Optionee and the Company notwithstanding, if there is a termination of Optionee's employment either by the Company without "Cause" or by the Optionee for reasons that would constitute "constructive termination" under applicable law during the period from the earlier of the occurrence of any of the events that would cause a "Change in Control" (as defined below) or the date of the agreement by the Company to enter into a transaction which results in a "Change in Control" or within two years following a "Change in Control", the Options shall immediately vest and be payable in full pursuant to the terms of Section 5.

(h) "Cause" for the purposes hereof, shall mean the Optionee has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or a Subsidiary; (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or a Subsidiary; (3) breached any material policy or code of conduct established by the Company or a Subsidiary and affecting the Optionee; (4) engaged in conduct that Optionee knows or should know is materially injurious to the Company or a Subsidiary; (5) been convicted of a felony or a misdemeanor involving moral turpitude; or (6) engaged in an act of dishonest or impropriety which materially impairs the Optionee's effectiveness in his or her position with the Company or a Subsidiary.

(i) "Long-term Disability" for the purposes hereof, shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

(j) "Change in Control" for the purposes of this Agreement, shall mean the earliest date on which:

- (i) any Person is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or

- (ii) individuals who constitute the Board on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or
- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction less than a majority of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company’s outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the majority ownership continuity test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder’s ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company’s outstanding voting securities immediately prior to the transaction).
- (iv) a tender offer or exchange offer is made and consummated by a Person other than the Company for the ownership of 20% or more of the voting securities of the Company then outstanding; or
- (v) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change of Control shall be deemed to have occurred by virtue of any transaction which results in the Optionee, or a group of Persons which includes the Optionee, acquiring more than 20% of either the combined voting power of the Company’s outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

**10. Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

**11. Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:  
Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

**12. Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

**13. Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to grants of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement.

**14. Tax Withholding.**

(a) Regardless of any action the Company or Optionee's employer (the "Employer") takes with respect to any or all income tax (including foreign, federal, state and local tax), social insurance, payroll tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by Optionee is and remains Optionee's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including but not limited to, the grant, vesting, exercise of the Option, the issuance of Shares upon exercise, the subsequent sale of Shares acquired pursuant to the exercise of the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee has become subject to tax in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event (“Tax Date”), as applicable, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. Dollars in the amount of Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Optionee having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Optionee's wages or other cash compensation which would otherwise be payable to Optionee by the Company and/or the Employer, equal to the amount necessary to satisfy any such obligations, (iii) withhold from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Optionee have submitted an irrevocable notice of exercise.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee are deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items. Finally, Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company shall have sole discretion to deliver the Shares if Optionee fails to comply with his or her obligations in connection with the Tax-Related Items as described in this section and Optionee unconditionally consents to and approves any such action taken by the Company. Optionee (or any beneficiary or person entitled to act on Optionee's behalf) shall provide the Company with any forms, documents or other information reasonably required by the Company.

**15. Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Optionee of the following in relation to the Optionee's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Option and the Optionee's participation in the Plan. The collection, processing and transfer of the Optionee's personal data are necessary for the Company's administration of the Plan and the Optionee's participation in the Plan. The Optionee's denial and/or objection to the collection, processing and transfer of personal data may affect the Optionee's participation in the Plan. The Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other

entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Optionee or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Optionee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Optionee's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Optionee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Optionee's behalf to a broker or other third party with whom the Optionee may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Optionee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan. The Optionee may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**16. English Language.** The Optionee acknowledges and agrees that it is the Optionee's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Option, be drawn up in English. If the Optionee has received the Agreement, the Plan or any other documents related to the Options translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**17. Nature of Grant.**

In accepting the award of Options, Optionee acknowledges that:

- (a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.
- (b) The grant of Options is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.
- (c) The Optionee is voluntarily participating in the Plan.
- (d) An Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Optionee's employment contract, if any.
- (e) The Options are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.
- (f) The Options will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the Options will not be interpreted to form an employment contract with any Subsidiary.
- (g) This Agreement shall not confer upon the Optionee any right to continuation of employment by the Employer, nor shall this Agreement interfere in any way with the Employer's right to terminate the Optionee's employment at any time, as may be permitted under local law.
- (h) The future value of the underlying Shares is unknown and cannot be predicted with certainty; if the value of the Shares does not increase after the time of grant, this Option will have no value.
- (i) If the Options vest and the Optionee obtains Shares, the value of those Shares acquired may increase or decrease in value.
- (j) In consideration of the grant of the Options, no claim or entitlement to compensation or damages shall arise from termination of the Options or diminution in value of the Options or Shares acquired upon exercise of the Option resulting from termination of the Optionee's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Option, the Optionee will be deemed irrevocably to have waived the Optionee's entitlement to pursue such claim.

