

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter ended:
June 30, 2001

Commission file No.:
1-4601

SCHLUMBERGER N.V.
(SCHLUMBERGER LIMITED)

(Exact name of registrant as specified in its charter)

NETHERLANDS ANTILLES

52-0684746

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

153 EAST 53 STREET, 57th Floor
NEW YORK, NEW YORK, U.S.A.

10022

42 RUE SAINT-DOMINIQUE
PARIS, FRANCE

75007

PARKSTRAAT 83
THE HAGUE,
THE NETHERLANDS

2514 JG

(Addresses of principal executive
offices)

(Zip Codes)

Registrant's telephone number: (212) 350-9400

Indicate by check mark whether 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 and (2) has been subject to such filing requirements for
the past 90 days.

YES X

NO

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date.

Class

Outstanding at July 31, 2001

COMMON STOCK, \$0.01 PAR VALUE

573,882,168

PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(Stated in thousands except per share amounts)

	Periods Ended June 30,			
	Second Quarter		Six Months	
	2001	2000 (1)	2001	2000 (1)
REVENUE:				
Operating	\$3,634,599	\$2,338,266	\$6,544,033	\$4,475,708
Interest & other income	59,388	83,541	149,417	159,651
	3,693,987	2,421,807	6,693,450	4,635,359
EXPENSES:				
Cost of goods sold & services	3,072,545	1,830,007	5,267,284	3,490,025
Research & engineering	173,209	130,740	343,805	261,782
Marketing	140,948	81,196	228,365	156,016
General	193,885	104,501	314,480	208,275
Interest	108,757	65,341	184,958	128,437
	3,689,344	2,211,785	6,338,892	4,244,535
Income before taxes and minority interest	4,643	210,022	354,558	390,824
Taxes on income	91,090	51,224	199,030	93,614
Income (Loss) before minority interest	(86,447)	158,798	155,528	297,210
Minority interest	(6,838)	(2,875)	(12,925)	(5,129)
Net Income (Loss)	\$ (93,285)	\$ 155,923	\$ 142,603	\$ 292,081
Basic Earnings (Loss) Per Share	\$ (0.16)	\$ 0.27	\$ 0.25	\$ 0.51
Diluted Earnings (Loss) Per Share	\$ (0.16)	\$ 0.27	\$ 0.25	\$ 0.51
Average shares outstanding	573,451	569,293	573,255	568,090
Average shares outstanding assuming dilution	573,451	579,707	580,725	578,124
Depreciation and amortization included in expenses (2)	\$ 484,515	\$ 311,550	\$ 903,541	\$ 623,893
Dividends declared per share	\$ 0.1875	\$ 0.1875	\$ 0.3750	\$ 0.3750

(1) Reclassified, in part, for comparative purposes.

(2) Including multiclient seismic data costs.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands)

ASSETS	Jun. 30, 2001	Dec. 31, 2000 (1)
<hr/>		
CURRENT ASSETS:		
Cash and short-term investments	\$1,505,515	\$3,040,150
Receivables less allowance for doubtful accounts (2001 - \$143,348; 2000 - \$106,503)	4,253,233	2,768,848
Inventories	1,407,986	1,111,585
Deferred taxes on income	349,053	259,184
Other current assets	476,165	313,444
	<hr/>	<hr/>
	7,991,952	7,493,211
	<hr/>	
LONG-TERM INVESTMENTS, HELD TO MATURITY	659,000	1,547,132
INVESTMENTS IN AFFILIATED COMPANIES	691,103	654,516
FIXED ASSETS:		
Property, plant and equipment	11,640,753	10,821,509
Less accumulated depreciation	(6,689,875)	(6,426,995)
	<hr/>	<hr/>
	4,950,878	4,394,514
	<hr/>	
MULTICLIENT SEISMIC DATA	983,046	975,775
EXCESS OF INVESTMENT OVER NET ASSETS OF COMPANIES PURCHASED less amortization, AND INTANGIBLE ASSETS	6,997,281	1,716,427
DEFERRED TAXES ON INCOME	139,405	271,059
OTHER ASSETS	275,106	120,097
	<hr/>	<hr/>
	\$22,687,771	\$17,172,731
	<hr/>	
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$4,535,773	\$2,910,725
Estimated liability for taxes on income	487,139	379,916
Bank loans	1,124,074	556,020
Dividend payable	108,208	108,043
Long-term debt due within one year	97,254	36,201
	<hr/>	<hr/>
	6,352,448	3,990,905
LONG-TERM DEBT	6,616,572	3,573,047
POSTRETIREMENT BENEFITS	511,655	476,380
MINORITY INTEREST	622,196	605,313
OTHER LIABILITIES	510,494	231,870
	<hr/>	<hr/>
	14,613,365	8,877,515
	<hr/>	
STOCKHOLDERS' EQUITY:		
Common stock	1,974,194	1,963,905
Income retained for use in the business	8,151,074	8,223,476
Treasury stock at cost	(1,737,435)	(1,752,961)
Accumulated other comprehensive income	(313,427)	(139,204)
	<hr/>	<hr/>
	8,074,406	8,295,216
	<hr/>	
	\$22,687,771	\$17,172,731
	<hr/>	

(1) Reclassified, in part, for comparative purposes.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	Six Months Ended June 30,	
Cash flows from operating activities:	2001	2000 (1)
	-----	-----
Net income	\$ 142,603	\$ 292,081
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization (2)	903,541	623,893
Impairment charge for RMS businesses	280,000	-
Earnings of companies carried at equity, less dividends received (2001 - \$-; 2000 - \$-)	(29,205)	(13,583)
Provision for losses on accounts receivable	6,149	15,316
Change in operating assets and liabilities:		
Increase in receivables	(628,017)	(222,935)
Increase in inventories	(286,855)	(57,158)
Decrease (increase) in deferred taxes	23,937	(23,669)
(Increase) decrease in other current assets	(71,281)	16,769
Increase in accounts payable and accrued liabilities	136,868	39,914
Increase in estimated liability for taxes on income	18,394	39,303
Other - net	(283,975)	(105,934)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	212,159	603,997
	-----	-----
Cash flows from investing activities:		
Purchase of fixed assets	(990,404)	(528,960)
Multiclient seismic data capitalized	(221,219)	(119,940)
Sales/retirements of fixed assets & other	(17,971)	54,060
Decrease in investments	2,510,047	136,309
Businesses acquired, net of cash acquired	(353,024)	(261,446)
Acquisition of Sema plc, net of cash acquired	(4,778,498)	-
Decrease (increase) in other assets	10,108	(41,047)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(3,840,961)	(761,024)
	-----	-----
Cash flows from financing activities:		
Dividends paid	(214,840)	(212,368)
Proceeds from employee stock purchase plan	58,362	61,560
Proceeds from exercise of stock options	25,815	109,693
Proceeds from issuance of long-term debt	3,293,700	530,939
Payments of principal on long-term debt	(25,581)	(333,943)
Net increase in short-term debt	551,129	26,937
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,688,585	182,818
	-----	-----
Net increase in cash	59,783	25,791
Cash, beginning of period	160,718	132,589
	-----	-----
CASH, END OF PERIOD	\$ 220,501	\$ 158,380
	=====	=====

(1) Restated, in part, for comparative purposes.

(2) Including multiclient seismic data costs.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

STOCKHOLDERS' EQUITY

(Unaudited)

(Dollars in thousands)

	Common Stock		Retained Income	Accumulated Other Comprehensive Income		Comprehensive Income
	Issued	In Treasury		Mark to Market	Translation Adjustment	
Equity, January 1, 2001	\$1,963,905	\$ (1,752,961)	\$8,223,476	\$ -	\$ (139,204)	\$ -
Net Income			142,603			142,603
Derivatives marked to market				(26,958)		(26,958)
Translation adjustment					(226,265)	(226,265)
RMS disposition					79,000	79,000
Dividends declared			(215,005)			
Shares sold to optionees (net of fees)	10,289	15,526				
Employee Stock Purchase Plan						
Equity, June 30, 2001	\$1,974,194	\$ (1,737,435)	\$8,151,074	\$ (26,958)	\$ (286,469)	\$ (31,620)

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

In the opinion of management, all adjustments necessary to present fairly the financial position and the results of operations have been made in the accompanying interim financial statements. The Company's significant accounting policies are summarized in its 2000 Annual Report. These policies have been consistently applied during the interim period presented in this report. The results of operations for the three and six month periods ended June 30, 2001 are not necessarily indicative of the results of operations that may be expected for the entire year.

EARNINGS PER SHARE

The following is a reconciliation from basic earnings per share to diluted earnings per share for the second quarter and the first six months of 2001:

(Stated in thousands except per share amounts)

	Net Income (Loss)	Average Shares Outstanding	Earnings (Loss) per Share
Second Quarter			
Basic	\$ (93,285)	573,451	(\$0.16)
Effect of dilution: Options (1)		-	-
	\$ (93,285)	573,451	(\$0.16)
Six Months			
Basic	\$ 142,603	573,255	\$0.25
Effect of dilution: Options		7,470	-
	\$ 142,603	580,725	\$0.25

(1) Due to the net loss, there is no dilutive effect in the second quarter.

CHARGES

The first quarter 2001 included a \$25 million (\$0.04 per share - diluted) in-process research and development charge related to the acquisition of Bull CP8. This charge is classified in Research & Engineering in the Consolidated Statement of Income.

The second quarter 2001 included a \$280 million (\$0.48 per share - diluted) estimated impairment charge from the expected disposition of certain Resource Management Services businesses (Electricity and Water outside North America and the worldwide Gas businesses). This charge, which included the write off of goodwill (\$139 million) and cumulative translation adjustment (\$79 million), is classified in Cost of goods sold and services in the Consolidated Statement of Income.

CONTINGENCIES

The Consolidated Balance Sheet includes accruals for the estimated future costs associated with certain environmental remediation activities related to the past use or disposal of hazardous materials. Substantially all such costs relate to divested operations and to facilities or locations that are no longer in operation. Due to a

number of uncertainties, including uncertainty of timing, the scope of remediation, future technology, regulatory changes and other factors, it is possible that the ultimate remediation costs may exceed the amounts estimated. However, in the opinion of management, such additional costs are not expected to be material relative to consolidated liquidity, financial position or future results of operations.

In addition, Schlumberger and its subsidiaries are party to various other legal proceedings. Although the ultimate disposition of these proceedings is not presently determinable, in the opinion of Schlumberger any liability that might ensue would not be material in relation to the consolidated liquidity, financial position or future results of operations.

