

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

OR

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

For the transition period from _____ to _____

Commission File Number 1-4601

Schlumberger N.V. (Schlumberger Limited)

(Exact name of registrant as specified in its charter)

Netherlands Antilles (State or other jurisdiction of incorporation or organization)	52-0684746 (IRS Employer Identification No.)
42, rue Saint-Dominique Paris, France	75007
5599 San Felipe, 17 th Floor Houston, Texas, United States of America	77056
Parkstraat 83, The Hague, The Netherlands (Addresses of principal executive offices)	2514 JG (Zip Codes)

Registrant's telephone number in the United States, including area code, is:

(713) 513-2000

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

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	New York Stock Exchange Euronext Paris The London Stock Exchange SIX Swiss Exchange Ltd.

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

None

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

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

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

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

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

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

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

As of June 30, 2008, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$125.2 billion.

As of January 31, 2009, the number of shares of common stock outstanding was 1,195,989,819.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document have been incorporated herein by reference into Part III of this Form 10-K to the extent described therein: Definitive Proxy Statement relating to Schlumberger's 2009 Annual General Meeting of Stockholders ("Proxy Statement").

SCHLUMBERGER LIMITED

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PART I

Item 1. Business.

All references in this report to “Registrant”, “Company”, “Schlumberger”, “we” or “our” are to Schlumberger Limited and its consolidated subsidiaries.

Founded in 1926, Schlumberger is the world’s leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry worldwide. As of December 31, 2008, the Company employed approximately 87,000 people of over 140 nationalities operating in approximately 80 countries. Schlumberger has principal executive offices in Paris, Houston, and The Hague and consists of two business segments – Schlumberger Oilfield Services and WesternGeco. Schlumberger Oilfield Services provides the industry’s widest range of products and services from exploration to production, while WesternGeco is the world’s most technologically advanced surface seismic company.

Schlumberger Oilfield Services is the world’s leading provider of technology, integrated project management and information solutions to the international oil and gas exploration and production industry. Schlumberger Oilfield Services manages its business through GeoMarket* regions, which are grouped into four geographic areas: North America, Latin America, Europe/CIS/Africa and Middle East & Asia. The GeoMarket structure offers customers a single point of contact at the local level for field operations and brings together geographically focused teams to meet local needs and deliver customized solutions.

Schlumberger invented wireline logging as a technique for obtaining downhole data in oil and gas wells. Today, Schlumberger Oilfield Services operates in each of the major oilfield service markets, providing services that cover the entire life cycle of the reservoir. These services, in which Schlumberger holds a number of market leading positions, are organized into a number of technology-based product and service lines, or Technologies, to capitalize on technical synergies and introduce innovative solutions within the GeoMarket regions. The Technologies are also responsible for overseeing operational processes, resource allocation, personnel and quality, health, safety and environmental matters in the GeoMarket.

The Technologies are:

- Wireline – provides the information necessary to evaluate the subsurface formation rocks and fluids to plan and monitor well construction, and to monitor and evaluate well production. Wireline offers both open-hole and cased-hole services.
- Drilling & Measurements – supplies directional-drilling, measurement-while-drilling and logging-while-drilling services for all well profiles.
- Well Testing – provides exploration and production pressure and flow-rate measurement services both at the surface and downhole. The Technology also provides tubing-conveyed perforating services.
- Well Services – provides services used during oil and gas well drilling and completion as well as those used to maintain optimal production throughout the life of a well. The services include pressure pumping, well cementing and stimulation operations as well as intervention activities. The Technology also develops coiled-tubing equipment and services.
- Completions – supplies well completion services and equipment that include gas-lift and safety valves as well as a range of intelligent well completions technology and equipment.
- Artificial Lift – provides production optimization services using electrical submersible pumps and associated equipment.

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- Data & Consulting Services – supplies interpretation and integration of all exploration and production data types, as well as expert consulting services for reservoir characterization, production enhancement, field development planning and multi-disciplinary reservoir and production solutions.
- Schlumberger Information Solutions (SIS) – provides consulting, software, information management and IT infrastructure products and services that support core oil and gas industry operational processes.

Supporting the Technologies are 20 research and engineering centers. Through this organization, Schlumberger is committed to advanced technology programs that enhance oilfield efficiency, lower finding and producing costs, improve productivity, maximize reserve recovery and increase asset value while accomplishing these goals in a safe and environmentally sound manner.

Schlumberger Oilfield Services also offers customers its services through a business model known as Integrated Project Management (IPM). IPM combines the required products and services of the Schlumberger Technologies with drilling rig management expertise and project management skills to provide a complete solution to well construction and production improvement. IPM projects are typically of multi-year duration and include start-up costs and significant third-party components that cover services that Schlumberger does not provide directly. Some projects may be fixed price in nature and may contain penalties for non-performance.

Schlumberger Oilfield Services uses its own personnel to market its products and services. The customer base, business risks and opportunities for growth are essentially uniform across all services. There is a sharing of manufacturing and engineering facilities as well as research centers, and the labor force is interchangeable. Technological innovation, quality of service, and price differentiation are the principal methods of competition, which varies geographically with respect to the different services offered. While there are numerous competitors, both large and small, Schlumberger believes that it is an industry leader in providing wireline logging, well testing, measurement-while-drilling, logging-while-drilling and directional-drilling services, as well as fully computerized logging and geoscience software and computing services. A large proportion of Schlumberger offerings are non-rig related; consequently, revenue does not necessarily correlate to rig count fluctuations.