(k) In the event of involuntary termination of Optionee's employment (whether or not in breach of local labor laws), Optionee's right to receive Options and vest under the Plan, if any, will terminate effective as of the date that Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws), Optionee's right to exercise Options and vesting in Options after termination of employment, if any will be measured by the date of termination of Optionee's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of the award of the Options.

(l) The Options and benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

**18. Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the Option by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**19. Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the Shares underlying the Option. Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

**20. Governing Law.** All questions concerning the validity, construction and effect of this Award Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws.

**21. Appendix Terms.** Notwithstanding any provisions of this Agreement to the contrary, the Option shall be subject to such special terms and conditions for the Optionee's country of residence (and country of employment, if different), as are set forth in the Appendix to this Agreement (the "Appendix"). Further, if the Optionee transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Option to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

22. **Additional Requirements.** The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options, and the Optionee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Options and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**CAMERON INTERNATIONAL CORPORATION**  
**INCENTIVE STOCK OPTION AGREEMENT**  
***(Including Non-Compete, Non-Solicitation, and Confidentiality Agreements)***

**Effective Date:** [     ], 2014

1.     **Purpose.** As an additional incentive and inducement to you to remain in the employment of Cameron International Corporation (the “Company”) or one of its Subsidiaries and to acquire an ownership position in the Company, thereby aligning your interests with those of the Company and its stockholders, the Company hereby grants to you, the “Optionee”, the option to purchase common stock of the Company from the Company (the “Options”) at the times and upon the terms and conditions set forth on the attached Notice of Grant of Stock Options and this Option Agreement (the “Agreement”), subject to your acceptance of this Agreement in writing or electronically in the manner prescribed by the Company or its third party administrator. The Options are intended to be incentive stock options granted in accordance with Code Section 422. For purposes of this Agreement, “Employer” means the Company or Subsidiary that employs the Participant on the applicable date. All capitalized terms not defined in this Award Agreement shall have the same meaning as set forth in the Plan.

2.     **Terms Subject to the Plan.** The Agreement is expressly subject to the terms and provisions of the Company’s **Equity Incentive Plan** (the “Plan”), as indicated in your Notice of Grant of Stock Options. A copy of the Plan is available from the Corporate Secretary upon request. In the event there is a conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control.

3.     **Purchase Price.** The purchase price of the Shares of the Company’s common stock subject to the Agreement shall be \$[     ] per Share.

4.     **Vesting.** The Options granted pursuant to this Agreement may be exercised, in whole or in part, but only as to the number of Options as to which the right to exercise has vested at the time of exercise, during the period beginning [     ], 2015 (one year from the date on which they were granted), and ending [     ], 2024 (ten years from the date on which Option was granted.)

5.     **Exercise of Option.** The Options granted herein may be exercised as to vested Options, in whole or in part, from time to time by the Optionee by giving written notice to the Secretary of the Company on or prior to the date on which the Option terminates. Such notice shall identify the Option and specify the number of whole Shares that the Optionee desires to purchase. Any notice of exercise shall be in an electronic or written form as prescribed by the Company or its designated third party administrator. Payment of the purchase price of the Shares that the Optionee desires to purchase shall be tendered in full at the time of giving notice by (i) cash, check in U.S. Dollars, or bank draft payable and acceptable to the Company (or the equivalent thereof acceptable to the Company), (ii) Shares theretofore owned and held by the Optionee, (iii) a combination of cash and Shares theretofore owned and held by the Optionee, or

(iv) the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the exercise price. The notice shall not be considered to be properly given unless accompanied by all documentation deemed appropriate by the Company to reflect exercise of the Option and compliance with all applicable laws, rules and regulations.

6. **Changes in the Company's Capital Structure.** The number of Shares subject to the Option and the price per Share payable upon exercise of the Option shall be subject to the provisions of Section 12.2 of the Plan relating to adjustments to corporate capitalization.