INVESTMENT IN SEMA PLC

On February 12, 2001, Schlumberger announced that it had reached an agreement with the board of directors of Sema plc on the terms of a recommended offer for the entire issued and to be issued share capital of Sema plc.

On March 8, 2001, Schlumberger acquired, through market purchases, approximately 20% of the issued share capital of Sema at a cost of \$1 billion.

On April 6, 2001, the offer for the shares of Sema plc was declared unconditional in all respects. The aggregate consideration for the acquisition of 100% of the issued Sema shares was \$5.15 billion (including expenses of the transaction) which is being financed from existing cash resources and borrowings under a \$3 billion credit facility.

The acquisition was accounted for using the purchase method of accounting and the goodwill and identifiable intangibles aggregated \$5.19 billion which are being amortized on a straight line basis. The final allocation of the purchase price and amortization periods had not yet been completed. For the third quarter, goodwill and identifiable intangibles will be amortized on a straight line basis over a composite life of 18 years.

The aggregate value of goodwill and identifiable intangibles comprised the following:

(Dollars in billions)

Cost (including expenses)	\$ 5.15
Purchase accounting adjustments (1)	0.34
Net tangible assets acquired	(0.30)

	\$ 5.19
	=====

(1) Purchase accounting adjustments consisted primarily of severance costs (\$84 million), facility reductions (\$33 million), pension plan adjustments (\$136 million) and tax restructuring costs (\$50 million).

For financial reporting purposes, Schlumberger included the results of operations of Sema in its consolidated accounts commencing April 1, 2001.

Sema is an IT services company (with approximately 22,000 employees) that provides its customers with design, implementation, operations and management of information systems and IT-related consulting services. Among the industry sectors which Sema serves, Sema has increasingly focused on the telecommunications and finance sectors, and provides a range of its own software products specifically designed for these sectors in addition to its IT services. Sema's customers include a wide variety of businesses and governmental departments around the world. Sema's services and product offerings include systems integration and consulting; software products for the telecommunications, energy, transport and finance sectors; and outsourcing.

INVESTMENTS IN AFFILIATED COMPANIES

Investments in affiliated companies include Schlumberger's 40% investment in the MI Drilling Fluids Joint Venture (June 30, 2001 - \$499 million; December 31, 2000 - \$461 million). Equity in income of investments carried under the equity method (2001 - \$29 million; 2000 - \$14 million) are included in Interest & other income on the Consolidated Statement of Income.

NEW ACCOUNTING STANDARDS

Commencing January 1, 2001, Schlumberger adopted SFAS 133, Accounting for Derivative Instruments and Hedging Activities (See Item 2:Management's Discussion and Analysis of Financial Condition and Results of Operations).

SFAS 141 (Business Combinations) has been adopted by Schlumberger for acquisitions subsequent to June 30, 2001. SFAS 142 (Goodwill and Other Intangible Assets) will be adopted by Schlumberger commencing January 1, 2002. As required by SFAS 142, Schlumberger will undertake a review for impairment in 2002. In the second quarter 2001, Schlumberger incurred amortization of goodwill and other intangibles amounting to \$85 million (net of tax). With the adoption of SFAS 142, the equivalent amount is estimated to be \$12 million per quarter in 2002.

SEGMENT INFORMATION

Following the acquisition of Sema plc on April 6, 2001, Schlumberger created a new business segment, SchlumbergerSema, which resulted from the merger of Sema plc with certain businesses from Schlumberger's former segments, Test & Transactions and Resource Management Services. Following this reorganization, Schlumberger now operates two reportable segments, Oilfield Services and SchlumbergerSema.

(Stated in millions)

Six Months 2001	NAM	LAM	ECA	MEA	Elims/ Other	Total OFS	Schlumberger Sema	Other	Elims/ Other	Consolidated
Revenue	\$1,865	\$ 720	\$1,014	\$ 976	\$ 215	\$4,790	\$ 1,221	\$ 572	\$ (39)	\$ 6,544
Segment Income	\$ 282	\$ 65	\$ 115	\$ 168	\$ (24)	\$ 606	\$ 1	\$ 14	\$ (87)	\$ 534
Minority Interest	-	-	-	-	11	11	3	-	(1)	13
Income Tax Expense	170	22	39	31	10	272	(16)	(4)	(53)	199
Segment Income before tax	\$ 452	\$ 87	\$ 154	\$ 199	\$ (3)	\$ 889	\$ (12)	\$ 10	\$ (141)	\$ 746
Interest Income										96
Interest Expense		(3)								(182)
Charges										(305)
Pretax Income										\$ 355
Six Months 2000	NAM	LAM	ECA	MEA	Elims/ Other	Total OFS	Schlumberger Sema	Other	Elims/ Other	Consolidated
Revenue	\$1,066	\$ 511	\$ 723	\$ 804	\$ 158	\$3,262	\$ 478	\$ 770	\$ (34)	\$ 4,476
Segment Income	\$ 81	\$ 13	\$ 41	\$ 132	\$ 31	\$ 298	\$ 15	\$ 23	\$ (61)	\$ 275
Minority Interest	-	-	-	-	-	-	4	1	-	5
Income Tax Expense	48	10	24	21	21	124	(7)	9	(32)	94
Segment Income before tax	\$ 129	\$ 23	\$ 65	\$ 153	\$ 52	\$ 422	\$ 12	\$ 33	\$ (93)	\$ 374
Interest Income										144
Interest Expense		(1)								(127)
Pretax Income										\$ 391

BUSINESS REVIEW

(Stated in millions)

Second Quarter	Oilfield Services			SchlumbergerSema			Other (1)		
	2001	2000	% chg	2001	2000	% chg	2001	2000	% chg
Operating Revenue	\$ 2,467	\$ 1,709	44%	\$ 901	\$ 252	257%	\$ 287	\$ 394	(27)%
Pretax Operating Income (2)	\$ 471	\$ 234	101%	\$ (15)	\$ 3	-%	\$ 7	\$ 22	(66)%
Six Months									
Operating Revenue	\$ 4,790	\$ 3,262	47%	\$ 1,221	\$ 478	156%	\$ 572	\$ 770	(26)%
Pretax Operating Income (2)	\$ 889	\$ 422	111%	\$ (12)	\$ 12	-%	\$ 10	\$ 33	(69)%

- (1) Includes those Resource Management Services businesses planned for divestiture, Semiconductor Solutions and Global Tel*Link.
- (2) Pretax operating income represents income before taxes and minority interest, excluding interest expense, interest income, amortization of goodwill and identifiable intangibles (\$92 million and \$125 million in the second quarter of 2001 and six months 2001, respectively). All prior periods have been restated for comparative purposes.

Item 2: Management's Discussion and Analysis of Financial Condition and Results

of Operations.

Second Quarter 2001 Compared to Second Quarter 2000

Net Loss for the second quarter was \$93 million (\$0.16 per share - diluted) after a \$280 million (\$0.48 per share - diluted) estimated impairment charge from the expected disposition of certain Resource Management Services businesses. Excluding this charge, net income for the quarter was \$187 million (\$0.32 per share - diluted) compared to \$156 million (\$0.27 per share - diluted) last year.

Oilfield Services revenue, including WesternGeco, increased 44% versus the second quarter of 2000 as the worldwide M-I rig count grew 27%. Compared with the first quarter of 2001, revenue increased 6% as the worldwide M-I rig count decreased 5%.

SchlumbergerSema revenue was \$901 million for the quarter, a 7% sequential increase on a proforma basis. This included revenue for the acquired businesses of Sema (\$560 million) and Bull CP8 (\$35 million).

OILFIELD SERVICES

Oilfield Services operating revenue in the second quarter increased 44% year-on-year with significant growth across all Areas and services driven by improved pricing levels and the introduction of new technologies.

Sequentially, revenue increased 6% led by the Europe/CIS/West Africa Area and activities within Well Completions & Productivity where there was a sharp increase in product sales including Reda electrical submersible pumps. All services grew sequentially except for WesternGeco.

The worldwide M-I rig count increased 27% year-on-year but decreased 5% sequentially due mainly to the Canada spring break-up. Pretax operating income in the second quarter grew 101% compared to the same period last year and 12% sequentially.

The consolidation program for WesternGeco proceeded according to plan. The seismic market has improved compared with last year; however, it remains soft, predominantly due to spare capacity in the marine seismic market.

North America

Revenue of \$941 million increased 70% compared with the same quarter last year and 2% sequentially. The M-I rig count increased 36% year-on-year and decreased 7% sequentially. Pretax operating income of \$226 million was 237% higher than the second quarter last year and remained flat sequentially. The large increase in year-on-year revenue was partly attributable to the WesternGeco Joint Venture.

Pricing improvements and an increase in non-rig related activity drove year-on-year revenue growth. Year-on-year pretax operating income was led by strong growth in Well Completions & Productivity, Well Services and Wireline activities. The Alaska and US Land GeoMarkets recorded the strongest pretax operating income growth year-on-year and sequentially, the latter being offset by the Canada spring break-up.

Latin America

Revenue of \$355 million increased 36% year-on-year but decreased 3% sequentially. This is in line with the M-I rig count, which increased 26% compared with the same period last year and decreased 2% sequentially. Pretax operating income of \$44 million was 190% higher compared to last year and increased 3% sequentially.

Year-on-year revenue growth was recorded across all services. In particular, the activities associated with the IPM Burgos alliance project grew 52%. In addition,

Schlumberger was awarded two deepwater completion contracts in Brazil, confirming Schlumberger expertise in this area. The decrease in sequential revenue growth, largely due to a slow down in marine seismic activity particularly in the Mexico GeoMarket, was mitigated by continued revenue growth from other services despite reduced rig activity.

Strong IPM activity contributed to the positive sequential pretax operating income growth.

Europe/CIS/West Africa

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Revenue of \$550 million increased 43% compared with the same quarter last year, and 19% sequentially. The M-I rig count, excluding CIS, increased 17% year-on-year and 1% sequentially. Pretax operating income of \$96 million increased 134% year-on-year and 69% sequentially.

Year-on-year and sequential revenue growth exceeded rig count growth due mainly to increased non-rig related activity particularly in the North Sea and West Africa. During the quarter, the first commercial survey utilizing the Q-Marine* seismic system was successfully completed. Q*-Technology establishes a new level of precision for seismic reservoir characterization and evaluation. The West Africa and Nigeria GeoMarkets led the strongest year-on-year revenue growth with increased testing activity, especially in West Africa where several PhaseTester* Vx* multiphase well testing technology contracts were awarded in the last six months. Vx-Technology determines a well's oil, gas and water flow rates without the need for traditional test separators thus improving efficiency and environmental performance.