7. **Covenant Not To Compete, Solicit or Disclose Confidential Information.**

(a) The Optionee acknowledges that the Optionee is in possession of and has access to confidential information, including material relating to the business, products and/or services of the Company and that he or she will continue to have such possession and access during employment by the Company or Employer. The Optionee also acknowledges that the Company's (or Employer's) business, products and services are highly specialized and that it is essential that they be protected, and, accordingly, **the Optionee agrees that as partial consideration for the Option granted herein that should the Optionee engage in any "Detrimental Activity," as defined below, at any time during his or her employment or during a period of one year following his or her termination the Company or Employer shall be entitled to: (i) cancel any unexercised portion of the Option grant; (ii) recover from the Optionee the value of any portion of the Option grant that has been exercised; (iii) seek injunctive relief against the Optionee pursuant to the provision of subsection (c) below; (iv) recover all damages, court costs, and attorneys' fees incurred by the Company or Employer in enforcing the provisions of this Option grant, and (v) set-off any such sums to which the Company or Employer is entitled hereunder against any sum which may be owed the Optionee by the Company or Employer.**

(b) "Detrimental Activity" for the purposes hereof, other than with respect to involuntary termination without Cause, termination in connection with or as a result of a "Change of Control" (as defined in Section 8(j) hereof), or termination following a reduction in job responsibilities, shall include: (i) rendering of services for any person or organization, or engaging directly or indirectly in any business, which is or becomes competitive with the Company or Employer or any Subsidiary; (ii) disclosing to anyone outside the Company or any Subsidiary, or using in other than the Company's or any Subsidiary's business, without prior written authorization from the Company or Employer or any Subsidiary, any confidential information including material relating to the business, products or services of the Company or Employer or any Subsidiary acquired by the Optionee during employment with the Company or Employer or any Subsidiary; (iii) soliciting, interfering, inducing, or attempting to cause any employee of the Company or Employer or any Subsidiary to leave his or her employment, whether done on Optionee's own account or on account of any person, organization or business which is or becomes competitive with the Company or Employer or any Subsidiary, or (iv) directly or indirectly soliciting the trade or business of any customer of the Company or Employer or any Subsidiary. "Detrimental Activity" for the purposes hereof with respect to

involuntary termination without Cause, termination in connection with or as a result of a “Change of Control”, or termination following a reduction in job responsibilities, shall include only part (ii) of the preceding sentence.

(c) Because of the difficulty of measuring economic losses to the Company or Employer as a result of a breach of the foregoing covenants, and because of the immediate and irreparable damage that could be caused to the Company or Employer for which it would have no other adequate remedy, the Optionee agrees that the foregoing covenants may be enforced by the Company or Employer in the event of breach by him/her by injunction relief and restraining orders, without the necessity of posting a bond, and that such enforcement shall not be the Company's or Employer's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company or Employer.

(d) The covenants and the provisions of this Section 7 are severable and separate, and the unenforceability of any specific covenant or provision shall not affect the enforceability of any other covenant or provision. Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope or time set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the panel or court deems reasonable, and this Agreement shall thereby be reformed.

(e) Each of the covenants in this Section 7 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of the Optionee against the Company or Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company or Employer of such covenants or provisions.

## **8. Termination of Employment.**

(a) If the Optionee's employment terminates at age 60 or older, for reasons other than “Cause” (*as defined below*), and the Optionee has at least ten years of continuous employment with either or both the Company or a Subsidiary, any unvested Options shall continue to vest and be payable according to the terms of the Agreement; except that if such termination occurs within one year from grant date, the number of Options that will continue to vest shall be reduced to be proportionate to the ratio of the number of days between grant date and termination date and 365, with the balance of the Option immediately cancelled. The Optionee shall have the right to exercise the Option at any time within the lesser of: (i) the term of the option, or (ii) a three (3) year period commencing on the day next following such termination.

(b) If the Optionee is an executive officer, categorized as a Tier 1 Executive Officer at the time of grant or at the time of termination, age 65 or older with at least ten years of continuous employment with either or both of the Company or a Subsidiary and the Optionee's employment terminates for reason other than Cause, or death or “Long-term Disability” (*as defined below*), any unvested Options shall continue to vest according to the terms of the Agreement and Optionee shall have the right to exercise the Options for the full term of this Agreement.