Pretax operating income growth was led by WesternGeco, Well Completions & Productivity and IPM activities.

Middle East & Asia

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Second quarter revenue of \$509 million increased 20% year-on-year and 9% sequentially. The M-I rig count increased 6% year-on-year with a slight sequential increase. Pretax operating income of \$108 million increased 21% year-on-year and 17% sequentially.

Year-on-year revenue growth was led by the Malaysia GeoMarket due to increased activity across all services. Sequential revenue growth exceeded the rig count growth due to improved pricing and increased non-rig related activity. This included the award of a 4000 well petrophysical study to Data & Consulting Services in the Middle East. Growth was also led by Well Completions & Productivity, Testing and Wireline which was particularly active in the China GeoMarket.

The GeoMarkets in this Area contributed to pretax operating income by raising basic service prices while increasing market share.

SCHLUMBERGERSEMA

The SchlumbergerSema business segment reported operating revenue for the quarter of \$901 million, which included revenue from the recent acquisitions of Sema plc (\$560 million) and Bull CP8 (\$35 million).

The pretax operating loss for the quarter of \$15 million was largely attributed to losses in the utility sector, to lower profitability in telecom-related smart cards and integration costs of about \$5 million associated with the Sema acquisition. The businesses acquired with Sema were break-even.

Revenue from the utility sector was up 11% sequentially on increased activity in the utility business in North America. Service revenues from remotely readable meter installations increased during the quarter. In addition, orders in Utilities

increased by 9% in particular due to a new consulting contract with Louisiana Gas & Electric.

Cards revenue of \$176 million increased sequentially by 5% including the Bull CP8 acquisition. Revenue was 20% lower than the previous quarter excluding the Bull CP8 acquisition. Mobile communications cards (SIM) revenue was down 22%, reflecting excess inventories carried by Asian mobile operators and reduced demand for cellular handsets. Sequentially, orders for mobile prepaid cards were 8% higher and banking cards almost doubled, reflecting increased shipments of cards to the UK and Proton e-purse cards to the Netherlands and to Belgium.

OTHER

The segment includes the portion of the Resource Management Services businesses, Semiconductor Solutions and Global Tel*Link which are expected to be disposed of in the near future. Revenue from the Resource Management Services businesses was 20% below last year; Semiconductor Solutions revenue was 50% below a year ago. The operating loss at Semiconductor Solutions was more than offset by the profit at Resource Management Services.

In the second quarter, the Company recorded an impairment charge of \$280 million (\$0.48 per share - diluted) related to the expected disposition of certain of the Resource Management Services businesses (Electricity and Water outside North America and the worldwide Gas businesses). The charge included the write off of goodwill (\$139 million) and cumulative translation adjustment (\$79 million).

INCOME STATEMENT

Interest and other income decreased \$24 million from the same period last year as a \$38 million decrease in interest income (2001 - \$35 million; 2000 - \$73 million) reflecting a decrease of \$2.6 billion in average investment balances which were used to finance the acquisition of Sema plc shares and a decrease in average returns on investments from 6.1% to 5.6%, was partially offset by a \$9 million gain from the sale of investments, also related to funding the Sema plc share purchases, and a \$5 million increase in equity income. Gross margin, excluding the \$280 million charge, of 23% was one and a half percentage points above last year. Research and engineering expense as a percentage of revenue decreased 0.8% and marketing expense increased 0.4%. General expense as a percentage of revenue increased from 4.5% to 5.3%. Interest expense increased by \$43 million as average debt balances were up \$2.8 billion due primarily to the Sema acquisition and the average borrowing rates decreased from 6.6% to 6.4%. The effective tax rate, excluding the \$280 million charge, increased by 8 percentage points to 32% reflecting higher pretax income in the United States and the effect of higher non-tax deductible goodwill amortization.

First Six Months 2001 Compared to First Six Months 2000

Operating revenue for the first half of the year was \$6.5 billion, a 46% increase over the same period last year. Excluding charges, net income was \$448 million and diluted earnings per share were \$0.77, increases of 53% and 51%, respectively, over the same period last year.

OILFIELD SERVICES

Operating revenue increased 47% due in large part to North America and Europe/CIS/West Africa. Pretax operating income increased by 111% over last year. The M-I rig count increased by 30%. Pricing improvements and the WesternGeco Joint Venture influenced the growth in revenue.

North America

Revenue increased 75% to \$1.87 billion compared to the first six months of 2000, pretax operating income of \$452 million increased 252%. The M-I rig count increased 30% over the same period last year. The increase in revenue reflected the higher

non-rig related activities, price increase, new technologies and better utilization of existing resources. Canada's revenue was negatively affected by the early spring break-up.

Latin America
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Latin America revenue of \$720 million increased by 41% compared to last year. The pretax operating income increased by 272% and the M-I rig count increased by 30%. The decline in revenue from seismic activities in the GeoMarkets was offset by strong Burgos Alianza ll activity. Venezuela and Trinidad and Tobago also had to adjust Prisa contract bonus and inflation adjustment billings.

Europe/CIS/West Africa
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Revenue of \$1.01 billion increased 40% over the same period last year. Pretax operating income increased 136% and the M-I rig count (excluding CIS) increased by 21%. IPM had a significant increase in revenue due mainly to the TFE Atora EPF project in Gabon.

Middle East & Asia
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Revenue increased 21% to \$976 million. Compared to the same period last year, pretax operating income was up 30% and the M-I rig count increased by 7%. The GeoMarkets in this Area contributed to pretax operating income by raising basic service prices while increasing market share.

SCHLUMBERGERSEMA

Revenue was \$1.22 billion, 156% higher than last year and pretax operating income was a loss of \$12 million. Revenue for Utilities and Transactions Systems both increased over last year.

OTHER

Revenue from the Resource Management Services businesses decreased 22% compared to last year. Semiconductor Solutions revenue declined 42%. The profit at Resource Management Services was partially offset by Semiconductor Solutions losses.

INCOME STATEMENT

Interest and other income decreased \$10 million from the same period last year as a \$44 million decrease in interest income (2001 - \$102 million; 2000 - \$146 million) reflecting a decrease in average investment balances which were used to finance the acquisition of Sema plc shares, was partially offset by a \$19 million gain from the sale of investments, also related to funding the Sema plc share purchases, and a \$16 million increase in equity income. Average returns on investments increased from 6.0% to 6.2%. Gross margin, excluding the \$280 million charge, of 24% was nearly two percentage points above last year. Research and engineering, marketing and general expenses as a percentage of revenue were flat. Interest expense increased \$57 million as average borrowing rates decreased from 6.6% to 6.5%. The increase in expenses was due mainly to the acquisition of Sema plc. The effective tax rate, excluding the charges, increased from 24% to 30% for the same period last year due to higher profitability in the United States and the effect of higher non-tax deductible goodwill amortization.

NEW ACCOUNTING STANDARDS
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Commencing January 1, 2001, Schlumberger adopted SFAS 133 (Accounting for Derivative Instruments and Hedging Activities). Occasionally, Schlumberger uses derivative instruments such as interest rate swaps, currency swaps, forward currency contracts and foreign currency options. Forward currency contracts provide a hedge against currency fluctuations on assets/liabilities denominated in other than a functional

currency. Options are usually entered into as a hedge against currency variations on firm commitments generally involving the construction of long-lived assets.

Schlumberger maintains a foreign-currency risk management strategy that uses derivative instruments to protect its interests from unanticipated fluctuations in earnings and cash flows caused by volatility in currency exchange rates. Movements in foreign currency exchange rates pose a risk to Schlumberger's operations as exchange rate changes may affect profitability and cash flow. Schlumberger uses foreign currency forward exchange contracts, swaps and options. Schlumberger also maintains an interest rate risk management strategy that uses derivatives to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. Schlumberger's specific goals are (1) to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain of its debt and (2) to lower (where possible) the cost of borrowed funds.

By using derivative financial instruments to hedge exposure to changes in exchange rates and interest rates, Schlumberger exposes itself to credit risk and market risk. Schlumberger minimizes the credit risk by entering into transactions with high-quality counterparties, limiting the exposure to each counterparty and monitoring the financial condition of its counterparties. Market risk is managed through the setting and monitoring of parameters that limit the types and degree of market risk which are acceptable.

At June 30, 2001, Schlumberger recognized a net \$27 million charge in Stockholders' Equity relating to SFAS 133. This charge was primarily due to the change in the fair market value of Schlumberger's US interest rate swaps as a result of declining interest rates. The effect on Stockholders' Equity at December 31, 2000 was not significant.

In June 2001, SFAS 141 (Business Combinations) and SFAS 142 (Goodwill and Other Intangible Assets) were issued. See "New Accounting Standards" in the "Notes to the Consolidated Financial Statements".

ACQUISITIONS

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In April 2001, Schlumberger acquired Sema plc for an aggregate consideration of \$5.15 billion. See "Investment in Sema plc" in the "Notes to the Consolidated Financial Statements".

In March 2001, Schlumberger acquired Bull CP8, a market leader in microprocessor-based smart cards and associated systems applications for the banking, mobile communications and network security industries. The acquisition price was \$313 million. Assets acquired included identifiable intangibles (primarily patents) of \$136 million and goodwill of \$140 million. Additionally, in-process research & development which aggregated \$25 million was charged to expense in the first quarter.

LIQUIDITY

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In April 2001, Schlumberger borrowed \$3 billion to finance the acquisition of Sema plc. See "Investment in Sema plc" in the "Notes to the Consolidated Financial Statements".

FORWARD-LOOKING STATEMENTS

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Schlumberger cautions that, except for historical information, statements in this 10-Q report, the second quarter 2001 earnings release and associated conference call, and elsewhere may constitute forward-looking statements. These include statements as to expectations, beliefs and future financial performance, such as statements regarding business prospects in the key industries in which Schlumberger operates and growth opportunities for Schlumberger in those industries. These statements involve a number of risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements. Such factors include: continuing customer commitment to certain

key long-term contracts; changes in E&P spending by major oil and gas companies, including renewed growth in gas drilling; economic, competitive and technological factors affecting markets, services, and prices in Schlumberger Sema businesses, including the extent and timing of a recovery in the telecommunications industry segment and utilities investment in utility management solutions; Schlumberger's ability to integrate newly acquired businesses and to realize identified synergies and cost savings from those acquisitions; timing and proceeds from anticipated divestitures; general economic and business conditions in key regions of the world; and changes in business strategy.