(c) If the Optionee's employment terminates by reason of death or "Long-term Disability", of the Optionee, the Option shall vest in full, as of the date of death or the date of such termination and be exercisable pursuant to the terms of Section 4, and the Optionee or his/her personal representatives, heirs, legatees or distributees shall have the right to exercise the Option granted hereunder at any time within the lesser of: (1) the term of the Option or, (ii) a three (3) year period commencing on the date next following the date of such termination.

(d) If the Optionee's employment terminates by reason of a workforce reduction, the Options shall continue to vest and be exercisable according to their terms; except that, unless the Optionee is an executive officer categorized as a Tier 1 Executive Officer at the time of grant or the time of termination, age 65 or older and has at least ten years of continuous employment with either or both of the Company or a Subsidiary at the time of termination, if such termination occurs within one year from the grant date, the number of Options that will vest in full shall be reduced to be proportionate to the ratio of the number of days between the grant date and the date of termination and 365, with the balance of the Option immediately cancelled.

(e) If the Optionee's employment terminates other than as provided for in Sections (a), (b), (c) or (d) above, no additional Options shall vest for the benefit of the Optionee after the termination date, and the Options shall be exercisable by the Optionee, with respect to those Shares which had already vested only, within a three (3) month period after such termination or the term of the Options, whichever is less, but only to the extent exercisable immediately prior to the date of termination.

(f) If the Optionee's employment is terminated for Cause, the Options shall terminate and no longer be exercisable for either the vested or the unvested Options.

(g) Any other agreement between the Optionee and the Company notwithstanding, if there is a termination in connection with a "Change in Control" (*as defined below*), the Options shall immediately vest and be exercisable in full pursuant to the terms of Section 5. For the purposes of this Award Agreement, a termination in connection with a Change in Control shall mean a Change in Control shall have occurred and there has occurred a termination of the Optionee's employment with the Company or a Subsidiary either by the Company or a Subsidiary without Cause, or by the Optionee for "Good Reason" (*as defined below*) during the "Effective Period" (*as defined below*).

(h) "Cause" for the purposes hereof, shall mean the Optionee has (1) engaged in gross negligence or willful misconduct in the performance of his or her duties and responsibilities respecting his or her position with the Company or a Subsidiary; (2) willfully refused, without proper legal reason, to perform the duties and responsibilities respecting his or her position with the Company or a Subsidiary; (3) breached any material policy or code of conduct established by the Company or a Subsidiary and affecting the Optionee; (4) engaged in conduct that Optionee knows or should know is materially injurious to the Company or a Subsidiary; (5) been convicted of a felony or a misdemeanor involving moral turpitude; or (6) engaged in an act of dishonest or impropriety which materially impairs the Optionee's effectiveness in his or her position with the Company or a Subsidiary.

(i) “Long-term Disability” for the purposes hereof, shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

(j) “Change in Control” for the purposes of this Agreement, shall mean the earliest date on which:

- (i) any Person is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company’s outstanding voting securities, other than through the purchase of voting securities directly from the Company through a private placement; or
- (ii) individuals who constitute the Board on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall from and after such election be deemed to be a member of the Incumbent Board; or
- (iii) a merger or consolidation involving the Company or its stock, or an acquisition by the Company, directly or indirectly or through one or more subsidiaries, of another entity or its stock or assets in exchange for the stock of the Company unless, immediately following such transaction at least 50% of the then outstanding voting securities of the surviving or resulting corporation or entity will be (or is) then beneficially owned, directly or indirectly, by all or substantially of the individuals and entities who were the beneficial owners of the Company’s outstanding voting securities immediately prior to such transaction (treating, for purposes of determining whether the 50% test is met, any ownership of the voting securities of the surviving or resulting corporation or entity that results from a stockholder’s ownership of the stock of, or their ownership interest in, the corporation or other entity with which the Company is merged or consolidated as not owned by persons who were beneficial owners of the Company’s outstanding voting securities immediately prior to the transaction); or
- (iv) all or substantially all of the assets of the Company are sold or transferred to a Person as to which (a) the Incumbent Board does not have authority (whether by law or contract) to directly control the use or further disposition of such assets and (b) the financial results of the Company and such Person are not consolidated for financial reporting purposes.

Anything else in this definition to the contrary notwithstanding, no Change of Control shall be deemed to have occurred by virtue of any transaction which results in the Optionee, or a group of Persons which includes the Optionee, acquiring 20% or more of either the combined voting power of the Company’s outstanding voting securities or the voting securities of any other corporation or entity which acquires all or substantially all of the assets of the Company, whether by way of merger, consolidation, sale of such assets or otherwise.

(k) The “Effective Period” shall mean for the purposes of this Award Agreement the period from (A) the earliest date to occur of any of the following: (1) any of the events set forth under the definition of Change in Control shall have occurred, (2) the receipt by the Company of a Schedule 13D stating the intention of any person to take actions which if accomplished, would constitute a Change in Control; (3) the public announcement by any person of its intention to take any such action, in each case without regard for any contingency or condition which has not been satisfied on such date; (4) the agreement by the Company to enter into a transaction which, if consummated, would result in a Change in Control; or (5) consideration by the Board of a transaction which, if consummated, would result in a Change in Control and continues until (B) the Scheduled Vesting Date, provided that the Change in Control is consummated prior to the last scheduled vesting date. If, however, an Effective Period occurs but the proposed transaction to which it relates ceases to be actively considered or pending, the Effective Period will be deemed not to have commenced for purposes of this Agreement. If, however, an Effective Period occurs with respect to a proposed transaction which ceased to be actively considered but for which active consideration is revived, the Effective Period with respect to the Change in Control that ultimately occurs shall begin on the date upon which consideration was revived and continue until the Scheduled Vesting Date, provided that the consummation of the Change in Control occurs during the term of the Option.

(l) “Good Reason” for the purposes of the Award Agreement shall mean the occurrence of any of the following without the Optionee’s express written consent: (1) a material change in the Optionee’s status, title(s) or position(s) with the Company, including as an officer of the Company, as in effect immediately prior to the Effective Period which in the Optionee’s reasonable judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Optionee’s status, title(s) and position(s) immediately prior to the Effective Period; or the assignment to the Optionee of any duties or responsibilities which, in the Optionee’s reasonable judgment, are materially inconsistent with such status, title(s) or position(s); or any removal of the Optionee from or any failure to reappoint or reelect the Optionee to such position(s); provided that the circumstances described in this item (1) do not apply if as a result of the Optionee’s Death, voluntary termination of employment after age 60 with 10 years of service, Long-Term Disability or following receipt by the Optionee of written notice from the Company of the termination of the Optionee’s employment for Cause; (2) a reduction by the Company during the Effective Period in the Optionee’s then current base salary; (3) the failure by the Company to continue in effect any material Plan in which the Optionee was participating immediately prior to the Effective Period other than as a result of the normal expiration or amendment of any such Plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would materially adversely affect the Optionee’s continued participation in any such Plan on at least as favorable a basis to the Optionee’s participation as in effect immediately prior to the Effective Period or which would materially reduce the Optionee’s benefits under any such Plan or deprive the Optionee of any material benefit enjoyed by Optionee immediately prior to the Effective Period; or (4) the relocation of the principal place of Optionee’s employment to a location 25 miles further from the Optionee’s principal residence. To qualify as Good Reason, an Optionee must (i) give written notice of an event constituting Good Reason within 90 days of its initial occurrence, (ii) give the Company 30 days in which to cure such condition, and (iii) actually terminate employment within two years following the initial occurrence of the Good Reason condition and prior to the Scheduled Vesting Date.

9. **Employment.** This Agreement is not an employment agreement. Nothing contained herein shall be construed as creating any employment relationship.

10. **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by mailing the same by registered or certified mail postage prepaid, to the other party. Notice given by mail as below set out shall be deemed delivered at the time and on the date the same is postmarked.

Notices to the Company should be addressed to:  
Cameron International Corporation  
1333 West Loop South, Suite 1700  
Houston, Texas 77027  
Attention: Corporate Secretary  
Telephone: 713-513-3322

11. **Definitions.** All undefined capitalized terms used herein shall have the meanings assigned to them in the Plan.

12. **Successors and Assigns.** Subject to the provisions of Paragraph 9 hereof, this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Optionee and the successors and assigns of the Company. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. In no event shall an Option granted hereunder be voluntarily or involuntarily sold, pledged, assigned or transferred by the Optionee other than: (i) by will or the laws of descent and distribution; or (ii) pursuant to the qualified domestic relations order (as defined by the Internal Revenue Code); or (iii) with respect to grants of nonqualified stock options, by transfer by an Optionee to a member of the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Optionee and members of his Immediate Family. However, any grant transferred shall continue to be subject to all terms and conditions contained in the Agreement. "Immediate Family" means the spouse, children or grandchildren of the Optionee.