Item 3: Quantitative and Qualitative Disclosure about Market Risk.

Schlumberger does not believe it has a material exposure to financial market risk. Schlumberger manages the exposure to interest rate changes by using a mix of debt maturities and variable- and fixed-rate debt together with interest rate swaps, where appropriate, to fix or lower borrowing costs. With regard to foreign currency fluctuations, Schlumberger enters into various contracts, which change in value as foreign exchange rates change, to protect the value of external and intercompany transactions in foreign currencies. Schlumberger does not enter into foreign currency or interest rate transactions for speculative purposes.

* Mark of Schlumberger

PART II. OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits:

- Exhibit 3(a) - Deed of Incorporation as amended May 4, 2001.
- Exhibit 3(b) - By-Laws as amended April 19, 2001.

(b) Reports on Form 8-K:

1. Report on Form 8-K filed with the Commission on April 20, 2001 to report that Schlumberger Investments, a wholly owned subsidiary of Schlumberger Limited, announced that its offer for the ordinary Share Capital of Sema plc had been declared unconditional in all respects.
2. Report on Form 8-K/A filed with the Commission on June 15, 2001 to file the pro forma financial information required by Form 8-K filed with the Commission on April 20, 2001.

SIGNATURE

Pursuant to the requirements 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 and in his capacity as chief accounting officer.

Schlumberger Limited
(Registrant)

Date: August 8, 2001

.../s/Jean-Marc Perraud

Jean-Marc Perraud
Controller and
Chief Accounting Officer

INDEX TO EXHIBITS

Exhibit No: -----	Description -----	Appendix -----
Exhibit 3(a)	Deed of Incorporation amended On May 4, 2001	A
Exhibit 3(b)	By-Laws as amended on April 19, 2001	B

Appendix A

ARTICLES OF INCORPORATION OF THE
CORPORATION WITH LIMITED LIABILITY
SCHLUMBERGER N.V.

NAME AND DOMICILE
Article 1

- 1.1. The Company shall bear the name: SCHLUMBERGER N.V.

- 1.2. Abroad and in transactions with foreign entities, persons or organizations, the name SCHLUMBERGER LIMITED may be used.
- 1.3. The Company is established in Curacao.
- 1.4. The Company may change its place of domicile in accordance with the Netherlands Antilles Ordinance on Transfer of Domicile to Third Countries pursuant to a resolution of the Board of Directors.

OBJECTS
Article 2

- 2.1. The objects of the Company are:
 - (a) to design, develop, produce and supply technology, services, products and systems and to, throughout the world, engage in any business or activity related thereto;
 - (b) to enter into and carry on any mercantile business in any country and to receive by assignment or purchase or to otherwise acquire any accounts receivable, bank accounts, securities, bills of exchange, notes, bonds, letters of credit, stocks or other instruments of value or documents of title in any country and to collect and hold the proceeds thereof;
 - (c) to invest its assets in securities, including shares and other certificates of participation and bonds, debentures or notes, as well as other claims for interest bearing or non-interest bearing debts, however denominated, and in certificates, receipts, options, warrants or other instruments representing rights to receive, purchase or subscribe for securities or evidencing or representing any other rights or interest therein in any and all forms, as well as derivatives and commodities;
 - (d) to borrow money and to issue evidences of indebtedness therefore, as well as to lend money;
 - (e) to undertake, conduct, assist, promote or engage in any scientific, technical or business research and development;
 - (f) to organize and to own, directly or indirectly, and to operate, under the laws of any state or other government, domestic or foreign, corporations and other organizations, companies, undertakings, entities, trusts, other arrangements or persons; to subscribe for any such corporation, organization, company, undertaking, entity, trust, other arrangement or person; and to dissolve, liquidate, wind up, reorganize, merge or consolidate any such corporation, organization, company, undertaking, entity, trust, other arrangement or person;
 - (g) to obtain income from the disposition or grant of rights to use copyrights, patents, designs, secret processes and formulae, trademarks and other analogous property, from royalties (including rentals) for the use of industrial, commercial or scientific equipment, and from compensation or other consideration received for technical assistance or services;
 - (h) to establish, participate in and manage limited liability and other corporations, organizations, companies, undertakings, entities, trusts, other arrangements or persons of every kind or nature whatsoever, and to engage in industry and trade;

- (i) to guarantee or otherwise secure, and to transfer ownership, to mortgage, to pledge or otherwise to encumber assets as security for, and otherwise take action to support, the obligations of the Company and the obligations of other corporations, organizations, companies, undertakings entities, trusts, other arrangements or persons, with or without consideration;
 - (j) to place in trust all or any of its properties, including securities.
- 2.2. The Company is entitled to do all that in any way may be useful or necessary for the attainment of the above objects or that is connected therewith in the widest sense.

DURATION
Article 3

The Company shall have perpetual existence.

CAPITAL AND SHARES
Article 4

- 4.1. The authorized capital of the Company shall be SEVENTEEN MILLION UNITED STATES DOLLARS (US\$17,000,000.-), divided into (a) one billion five hundred million (1,500,000,000) shares of common stock of the par value of One United States Cent (US\$0.01) per share and (b) two hundred million (200,000,000) shares of preferred stock of the par value of One United States Cent (US\$0.01) per share, which may be issued in different series. Shares of common stock may be referred to as "common shares" and shares of preferred stock may be referred to as "preferred shares". The common shares and the preferred shares, if any, may sometimes be referred to herein as the "shares". Holders of common shares and preferred shares may sometimes be referred to as the "shareholders".
- 4.2. Common shares representing more than twenty percent (20%) of the authorized capital of the Company have been duly issued and fully paid.
- 4.3. Common shares, options to purchase or subscribe for common shares and warrants or rights to subscribe for common shares, shall be issued at such times, under such conditions and for such consideration, not less than the par value per share in the case of the issuance of such share, as may be determined from time to time by the Board of Directors.
- 4.4. With respect to the issuance of shares, options, warrants or rights to purchase or subscribe for shares the Board of Directors may enter into and conclude agreements without necessity of any action by the general meeting of shareholders:
 - a. imposing special obligations upon the Company in connection with the purchase of or subscription for shares;
 - b. concerning the issue of shares on a basis other than that on which participation in the Company is open to the public; or
 - c. providing for the payment for shares by means other than by legal tender of the Netherlands Antilles.
- 4.5. Subject to the provisions of this Article, preferred shares may be issued from time to time in one or more series on such terms and conditions as may be determined by the Board of Directors by the affirmative vote of at least three-fourths of the members of the Board of Directors, after considering the interests of the holders of common shares, for consideration not less than the par value thereof and not less than fair value taking into account the terms and conditions for the issuance thereof and the relative voting, dividend and liquidation rights of such preferred shares.
- 4.6. Prior to the issuance of any series of preferred shares, the Board of Directors shall specify:
 - a. the distinctive designation of such series and the number of preferred shares to constitute such series;
 - b. the annual dividend rate with respect to shares of such series, which shall be based on the consideration paid on issuance of such shares and which may be a fixed rate or a rate that fluctuates on dividend adjustment dates set under a formula or procedure determined by the Board of Directors prior to issuance, subject, in all cases, to the following limitations:
 - (1) the annual dividend rate shall not exceed the greater of (A) twenty percent (20%) or (B) one hundred and twenty percent (120%) of the Standard & Poor's Weekly Preferred Stock Yield Index or, in the event the Standard & Poor's Weekly Preferred Stock Yield Index is no longer published, any substantially equivalent preferred stock index, most recently published before the date of issuance or the relevant dividend adjustment date; and
 - (2) the annual dividend rate shall not be less than the smaller of (A) six percent (6%) or (B) eighty percent (80%) of the Standard & Poor's Weekly Preferred Stock Yield Index or, in the event the Standard & Poor's Weekly Preferred Stock Yield Index is no longer published, any substantially equivalent preferred stock index, most recently published before the date of issuance or the relevant dividend adjustment date;
 - c. whether such dividends shall be payable annually or in installments;
 - d. the rights, if any, of the holders of shares of such series to convert shares of such series for shares of any other series of preferred shares or for common shares, provided that shares of any series shall not be convertible into shares of any series senior thereto;
 - e. the rights, if any, of the Company to redeem shares of such series (in which case the directors shall specify the date on or after which the shares of such series may be called for redemption by the

Company and the consideration to be paid therefore, or the manner by which such consideration shall be calculated) and the rights, if any, of holders of such shares to require the Company to purchase such shares, and the provisions, if any, of any sinking fund or other arrangement to be used in connection with such redemption or purchase; and

f. any other terms and conditions of such series which are not inconsistent with these articles of association or Netherlands Antilles law.

- 4.7. Certificates for preferred shares may be issued bearing a legend describing the terms and conditions thereof specified by the Board of Directors.
- 4.8. Preferred shares of all series shall rank prior to the common shares with respect to dividend and liquidation preferences as determined by the Board of Directors at the time of issuance of any series of preferred shares. Any series of preferred shares may be ranked by the Board of Directors as to dividend and liquidation preferences, provided that no series issued after any other series shall rank prior to such other series as to such preferences. Any such series may be ranked pari passu with any one or more other series as the Board of Directors may so determine.
- 4.9. Upon liquidation of the Company, the holders of any series of preferred shares shall be entitled to receive, before any distribution is made to the holders of any other series of preferred shares ranking junior to such series as to liquidation preference, and before any distribution to the holders of common shares, the amount of the liquidation preference of such shares which shall not exceed the sum of:
 - (1) the amount paid for such preferred shares on issuance, plus
 - (2) all accumulated and unpaid dividends on such preferred shares to the date fixed for distribution.

Article 5

No holder of shares of the Company shall in that capacity have any preferential or preemptive right to purchase or subscribe for any shares or any options, warrants or rights to purchase shares or any securities convertible into or exchangeable for shares which the Company may issue or sell, except those rights of conversion, if any, of preferred shares specified in or determined in accordance with Article 4.

Article 6

- 6.1. The Company may, for its own account and for valuable consideration, from time to time acquire fully paid shares of its stock, on such terms and conditions as the Board of Directors may determine, provided that at least one-fifth part of its authorized capital remains outstanding with others than the Company. The authority to make any such acquisition is vested in the Board of Directors. Any shares so acquired may be canceled by the Board of Directors without the prior approval of the general meeting of shareholders.
- 6.2. The Company shall not acquire any voting rights by reason of ownership of shares of its stock and, in connection with any general meeting of shareholders, shares owned by the Company shall not be counted as outstanding, or as present or represented, for the purpose of determining a quorum or for any other purpose.
- 6.3. Shares of its stock owned by the Company may be sold at such times, under such conditions and for such consideration as may be determined from time to time by the Board of Directors.

Article 7

- 7.1. The shares shall be in registered form.
- 7.2. Share certificates for common shares may be issued at the request of the shareholder.
- 7.3. The shares shall be entered into a register, which, provided a printed record can be produced therefrom, may be in computerized form (the "Register") which is kept by the Board of Directors or by a registrar designated thereto by the Board of Directors (the "Registrar"). Each entry shall mention the name of the shareholder, his residence or his elected domicile, the quantity of his shares and the numbers of the share certificates, if any, representing such shares. The Register shall not be open for inspection by third parties or shareholders with respect to shares other than those registered in their name, except with respect to shares that have not been paid in full and except further, with respect to the Registrar, if said Registrar has been requested, or if demand of said Registrar has been made, to disclose any piece of information in the Register and failure to disclose such information would lead to liability of the Registrar.
- 7.4. Every transfer and devolution of a share shall be entered in the Register and every such entry shall be signed or otherwise acknowledged by or on behalf of the Board of Directors or by the Registrar.
- 7.5. The transfer of shares shall be effected either by serving a deed of transfer upon the Company or by written acknowledgment of the transfer by the Company, which acknowledgement can only take place by an annotation on the share certificate, if share certificates have been issued.
- 7.6. The entry in the Register provided for in paragraphs 3 and 4 of this Article shall have the effect of a written acknowledgment of the transfer by the Company in the event no share certificate has been issued for the shares concerned.
- 7.7. If any shareholder shall establish to the satisfaction of the Board of Directors or the Registrar that his share certificate has been lost or destroyed, then, at his request, a duplicate may be issued under such conditions and guarantees (which, if required by the Registrar or the Board of Directors, may include the provision of an indemnity bond issued by an insurance company or other type of financial institution or entity)

as the Board of Directors or the Registrar shall determine. By the issuance of the new share certificates on which shall be

recorded that it is a duplicate, the old certificate in place of which the new one has been issued shall become null and void. The Board of Directors or the Registrar may authorize the exchange of new share certificates for mutilated share certificates. In such case the mutilated share certificates shall be delivered to the Company and shall be canceled immediately. The cost of a duplicate or new certificate and any proper expenses incurred by the Company in connection with the issuance thereof may, at the option of the Board of Directors or the Registrar, be charged to the shareholder.

MANAGEMENT
Article 8

- 8.1. The management of all the affairs, property and business of the Company shall be vested in a Board of Directors, who shall have and may exercise all powers except such as are exclusively conferred upon the shareholders by law or by these Articles of Association.
- 8.2. The directors shall be elected at a general meeting of shareholders by a majority of votes cast, in person or by proxy, by the shareholders entitled to vote. The number of persons constituting the whole Board of Directors shall be not less than five nor more than twenty-four, as fixed and elected by the general meeting of shareholders. The number of persons constituting the whole Board of Directors shall, until changed at any succeeding general meeting of shareholders, be the number so fixed and elected. Directors may be suspended or dismissed at any general meeting of shareholders. At any general meeting of shareholders at which action is taken to increase the number of the whole Board of Directors or to suspend or dismiss a director, or at any subsequent general meeting, the shareholders may fill any vacancy or vacancies created by such action.
- 8.3. Each director shall be elected to serve until the next annual general meeting of shareholders and until his successor shall be elected and qualify, or until his death, resignation or removal.
- 8.4. Directors need not be Netherlands Antilles citizens or residents of the Netherlands Antilles or shareholders of the Company.
- 8.5. In the event that one or more of the directors is prevented from or is incapable of acting as a director, the remaining directors (or the remaining director, if there should be only one) may appoint one or more persons to fill the vacancy or vacancies thereby created on the Board of Directors until the next general meeting of shareholders, provided that if at any time the number of directors then in office shall be reduced to less than a majority of the number constituting the whole Board of Directors, the remaining directors or director shall forthwith call a general meeting of shareholders for the purpose of filling the vacancies on the Board of Directors, and provided further that in the event that all of the directors are prevented from or are incapable of acting as directors, the Company shall be temporarily managed by any person or persons previously appointed by the Board of Directors so to act, who shall forthwith call a general meeting of shareholders for the purpose of electing a Board of Directors. Until such general meeting of shareholders is held the person so designated shall only take such acts of management that can not suffer any delay. If no such general meeting of shareholders shall be called, and if no such person shall have been appointed, any person or persons holding in the aggregate at least five percent of the outstanding shares of stock of the Company may call a general meeting of shareholders for the purpose of electing a Board of Directors.
- 8.6. A majority of the whole Board of Directors shall constitute a quorum for the conduct of any business and the action of the majority of the directors present in person or by proxy as hereinafter provided, at a meeting at which a quorum is so present, shall constitute the action of the Board of Directors.
- 8.7. Meetings of the Board of Directors may be held in or outside the Netherlands Antilles.
- 8.8. Meetings may be held through telephone conference, video conference or other real time communication allowing all persons participating in the meeting to hear each other or through any other device permitted by then applicable law, and participation in a meeting through any such lawful device or arrangement shall constitute presence at such meeting.
- 8.9. Directors may in writing, by telegram, cable, telex, telefax, electronic mail or other communication device appoint a proxy to act at any meeting of the Board of Directors, such proxy to be restricted, however, to the particular meeting specified therein. Such proxy must be another director of the Company, provided, however, that at any meeting of the Board of Directors a director may not act as proxy for more than one director.
- 8.10. When action by the Board of Directors is required or permitted to be taken, action at a meeting may be dispensed with if all commercially reasonable efforts have been taken to notify all the directors and if three fourth of the directors shall consent in writing, by telegram, cable, telex, telefax, electronic mail or other communication device to such action taken or being taken, and provided further that all directors are promptly notified of such action being taken or having been taken.

Article 9

- 9.1. The Board of Directors shall at least annually elect or appoint the following officers: a Chairman, a Chief Executive Officer, a Secretary and a Treasurer, each to serve until his successor is elected and qualified. The Board of Directors from time to time also may elect or appoint a Chief Financial Officer, a President, a Vice Chairman of the Board of Directors, one or more executive Vice Presidents, one or more Vice Presidents (who may have such additional descriptive designations as the Board of Directors may determine), and any such other officers and agents as it determines proper, all of whom shall hold office at

the pleasure of the Board of Directors. The same person may hold any two or more of the aforesaid offices but no officer shall execute, acknowledge or verify an instrument in more than one capacity if such instrument is required by law or by these Articles of Association to be executed, acknowledged or verified by two or more officers. The Chairman and the Vice Chairman, if any, shall be chosen from among the Board of Directors, but the other officers of the Company need not be members of the Board of Directors.

- 9.2. The Company shall be represented at law and otherwise, and shall be bound with respect to third parties, by the Board of Directors and by:
- (a) those directors authorized by the Board of Directors to represent the Company, who shall have the following titles and occupy the following offices:
 - (i) Chairman; or
 - (ii) Vice-Chairman;
 - (b) persons, who may, but are not required to, be directors, authorized by the Board of Directors to represent the Company, who shall have the following titles and occupy the following offices:
 - (i) Chief Executive Officer;
 - (ii) President;
 - (iii) Chief Financial Officer;
 - (iv) one or more Executive Vice Presidents;
 - (v) one or more Vice Presidents;
 - (vi) Chief Operating Officer;
 - (vii) Controller;
 - (viii) Treasurer; or
 - (ix) Secretary.
- 9.3. The Board of Directors may also from time to time authorize other persons, who may or may not be directors, to represent the Company, who shall have such titles and occupy such additional offices as the Board of Directors may determine.
- 9.4. The general meeting of shareholders may grant specific authority to the Chief Executive Officer, the President or any member of the Board of Directors to represent the Company with respect to any particular matter as specified by such general meeting of shareholders.
- 9.5. The persons holding the above-mentioned offices or any other offices which the Board of Directors may from time to time authorize as herein provided shall, respectively, have such power and authority as the Board of Directors may from time to time grant to the holders of the offices held by them.
- 9.6. The Board of Directors may grant general or specific authority to additional agents or to committees, giving such agents or committees such general or limited powers or duties as it may deem appropriate.
- 9.7. In the event of a conflict of interest between the Company and one or more directors, the Company shall be represented as determined from time to time by the Board of Directors.
- 9.8. The Board of Directors may adopt and may amend and repeal such rules, regulations and resolutions, including By-laws, as it may deem appropriate for the conduct of the affairs and the management of the Company, including rules, regulations and resolutions setting forth the specific powers and duties of the holders of the above-mentioned offices and other persons authorized by the Board of Directors to represent the Company. Such rules and regulations and resolutions must be consistent with these Articles of Association.
- 9.9. The directors, the holders of the above-mentioned offices and other persons authorized by the Board of Directors to represent the Company shall receive such compensation as the Board of Directors may from time to time prescribe.

Article 10

- 10.1. The Company shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful. The Company shall indemnify any present or former officer or director of the Company to the fullest extent allowed by the preceding provisions of this paragraph 1 of this Article in the event of a "Change of Control". "Change in Control" means a change in control of the Company which shall be deemed to have occurred if at any time (i) any entity, person or organization is or becomes the legal or

beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding shares without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such entity, person or organization attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, share exchange, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any 15-month period, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

- 10.2. The Company shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or entity against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company for improper conduct unless and only to the extent that the court in which such action or suit was brought or any other court having appropriate jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses, judgments, fines and amounts paid in settlement which the court in which the action or suit was brought or such other court having appropriate jurisdiction shall deem proper. The Company shall indemnify any present or former officer or director of the Company to the fullest extent allowed by the preceding provisions of this paragraph 2 of this Article in the event of a Change in Control, as defined in paragraph 1 of this Article.
- 10.3. To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs 1 and 2 of this Article, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.
- 10.4. Any indemnification under paragraphs 1 and 2 of this Article (unless ordered by a court) shall be made by the Company only as authorized by contract approved, or by-laws, resolution or other action adopted or taken, by the Board of Directors or by the shareholders or as required by the last sentences of paragraphs 1 and 2 of this Article.
- 10.5. Expenses (including attorneys' fees) incurred by a present or former director or a present officer in defending any civil or criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company as authorized by this Article. Such expenses (including attorneys' fees) incurred by former officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Company deems appropriate.
- 10.6. The indemnification and advancement of expenses provided by or granted pursuant to the other paragraphs of this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, by-law, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.
- 10.7. The Company shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of this Article.
- 10.8. For purposes of this Article, reference to the Company shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in

the same position under the provisions of this Article with respect to the resulting or surviving corporation if its separate existence had continued.