13. **Tax Withholding.**

(a) Regardless of any action the Company or Optionee's employer (the "Employer") takes with respect to any or all income tax (including foreign, federal, state and local tax), social insurance, payroll tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by Optionee is and remains Optionee's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including but not limited to, the grant, vesting, exercise of the Option, the issuance of Shares upon exercise, the subsequent sale of Shares acquired pursuant to the exercise of the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the

Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee has become subject to tax in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event ("Tax Date"), as applicable, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) accept a cash payment in U.S. Dollars in the amount of Tax-Related Items, (ii) withhold whole Shares which would otherwise be delivered to Optionee having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from Optionee's wages or other cash compensation which would otherwise be payable to Optionee by the Company and/or the Employer, equal to the amount necessary to satisfy any such obligations, (iii) withhold from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization), or (iv) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Optionee have submitted an irrevocable notice of exercise.

(c) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee are deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items. Finally, Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company shall have sole discretion to deliver the Shares if Optionee fails to comply with his or her obligations in connection with the Tax-Related Items as described in this section and Optionee unconditionally consents to and approves any such action taken by the Company. Optionee (or any beneficiary or person entitled to act on Optionee's behalf) shall provide the Company with any forms, documents or other information reasonably required by the Company.

**14. Repatriation; Compliance with Laws.** If the Optionee is resident or employed outside of the United States, the Optionee may be required to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the Option) in accordance with local foreign exchange rules and regulations in the Optionee's country of residence (and country of employment, if different). It is the Optionee's responsibility to comply with all foreign exchange rules and all other local compliance requirements that he or she may be subject to with respect to his or her participation in the Plan. In addition, the Optionee is required to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be necessary to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Optionee's country of residence (and country of employment, if different). The Optionee is also required to take any and all actions as may be

necessary to comply with the Optionee's personal legal, and tax obligations under local laws, rules and regulations in the Optionee's country of residence (and country of employment, if different).

**15. Securities Matters.** The Company shall not be required to deliver any Shares until the requirements of any federal, state or foreign securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied. If the Optionee is resident or employed outside of the United States, neither the grant of the Options under the Plan nor the issuance of the underlying Shares upon exercise of the Options is intended to be a public offering of securities in the Optionee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

**16. Legal Requirements and Risks.** No employee of the Company or a Subsidiary is permitted to advise the Optionee on whether the Optionee should acquire Shares under the Plan. Acquiring Shares involves a degree of risk. Before deciding to acquire Shares pursuant to the Options, the Optionee should carefully consider all risk factors relevant to the acquisition of Shares under the Plan and the Optionee should carefully review all of the materials related to the Options and the Plan. In addition, the Optionee should consult with the Optionee's own financial advisor and legal advisor for professional investment advice.

**17. Consent to Collection, Processing and Transfer of Personal Data.**

(a) Pursuant to applicable personal data protection laws, the Company and the Employer (if different) hereby notify the Optionee of the following in relation to the Optionee's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Option and the Optionee's participation in the Plan. The collection, processing and transfer of the Optionee's personal data are necessary for the Company's administration of the Plan and the Optionee's participation in the Plan. The Optionee's denial and/or objection to the collection, processing and transfer of personal data may affect the Optionee's participation in the Plan. The Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

(b) The Company and the Employer (if different) hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Optionee or collected, where lawful, from third parties, and the Company and Employer (if different) will process the Data for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the

Optionee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Optionee's participation in the Plan.

(c) The Company and the Employer (if different) will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Optionee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Optionee's behalf to a broker or other third party with whom the Optionee may elect to deposit any Shares acquired pursuant to the Plan.

(d) The Optionee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan. The Optionee may seek to exercise these rights by contacting the Company's Corporate Secretary's Department.

**18. English Language.** The Optionee acknowledges and agrees that it is the Optionee's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Option, be drawn up in English. If the Optionee has received the Agreement, the Plan or any other documents related to the Options translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

**19. Nature of Grant.**

In accepting the award of Options, Optionee acknowledges that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.