- 10.9. For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Article.

MEETINGS OF SHAREHOLDERS Article 11

- 11.1. All general meetings of shareholders shall be held in the Netherlands Antilles on Curacao, Bonaire, St. Eustatius, Saba or the Dutch part of St. Maarten.
- 11.2. The annual general meeting of shareholders shall be held within nine months after the end of the preceding fiscal year, on a date determined from year to year by the Board of Directors, for the purpose of electing directors, reporting on the course of business during the preceding fiscal year, adopting of the balance sheet and the profit and loss account for the preceding fiscal year and for any other purposes required by law, and for such additional purposes as may be specified in the notice of such meeting.
- 11.3. Special general meetings of shareholders may be called at any time upon the direction of the Chairman, the Vice Chairman, the Chief Executive Officer, the President or the Board of Directors or in the manner provided for in Article 82 of the Code of Commerce of the Netherlands Antilles, or by one or more holders of shares representing in the aggregate a majority of the shares then outstanding, or as provided for in Article 8.5.
- 11.4. Notice of meetings of shareholders, whether annual general meetings or special general meetings, stating the time and place of the meeting, shall be given to the shareholders not less than twenty (20) or more than sixty (60) days prior to the date of the meeting in question by notice to each shareholder at the address thereof appearing in the Register.
- 11.5. All notices of general meetings of shareholders shall state the matters to be considered at the meeting.
- 11.6. Without limiting the manner by which notice otherwise may be given effectively to shareholders or directors, any notice given by the Company shall be effective if given by a form of electronic transmission consented to by the person to whom the notice is given. Any such consent shall be revocable by written notice received by the Company.
- 11.7. Notice given pursuant to paragraph 6 of this Article shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the recipient has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the recipient has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the recipient of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the recipient. An affidavit that the notice has been given by a form of electronic transmission shall, in the absence of fraud or bad faith, be prima facie evidence of the facts stated therein.
- 11.8. For purposes of these articles of association, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof.

Article 12

- 12.1. Every shareholder has the right to attend any general meeting in person or by proxy, which proxy to the extent permitted by applicable law may be given by electronic transmission, and to address the meeting.
- 12.2. Each holder of common shares and each holder of preferred shares shall be entitled to one vote for each common share or preferred share held.
- 12.3. For the purpose of determining shareholders entitled to notice of and to vote at any general meeting of shareholders, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Company may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a general meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty (60) days and, in case of a general meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a general meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for

such determination of shareholders. When a determination of shareholders has been made as herein provided, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of stock transfer books and the stated period of closing has expired.

Article 13

- 13.1. Except as otherwise provided herein, no action may be taken at any general meeting of shareholders unless a quorum consisting of the holders of at least one-half of the outstanding shares are present at such meeting in person or by proxy.
- 13.2. If a quorum is not present in person or by proxy at any general meeting of shareholders, a second general meeting shall be called in the same manner as such original meeting of shareholders, to be held within two months, at which second meeting, regardless of the number of shares represented (but subject to the provisions of Articles 18, 19 and 21), valid resolutions may be adopted with respect to any matter stated in the notice of the original meeting and also in the notice of such second meeting or which by law is required to be brought before the shareholders despite the absence of a quorum.
- 13.3. Subject to the provisions of Articles 18, 19 and 21, the vote in favor by a majority of the votes cast (excluding any abstentions) shall be necessary to adopt any resolution at any general meeting of shareholders.
- 13.4. The Board of Directors from time to time shall appoint a person to preside at general meetings of shareholders.
- 13.5. At any general meeting of shareholders, a shareholder may vote upon all matters before the meeting, even if the decision to be taken would grant him, in a capacity other than as a shareholder, any right against the Company or would in such other capacity relieve him of any obligation to the Company.

SEPARATE MEETINGS

Article 14

- 14.1. Separate meetings of holders of each series of preferred shares (each a "Series Meeting") can be held and may be convened by any two or more members of the Board of Directors.
- 14.2. Notice of Series Meeting shall be given not less than ten (10) days prior to the date of the Series Meeting to the address of each holder of preferred shares of the relevant series appearing in the Register.
- 14.3. The notice shall contain the agenda of the Series Meeting or shall mention that it is deposited for inspection by the holder of the relevant shares at the offices of the Company.
- 14.4. The Series Meetings do not have to be held in the Netherlands Antilles but may be held in conjunction with any general meeting of shareholders.
- 14.5. To a Series Meeting all the provisions of these Articles of Association and the laws of the Netherlands Antilles as to General Meetings of Shareholders shall, mutatis mutandis, apply, if not otherwise provided in this Article.

FISCAL YEAR

Article 15

The fiscal year of the Company shall be the calendar year.

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Article 16

- 16.1. Within eight months after the end of the fiscal year of the Company, the Board of Directors shall prepare the balance sheet and profit and loss account with respect to the preceding fiscal year. Subsequently, the balance sheet and profit and loss account shall be submitted to the shareholders for inspection and adoption at the annual general meeting of shareholders in accordance with paragraph 2 of Article 11. From the date at which the notice of the annual general meeting of shareholders is sent until the close of the annual general meeting of shareholders, the balance sheet and profit and loss account shall be available for inspection by the shareholders at the office of the Company, and at any additional place, if specified in the notice of such meeting.
- 16.2. The Board of Directors, with due observance of dividend entitlements of the holders of preferred shares, is authorized to allocate such part of the profits to the retained earning reserves as it deems fit.

DISTRIBUTION OF PROFITS

Article 17

- 17.1. Dividends on the shares of the Company may be declared either in cash, property (including securities) or in shares of the Company, out of the profits of the preceding fiscal year or years then available for distribution. To the extent that profits of any fiscal year which are available for distribution shall not be distributed, they shall be carried forward and, unless extinguished as the result of subsequent operations or otherwise applied by the Board of Directors, shall be available for distribution in any subsequent year or years.
- 17.2. The Board of Directors has the authority to declare and make distributions out of retained earnings reserves or out of the contributed surplus capital reserves either in cash, property (including securities) or in shares of the Company without the prior approval of the general meeting of shareholders.
- 17.3. If, as appears from the adopted profit and loss statement, a loss has

been suffered which cannot be covered by a reserve or which cannot be extinguished through the application of undistributed profits from previous years or otherwise, no distribution of profits shall be effected in subsequent years so long as such loss has not been made good.

17.4. If dividends are to be distributed, the holders of preferred shares shall have preference as to such dividends in accordance with the preferences of such shares as determined at the issuance thereof.

17.5. The Board of Directors may resolve at any time to distribute one or more interim dividends as an advance payment of the dividend expected to be determined by the shareholders at the annual general meeting.

DISPOSITION OF THE COMPANY'S ASSETS
Article 18

Notwithstanding any provision of Article 13, any sale or other disposition of all or substantially all of the assets of the Company, whether for cash, property, stock or other securities of another company, or for any other consideration, shall be made only pursuant to a resolution duly adopted at a general meeting of shareholders by the holder or holders of at least the majority of the shares of the Company at the time outstanding and entitled to vote, the notice of which meeting shall have specified the terms of such proposed sale or other disposition; provided, however, the foregoing shall not apply to any reorganization or rearrangement of the Company, or of any of its subsidiaries or of any of its assets in any transaction whereby there shall be no diminution of the beneficial interest of the shareholders of the Company in such assets.

LIQUIDATION
Article 19

Notwithstanding any provision of Article 13, any resolution providing for the dissolution, liquidation or winding up of the Company shall be valid only if duly adopted at a general meeting of shareholders by the holder or holders of at least a majority of the shares at the time outstanding and entitled to vote, the notice of which meeting shall have specified the nature of any such resolution to be voted upon at such meeting.

ACTION BY SHAREHOLDERS WITHOUT MEETING
Article 20

20.1. Notwithstanding any provision of Article 13, 18, 19 or 21, any action which by law or by these Articles of Association is required or permitted to be taken at a general meeting of shareholders may be taken without a meeting if taken by the written consent of the holder or holders of at least the majority of the shares of the Company outstanding and entitled to vote. Each shareholder may evidence his consent by separate instrument which may be executed by himself or on his behalf by a duly appointed proxy. Notice of any action proposed to be taken under this Article 20 shall be communicated to each shareholder at his address appearing in the share register, such notice to designate the date on or before which such written consent must be received by the Secretary of the Company in order to be counted. Any shareholder may revoke his consent by instrument received by the Secretary of the Company on or before the date so designated, or before written consents from the holders of the majority of the shares outstanding and entitled to vote have been received by the Secretary of the Company, whichever first occurs, and not thereafter.

20.2. For the purpose of determining shareholders entitled to notice of and or to give written consent to any action proposed to be taken under this Article 20, the Board of Directors of the Company may provide that the stock transfer books shall be closed for a stated period not to exceed sixty (60) days. Such books shall be closed for at least ten (10) days immediately preceding the date on or before which written consents must be received by the Secretary of the Company in order to be counted. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not earlier than sixty (60) days prior to the date on or before which written consents must be received by the Secretary of the Company in order to be counted. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders, the date on which notice of the action proposed to be taken hereunder is mailed shall be the record date for such determination of shareholders.

AMENDMENTS
Article 21

21.1. Notwithstanding any provision of Article 13, these Articles of Association may be amended only pursuant to a resolution duly adopted at a general meeting of shareholders by the holder or holders of at least the majority of the shares of the Company at the time outstanding and entitled to vote, the notice of which meeting shall have set forth the exact text of the proposed amendment or amendments or shall have stated that a copy of such text has been deposited at the office of the Company in Curacao for inspection by the shareholders of the Company, and shall remain available for inspection until the conclusion of said meeting.

21.2. Any amendment to these Articles of Association that would increase or decrease the authorized number of preferred shares or par value thereof, or the number of shares of any series thereof, or that would alter or change the powers, preferences or any special rights of the preferred shares, or of any series thereof, so as to affect them adversely, shall require the approval of the holders of a majority of all preferred shares, or of the preferred shares of the series adversely affected (voting together as a single class), as the case may be.

Appendix B

AMENDED AND RESTATED
BY-LAWS
of
SCHLUMBERGER LIMITED
(Schlumberger N.V.)

(Certain provisions of the By-Laws correspond to provisions contained in the Deed of Incorporation as amended, and any amendment of such provisions of the By-Laws is subject to an appropriate amendment of the Deed of Incorporation.)

ARTICLE I

SHAREHOLDERS

SECTION 1.1 Place of Meetings: Chairmanship of Meetings

All general meetings of shareholders shall be held in Curacao, Bonaire, St. Eustatius, Saba or the Dutch part of St. Maarten. All such general meetings shall be presided over by the Chairman or, in his absence or disability, by the

Vice Chairman. In the absence or disability of both the Chairman and the Vice Chairman, such meetings shall be presided over by such other person as may be designated by the Board of Directors.

SECTION 1.2 Annual Meeting

The annual general meeting of shareholders shall be held within the period required by applicable law, on a date determined from year to year by the Board of Directors, for the purpose of electing directors, reporting on the course of business during the preceding fiscal year, adopting of the balance sheet and the profit and loss accounts for the preceding fiscal year and for any other purposes required by law, and for such additional purposes as may be specified in the notice of such meeting.

SECTION 1.3 Special Meetings

Special general meetings of shareholders may be called at any time upon the direction of the Chairman, the Vice Chairman, the Chief Executive Officer, the President or the Board of Directors or in the manner provided in Article 82 of the Code of Commerce of the Netherlands Antilles, or by one or more holders of shares representing in the aggregate a majority of the shares of stock then outstanding, or as provided for in Article 8.5 of the Deed of Incorporation.

SECTION 1.4 Notice of Meeting

All notices of general meetings of shareholders shall state the matters to be considered at the meeting. Notice of meetings of shareholders, whether annual general meetings or special general meetings, stating the time and place of the meeting, shall be given to the shareholders not less than 20 and no more than 60 days prior to the date of the meeting in question by notice to each shareholder at the address thereof appearing in the share register.

SECTION 1.5 Closing of Transfer Books or Fixing of Record Date

For the purpose of determining shareholders entitled to notice of or to vote at any general meeting of shareholders, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose (but excluding determinations made as provided in Section 1.7 of these By-Laws with respect to action by shareholders without meeting), the Board of Directors of the Company may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, 60 days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a general meeting of shareholders, such books shall be closed for at least 10 days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than 60 days and, in case of a general meeting of shareholders, not less than 10 days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed

for the determination of shareholders entitled to notice of or to vote at a general meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any general meeting of shareholders has been made as herein provided, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of stock transfer books, and the stated period of closing has expired.

SECTION 1.6 Quorum

Except as otherwise provided herein, no action may be taken at any general meeting of shareholders unless a quorum consisting of the holders of at least one-half of the outstanding shares is present at such meeting in person or by proxy. If a quorum is not present in person or by proxy at any general meeting of shareholders, a second general meeting shall be called in the same manner as such original meeting of shareholders, to be held within two months, at which second meeting, regardless of the number of shares represented (but subject to the provisions of Articles 18, 19 and 21 of the Deed of Incorporation), valid resolutions may be adopted with respect to any matter stated in the notice of the original meeting and also in the notice of such second meeting or which, by law, is required to be brought before the shareholders despite the absence of a quorum. Subject to the provisions of Articles 18, 19 and 21 of the Deed of Incorporation, a majority of the votes cast (excluding any abstentions) shall be necessary to adopt any resolution at any general meeting of shareholders.

SECTION 1.7 Action by Shareholders Without Meeting

As provided in Article 20 of the Deed of Incorporation, any action which, by law or by the Deed of Incorporation, is required or permitted to be taken at a general meeting of shareholders may be taken without a meeting if taken by the written consent of the holder or holders of at least the majority of the shares of the Company outstanding and entitled to vote. Each shareholder may evidence such consent by separate instrument which may be executed by the shareholder or by a duly appointed proxy on behalf of the shareholder. Notice of any action proposed to be taken under said Article 20 shall be given to each shareholder at the address appearing in the share register, such notice to designate the date on or before which such written consent must be received by the Secretary of the Company in order to be counted. Any shareholder may revoke his or her consent by instrument received by the Secretary of the Company on or before the date so designated or before written consents from the holders of the absolute majority of the shares outstanding and entitled to vote have been received by the Secretary of the Company, whichever first occurs, and not thereafter. For the purpose of determining shareholders entitled to notice of and or give written consent to any action proposed to be taken under said Article 20, the Board of Directors of the Company may provide that the stock transfer books shall be closed for a stated period not to exceed 60 days.

Such books shall be closed for at least 10 days immediately preceding the date on or before which written consents must be received by the Secretary of the Company in order to be counted. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date to be not more than 60 days prior to the date on or before which written consents must be received by the Secretary of the Company in order to be counted. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders, the date on which notice of the action proposed to be taken hereunder is given, shall be the record date for such determination of shareholders.

SECTION 1.8 Notices

Without limiting the manner by which notice otherwise may be given effectively to shareholders or directors, any notice given by the Company shall be effective if given by a form of electronic transmission consented to by the person to whom the notice is given. Any such consent shall be revocable by written notice received by the Company. All notices shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the recipient has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the recipient has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the recipient of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the recipient. An affidavit that the notice has been given by a form of electronic transmission shall, in the absence of fraud or bad faith, be prima facie evidence of the facts stated therein. For purposes of these By-Laws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.1 General Powers

The management of all the affairs, property and business of the Company shall be vested in a Board of Directors who shall have and may exercise all powers except such as are exclusively conferred upon shareholders by law or by the Deed of Incorporation of the Company as from time to time amended. The Board of Directors may delegate such of its powers as it deems appropriate to committees consisting of one or more members of the Board and to the officers and other agents of the Company.

SECTION 2.2 Number, Tenure and Qualifications

The directors shall be elected at the annual general meeting of shareholders by a majority of the votes cast by the shareholders entitled to vote. The number of persons constituting the whole Board of Directors shall not be less

than five nor more than twenty-four as fixed and elected by the general meeting of shareholders. The number of persons constituting the whole Board of Directors shall, until changed at any succeeding general meeting of shareholders, be the number so fixed and elected. Directors may be removed at any general meeting of shareholders. At any general meeting of shareholders at which action is taken to increase the number of the whole Board of Directors or to remove a director, or at any subsequent general meeting, the shareholders may fill any vacancy or vacancies created by such action. Each director shall be elected to serve until the next annual general meeting of shareholders and until his or her successor shall be elected and qualified or until his or her death, resignation or removal. Directors need not be Netherlands citizens or residents of the Netherlands Antilles or shareholders of the Company.

SECTION 2.3 Meetings of the Board

The directors may hold their meetings in or outside the Netherlands Antilles. Meetings may be held through telephone conference, video conference or other real time communication allowing all persons participating in the meeting to hear each other or through any other device permitted by then applicable law, and participation in a meeting through any such lawful device or arrangement shall constitute presence at such meetings. The Chairman or, in the absence or disability of the Chairman, the Vice Chairman shall preside at their meetings. In the absence or disability of both the Chairman and the Vice Chairman, such meetings shall be presided over by such person as may be chosen by the Board of Directors. Regular meetings of the Board of Directors shall be held at such times as may from time to time be fixed by the Board. Notice need not be given of regular meetings of the Board held at the time fixed by the Board. Special meetings may be held at any time upon the call of the Chairman or the Vice Chairman or of two directors by oral, electronic or written notice duly served on, sent or mailed to each director not less than three days before such meeting. The first meeting of the Board of Directors following the annual general meeting of shareholders, whether a regular or special meeting of the Board, shall be an organization meeting for the election of officers of the Company and at which any other matters may also be acted upon by the Board. Meetings may be held at any time without notice if all the directors are present or if those not present and who are entitled to notice under the provisions of this Section waive notice of the meeting in writing before or after the meeting. Matters to be acted upon by the Board at any regular or special meeting need not be specified in the notice thereof.

SECTION 2.4 Action by Directors Without Meeting

When action by the Board of Directors is required or permitted to be taken, action at a meeting may be dispensed with if all commercially reasonable efforts have been taken to notify all the directors and three fourths of the directors shall consent in writing, by telegram, cable, telex, telefax, electronic mail or other communication device to such action taken or being taken, and provided that all directors are promptly notified of such action taken or

having been taken.

SECTION 2.5 Quorum

A majority of the whole Board of Directors shall constitute a quorum for the conduct of any business, and the action of the majority of the directors present in person or by proxy, as hereinafter provided, at a meeting at which a quorum is so present shall constitute the action of the Board of Directors. Directors may, by telegram, cable, telex, telefax, electronic mail or other communication device, appoint a proxy to act at any meeting of the Board of Directors, such proxy to be restricted, however, to the particular meeting specified therein. Such proxy must be another director of the Company, provided, however, that at any meeting of the Board of Directors a director may not act as proxy for more than one director.

SECTION 2.6 Vacancies

In the event that one or more of the directors is prevented from or is incapable of acting as a director, the remaining directors (or the remaining director, if there should be only one) may appoint one or more persons to fill the vacancy or vacancies thereby created on the Board of Directors until the next general meeting of shareholders, provided that, if at any time the number of directors then in office shall be reduced to less than a majority of the number constituting the whole Board of Directors, the remaining directors or director shall forthwith call a general meeting of shareholders for the purpose of filling the vacancies in the Board of Directors, and, provided further that in the event that all of the directors are prevented from or are incapable of acting as directors, the Company shall be temporarily managed by any person or persons previously appointed by the Board of Directors so to act, who shall forthwith call a general meeting of shareholders for the purpose of electing a Board of Directors. If no such general meeting of shareholders shall be called and if no such person shall have been appointed, any person or persons holding, in the aggregate, at least five percent of the outstanding shares of stock of the Company may call a general meeting of shareholders for the purpose of electing a Board of Directors.

SECTION 2.7 Committees

(a) Committees consisting of one or more members of the Board may be established by the Board and shall have such general or limited powers or duties as the Board shall deem appropriate. A majority of any such committee composed of two or more members may determine its action at meetings and fix the time and place of its meetings, unless the Board shall otherwise provide. Meetings may be held through telephone conference, video conference or other real time communication allowing all persons participating in the meeting to hear each other or through any other device permitted by then applicable law, and participation in a meeting through any such lawful device or arrangement shall constitute presence at such meetings. When action by any committee is required or permitted to be taken, action at a meeting may be dispensed with if all members of the committee consent to such action. Members of a committee may, in writing or by telegram, cable, telex, telefax, electronic mail or other communication device, appoint a proxy to act at any meeting of the committee, such proxy to be restricted, however, to the particular meeting specified therein. Such proxy must be a director of the Company, provided, however, that at any committee meeting a director may not act as proxy for more than one committee member.