(b) The grant of Options is a one-time benefit and does not create any contractual or other right to receive an award or benefits in lieu of an award in the future; future awards, if any, will be at the sole discretion of the Company.

(c) The Optionee is voluntarily participating in the Plan.

(d) An Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Optionee's employment contract, if any.

(e) The Options are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

(f) The Options will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the Options will not be interpreted to form an employment contract with any Subsidiary.

(g) This Agreement shall not confer upon the Optionee any right to continuation of employment by the Employer, nor shall this Agreement interfere in any way with the Employer's right to terminate the Optionee's employment at any time, as may be permitted under local law.

(h) The future value of the underlying Shares is unknown and cannot be predicted with certainty; if the value of the Shares does not increase after the time of grant, this Option will have no value.

(i) If the Options vest and the Optionee obtains Shares, the value of those Shares acquired may increase or decrease in value.

(j) In consideration of the grant of the Options, no claim or entitlement to compensation or damages shall arise from termination of the Options or diminution in value of the Options or Shares acquired upon exercise of the Option resulting from termination of the Optionee's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and the Employer (if different) from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Option, the Optionee will be deemed irrevocably to have waived the Optionee's entitlement to pursue such claim.

(k) In the event of involuntary termination of Optionee's employment (whether or not in breach of local labor laws), Optionee's right to receive Options and vest under the Plan, if any, will terminate effective as of the date that Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws), Optionee's right to exercise Options and vesting in Options after termination of employment, if any will be measured by the date of termination of Optionee's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of the award of the Options.

(l) The Options and benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

20. **Electronic Delivery/Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the Option by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Not Providing Advice.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the Shares underlying the Option. Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

22. **Governing Law.** All questions concerning the validity, construction and effect of this Award Agreement shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws. Any dispute concerning this Agreement will be resolved exclusively in the state or federal courts in Harris County, Texas, and the Optionee agrees to exclusive venue and jurisdiction in such courts as a condition of receiving this Award.

23. **Appendix Terms.** Notwithstanding any provisions of this Agreement to the contrary, the Option shall be subject to such special terms and conditions for the Optionee's country of residence (and country of employment, if different), as are set forth in the Appendix to this Agreement (the "Appendix"). Further, if the Optionee transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Option to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

24. **Additional Requirements.** The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options, and the Optionee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Options and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**Significant Subsidiaries**

Listed below are the significant subsidiaries of the Registrant as of December 31, 2016, and the states or jurisdictions in which they are incorporated or organized. The indentation reflects the principal parenting of each subsidiary. The names of other subsidiaries have been omitted from the list below, since they would not constitute, in the aggregate, a significant subsidiary as of December 31, 2016.

Schlumberger B.V., Netherlands

    Cameron Lux I SARL, Luxembourg

        OneSubsea BV, Netherlands

        Schlumberger Canada Limited, Canada

Schlumberger SA, France

    Services Petroliers Schlumberger, France

Schlumberger Norge AS, Norway

Schlumberger Holdings Corporation, Delaware

    Cameron International Corporation, Delaware

    Schlumberger Technology Corporation, Texas

    Smith International Inc., Delaware

Schlumberger UK Limited, UK

    Schlumberger Plc, UK

        Schlumberger Oilfield UK Plc, UK

Schlumberger Oilfield Holdings Limited, BVI

    Schlumberger Holdings II Limited, BVI

        Dowell Schlumberger Corporation, BVI

        Schlumberger Logelco, Inc., Panama

        Schlumberger Middle East SA., Panama

        Schlumberger Offshore Services Limited, BVI

        Schlumberger Overseas, SA, Panama

        Schlumberger Seaco, Inc., Panama

        Schlumberger Oilfield Eastern Ltd., BVI

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-36366; 333-104225; 333-115277; 333-124534; 333-151920; 333-173055, as amended by post-effective amendment on Form S-8; 333-188589; and 333-188590); on Form S-3 (Nos. 333-195342 and 333-190822); on Form S-4 (No. 333-97899); and on Form S-4 as amended by post-effective amendment on Form S-8 (Nos. 333-207260 and 333-166326) of Schlumberger Limited of our report dated January 25, 2017 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

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PricewaterhouseCoopers LLP

Houston, Texas

January 25, 2017

**Powers of Attorney**

Each of the undersigned, in the capacity or capacities set forth below his or her signature as a member of the Board of Directors and/or an officer of Schlumberger Limited, a Curaçao corporation, hereby appoints Simon Ayat, Howard Guild and Alexander C. Juden, or either of them, the attorney or attorneys of the undersigned, with full power of substitution and revocation, for and in the name, place and stead of the undersigned to execute and file with the Securities and Exchange Commission the Annual Report on Form 10-K under the Securities Exchange Act of 1934 (the "Exchange Act") for the fiscal year ending December 31, 2016, and any amendment or amendments to any such Annual Report on Form 10-K, and any agreements, consents or waivers relative thereto, and to take any and all such other action for and in the name and place and stead of the undersigned as may be necessary or desirable in order to comply with the Exchange Act or the rules and regulations thereunder.

/s/ Peter L.S. Currie

Peter L.S. Currie  
Director

/s/Indra K. Nooyi

Indra K. Nooyi  
Director

/s/ V. Maureen Kempston Darkes

Maureen Kempston Darkes  
Director

/s/ Lubna S. Olayan

Lubna S. Olayan  
Director

/s/ Paal Kibsgaard

Paal Kibsgaard  
Chairman of the Board and Chief Executive Officer

/s/ Leo Rafael Reif

Leo Rafael Reif  
Director

/s/ Nikolay Kudryavtsev

Nikolay Kudryavtsev  
Director

/s/ Tore Sandvold

Tore Sandvold  
Director

/s/ Michael E. Marks

Michael E. Marks  
Director

/s/ Henri Seydoux

Henri Seydoux  
Director

/s/ Helge Lund

Helge Lund  
Director

Date: January 25, 2017

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Paal Kibsgaard, certify that:

1. I have reviewed this Annual Report on Form 10-K of Schlumberger Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 25, 2017

/s/ Paal Kibsgaard

Paal Kibsgaard  
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Simon Ayat, certify that:

1. I have reviewed this Annual Report on Form 10-K of Schlumberger Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 25, 2017

/s/ Simon Ayat

Simon Ayat

Executive Vice President and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Schlumberger N.V. (Schlumberger Limited) (the "Company") for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paal Kibsgaard, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 25, 2017

/s/ Paal Kibsgaard

Paal Kibsgaard  
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Schlumberger N.V. (Schlumberger Limited) (the "Company") for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon Ayat, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 25, 2017

/s/ Simon Ayat

Simon Ayat

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

### Mine Safety Disclosure

The following disclosure is provided pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977.

The table that follows reflects citations, orders, violations and proposed assessments issued by the Mine Safety and Health Administration (the “MSHA”) to M-I LLC, an indirect wholly-owned subsidiary of Schlumberger. The disclosure is with respect to the full year ended December 31, 2016. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by the MSHA at [www.MSHA.gov](http://www.MSHA.gov).

#### Full Year 2016 (whole dollars)

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b) (2) Violations	Section 107(a) Orders	Proposed MSHA Assessments(1)	Mining Related Fatalities	Received Notice of Pattern of Violations	Received Notice of Potential to Have Pattern	Legal Actions		
								Under Section 104(e) (yes/no)	Under Section 104(e) (yes/no)	Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Amelia Barite Plant/1600825	0	0	0	0	0	\$300 *	0	N	N	0	0	0
Battle Mountain Grinding Plant/2600828	1	0	0	0	0	\$778	0	N	N	0	0	0
Galveston GBT Barite Grinding Plant/4104675	0	0	0	0	0	\$241	0	N	N	0	0	0
Greybull Milling Operation/4800602	1	0	0	0	0	\$955	0	N	N	0	0	0
Greybull Mining Operation/4800603	1	0	0	0	0	\$713	0	N	N	0	0	0
Greystone Mine/2600411	1	0	0	0	0	\$668	0	N	N	0	0	0
Mountain Springs Beneficiation Plant/2601390	3	0	0	0	0	\$56,218	0	N	N	0	0	0
Wisconsin Proppants/4703742	0	0	0	0	0	\$0	0	N	N	0	0	0

- (1) Amounts included are the total dollar value of proposed assessments received from MSHA on or before December 31, 2016, regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the full year 2016. Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and sometimes dismissed. The number of citations, orders, and proposed assessments vary by inspector and also vary depending on the size and type of the operation.

\*As of December 31, 2016 MSHA had not yet proposed an assessment for one citation at Amelia Barite Plant/1600825.