(b) The Board shall have power at any time to change the members of any committee, to fill vacancies thereon, and to discharge any committee.

(c) The Board of Directors shall have a standing Audit Committee, Compensation Committee, Finance Committee and Nominating Committee.

(d) The Board of Directors shall adopt a charter for each committee for regulating the conduct of its affairs. Such charters must be consistent with these By-Laws and the Deed of Incorporation.

ARTICLE III

OFFICERS

SECTION 3.1 Election and Term of Office

The officers of the Company shall be elected by the Board of Directors and shall be a Chairman, a Chief Executive Officer, a Secretary and a Treasurer. The Board of Directors from time to time may also elect or appoint a Chief Financial Officer, a President, a Vice Chairman of the Board of Directors, one or more Executive Vice Presidents, one or more Vice Presidents and any such other officers, including assistant officers and agents, as the Board may deem advisable. Officers of the Company shall have such powers and duties as are specified in these By-Laws and such further powers and duties as are determined from time to time by the Board of Directors. Officers other than the Chairman and the Vice Chairman may but need not be directors. The Board of Directors may designate an officer or officers to be the Chief Financial Officer and the Chief Accounting Officer of the Company. Two or more offices may be held by the same person, provided, however, that no officer shall execute, acknowledge or

verify any instrument in more than one capacity if such instrument is required by law or by these By-Laws to be executed, acknowledged or verified by any two or more officers. The Board of Directors may grant general or specific authority to additional agents or to committees, giving such agents or committees such general or limited powers or duties as it may deem appropriate. All officers and agents shall serve at the pleasure of the Board and may be removed at any time by the Board, which shall have power to fill any vacancy which shall occur in any office by reason of death, resignation, removal or otherwise. Unless so removed, the terms of office of all officers and of all members of any committees of the Board shall continue until the election of their successors or until the elimination of such offices or committees.

SECTION 3.2 Chairman

The Chairman shall preside at all meetings of the Board, and shall exercise such other powers and discharge such other responsibilities as may be assigned by the Board of Directors. The Chairman shall have the power to sign certificates of stock of the Company.

SECTION 3.3 Vice Chairman

The Board of Directors may, from time to time, designate a director of the Company to be Vice Chairman. The Vice Chairman shall perform such duties as may be assigned by the Chairman or by the Board of Directors, and shall, in the absence or disability of the Chairman, act for the Chairman.

SECTION 3.4 Chief Executive Officer

The Board of Directors shall at least annually elect or appoint a Chief Executive Officer of the Company. The Chief Executive Officer shall have general executive powers and overall responsibility for the management of the business of the Company.

SECTION 3.5 President

The President shall exercise such powers and discharge such responsibilities as may be assigned by the Board of Directors, and shall have the power to sign certificates of stock of the Company.

SECTION 3.6 Chief Operating Officer

The Board of Directors may, from time to time, designate an officer of the Company to be the Chief Operating Officer of the Company. The Chief Operating Officer shall have general executive powers and responsibility for the management of the operations of the Company.

SECTION 3.7 Vice Presidents

The several Vice Presidents shall do and perform all such duties and services as shall be assigned to or required of them, from time to time, by the Board of Directors, the Chairman, the Vice Chairman or the Chief Executive Officer.

SECTION 3.8 Secretary

The Secretary shall attend to the giving of notice of all meetings of shareholders and of the Board of Directors and shall keep and attest true records of all proceedings thereat. The Secretary shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. The Secretary shall have care and custody of documents, papers and records of the Company, shall have the power to sign stock certificates, and shall supervise the keeping of a record of the shareholders of the Company. The Secretary shall generally perform all of the duties usually appertaining to the office of the secretary of a company. In the absence of the Secretary, or if the office is vacant, an Assistant Secretary shall perform the duties of the Secretary, unless otherwise decided by the Board of Directors.

SECTION 3.9 Treasurer

The Treasurer shall have the care and custody of all monies, funds and securities of the Company and shall deposit or cause to be deposited all funds of the Company in and with such depositories as the Board of Directors shall designate from time to time. The Treasurer shall have the power to sign stock certificates, to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial paper payable to the Company and to give proper receipts or discharges therefore, and shall generally perform all of the duties usually appertaining to the office of the treasurer of a company. In the absence of the Treasurer, or if the office is vacant, an Assistant Treasurer shall perform the duties of the Treasurer, unless otherwise decided by the Board of Directors.

SECTION 3.10 Controller

The Controller shall be in charge of the books of account and accounting records of the Company and of its accounting procedures. The Controller shall render an account of the funds of the Company whenever required so to do by the Board of Directors, the Chairman, the Vice Chairman, or the President, and shall generally perform all of the duties usually appertaining to the office of controller of a company. In the absence of the Controller, or if the office is vacant, an Assistant Controller shall perform the duties of the Controller, unless otherwise decided by the Board of Directors.

SECTION 3.11 Salaries

The salaries of the officers shall be fixed from time to time by the Compensation Committee of the Board of Directors or, in absence thereof, by the Board of Directors. No officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the Company.

SECTION 3.12 Checks. Notes. etc.

All checks, drafts, notes, bills of exchange, acceptances and other instruments for the payment of money shall be signed by such officer or officers, person or persons, as may from time to time be thereunto authorized by the Board of Directors.

ARTICLE IV

SHARES OF STOCK

SECTION 4.1 Registrar and Stock Certificates

Every shareholder shall be entitled to a certificate representing the shareholder's shares. A Register shall be kept by the Board of Directors or by a Registrar designated thereto by the Board of Directors. Each entry shall mention the name and residence of the shareholder, and the quantity and numbers of the share certificates. The Register shall not be open for inspection by third parties or shareholders with respect to shares other than those registered in their name, except with respect to shares that have not been paid in full and except further, with respect to the Registrar, if said Registrar has been requested, or if demand of said Registrar has been made, to disclose any piece of information in the Register and failure to disclose such information would lead to liability of the Registrar. Every transfer and devolution of a share shall be entered in the Register and every such entry shall be signed or otherwise acknowledged by or on behalf of the Board of Directors or by the Registrar. Each certificate shall be signed by the Chairman or the Vice Chairman or the President or any Vice President and by the Secretary or the Treasurer, and bear the corporate seal or a facsimile thereof, certifying the number of shares owned by the shareholder in the Company; provided that, where such certificate is countersigned by a Registrar other than the Company, the signatures of the officers of the Company and the Registrar on such certificate may be a facsimile, engraved, stamped or printed. In case any officer or officers or Registrar who shall have signed or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers or Registrar, whether because of death, resignation or otherwise before such certificate or certificates shall have been delivered by the Company, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be such officer or officers or Registrar.

SECTION 4.2 Lost Certificates

In case any certificate of stock shall be lost, stolen or destroyed, the Board of Directors, in its discretion, may authorize the issue of a substitute certificate in place of the certificate of stock so lost, stolen or destroyed, and may cause such substitute certificate to be countersigned and registered by the appropriate Registrar; provided that, in each such case, the applicant for a substitute certificate shall furnish to the Company and to such of its Registrars as may require the same, evidence, satisfactory to them, of the loss, theft or destruction of such certificate and of the ownership thereof and also such security or indemnity as may by them be required.

ARTICLE V

INDEMNIFICATION

SECTION 5.1 Indemnification in Actions by Third Party

The Company shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful. The Company shall indemnify any present or former officer or director of the Company to the fullest extent allowed by the preceding provisions of this Section 5.1 in the event of a "Change of Control". "Change in Control" means a change in control of the Company which shall be deemed to have occurred if at any time (i) any entity, person or organization is or becomes the legal or beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding shares without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such entity, person or organization attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, share exchange, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any 15-month period, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

SECTION 5.2 Indemnification In Actions by or in the Right of the Company

The Company shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or entity against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company for improper conduct unless and only to the extent that the court in which such action or suit was brought or any other court having appropriate jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses, judgments, fines and amounts paid in settlement which the court in which the action or suit was brought or such other court having appropriate jurisdiction shall deem proper. The Company shall indemnify any present or former officer or director of the Company to the fullest extent allowed by the preceding provisions of this Section 5.2 in the event of a Change in Control, as defined in Section 5.1.

SECTION 5.3 Indemnification against Expenses

To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 5.1 and 5.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 5.4 Determination of Indemnification

Any indemnification under Sections 5.1 and 5.2 (unless ordered by a court) shall be made by the Company only as authorized by contract approved, or by-laws, resolution or other action adopted or taken, by the Board of Directors or by the shareholders or as required by the last sentences of Sections 5.1 and 5.2.

SECTION 5.5 Advance of Reimbursement of Expenses and Undertaking

Expenses (including attorneys' fees) incurred by a present or former director or a present officer in defending any civil or criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified

by the Company as authorized by Article V of these By-Laws. Such expenses (including attorneys' fees) incurred by former officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Company deems appropriate.

SECTION 5.6 Non-Exclusivity of By-Laws

The indemnification and advancement of expenses provided by or granted pursuant to the other Sections of this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, by-law, agreement, vote of shareholders or disinterested directors, or otherwise both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 5.7 Insurance for Indemnification

The Company shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of Article V of these By-Laws.

SECTION 5.8 Definition of the Company

For purposes of this Article V, reference to the Company shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation if its separate existence had continued.

SECTION 5.9 Other Definitions

For purposes of this Article V, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent

with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Article V.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1 Fiscal Year

The fiscal year of the Company shall be the calendar year.

SECTION 6.2 Corporate Seal

The Company shall have a corporate seal which shall have inscribed thereon the name of the Company, the words, "Netherlands Antilles", and the year of its organization.

SECTION 6.3 Amendments

These By-Laws may be altered, amended or repealed at any regular or special meeting of the Board of Directors, except, however, that no provision of these By-Laws which is included in, or the substance of which is expressed in, the provisions of the Deed of Incorporation shall be so altered, amended or repealed as to be inconsistent with the Deed of Incorporation. The amendment of these By-Laws to eliminate any provisions hereof the substance of which is also contained in the Deed of Incorporation shall not be deemed to render these By-Laws inconsistent with the Deed of Incorporation or to affect in any way the corresponding provisions of the Deed of Incorporation.