Schlumberger is a 40% owner in M-I SWACO – a joint venture with Smith International – which offers the drilling and completion fluids used to stabilize subsurface rock strata during the drilling process and minimize formation damage during completion and workover operations.

WesternGeco, the world's most technologically advanced seismic company, provides comprehensive reservoir imaging, monitoring and development services with the most extensive seismic crews and data processing centers in the industry as well as a leading multiclient seismic library. Services range from 3D and time-lapse (4D) seismic surveys to multi-component surveys for delineating prospects and reservoir management. WesternGeco benefits from full access to the Schlumberger research, development and technology organization and shares similar business risks, opportunities for growth, principal methods of competition and means of marketing as Schlumberger Oilfield Services. Seismic solutions include proprietary Q* technology for enhanced reservoir description, characterization and monitoring throughout the life of the field—from exploration through enhanced recovery. Other WesternGeco solutions include development of controlled-source electromagnetic and magneto-telluric surveys and their integration with seismic data.

Positioned for meeting a full range of customer needs in land, marine and shallow-water transition-zone services, WesternGeco offers a wide scope of technologies and services:

- Land Seismic – provides comprehensive resources for seismic data acquisition on land and across shallow-water transition zones.

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- Marine Seismic – provides industry-standard marine seismic acquisition and processing systems as well as a unique industry-leading, fully calibrated single-sensor marine seismic system that delivers the seismic technology needed for new-generation reservoir management.
- Multiclient Services – supplies high-quality seismic data from the multiclient library, including industry-leading Q technology data.
- Reservoir Services – provides people, tools and technology to help customers capture the benefits of a completely integrated approach to locating, defining and monitoring the reservoir.
- Data Processing – offers extensive seismic data processing centers for complex data processing projects.
- Electromagnetics – provides controlled-source electromagnetic and magneto-telluric data acquisition and processing.

Acquisitions

Information about acquisitions made by Schlumberger appears in Note 4 of the *Consolidated Financial Statements*.

GENERAL

Research Centers

Research to support the engineering and development efforts of Schlumberger activities is principally conducted at Cambridge, Massachusetts, United States; Cambridge, England; Stavanger, Norway; Moscow, Russia; and Dhahran, Saudi Arabia.

Patents

While Schlumberger seeks and holds numerous patents covering various products and processes, no particular patent or group of patents is considered material to Schlumberger's business.

Seasonality

Although weather and natural phenomena can temporarily affect delivery of oilfield services, the widespread geographic location of such services precludes the overall business from being characterized as seasonal.

Customers and Backlog of Orders

No single customer exceeded 10% of consolidated revenue. Oilfield Services has no significant backlog due to the nature of its business. The WesternGeco backlog at December 31, 2008 was \$1.8 billion (2007: \$1.2 billion), of which an estimated \$1.3 billion is expected to be realized in 2009.

Government Contracts

No material portion of Schlumberger's business is subject to renegotiation of profits or termination of contracts by the United States or other governments.

Employees

As of December 31, 2008, Schlumberger had approximately 87,000 employees.

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Financial Information

Financial information by business segment for the years ended December 31, 2008, 2007 and 2006 is provided in Note 18 of the *Consolidated Financial Statements*.

Available Information

The Schlumberger Internet website can be found at www.slb.com. Schlumberger makes available free of charge on or through its Internet website at www.slb.com/ir access to its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, its proxy statement and Forms 3, 4 and 5 filed on behalf of directors and executive officers, and amendments to each of those reports as soon as reasonably practicable after such material is filed with or furnished to the Securities and Exchange Commission ("SEC"). Alternatively, you may access these reports at the SEC's Internet website at www.sec.gov.

Schlumberger's corporate governance materials, including Board Committee Charters, Corporate Governance Guidelines and Code of Ethics, may also be found at www.slb.com/ir. From time to time, corporate governance materials on our website may be updated to comply with rules issued by the SEC and the New York Stock Exchange ("NYSE") or as desirable to promote the effective governance of Schlumberger. In addition, amendments to the Code of Ethics and any grant of a waiver from a provision of the Code of Ethics requiring disclosure under applicable SEC or NYSE rules will be disclosed on our website.

Any stockholder wishing to receive, without charge, a copy of any of the SEC filings or corporate governance materials should write to the Secretary, Schlumberger Limited, 5599 San Felipe, 17th Floor, Houston, Texas 77056, USA.

Schlumberger has filed the required certifications under Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2 to this Report. In 2008, Schlumberger submitted to the NYSE the CEO certification required by Section 303A.12(a) of the NYSE's Listed Company Manual.

The information on our website or any other website is not incorporated by reference in this Report and should not be considered part of this Report or any other filing Schlumberger makes with the SEC.

Item 1A. Risk Factors.

The following discussion of risk factors contains "forward-looking statements," as discussed immediately following Item 7A. of this Report. These risk factors may be important to understanding any statement in this Report or elsewhere. The following information should be read in conjunction with Management's Discussion and Analysis, and the consolidated financial statements and related notes included in this Report.

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

Demand for the majority of our services is substantially dependent on the levels of expenditures by the oil and gas industry. Current global economic conditions have resulted in a significant decline in oil and gas prices. If current global economic conditions and the availability of credit worsen or continue for an extended period, this could reduce our customers' levels of expenditures and have a significant adverse effect on our revenue and operating results.

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The current global credit and economic environment has reduced worldwide demand for energy and resulted in significantly lower crude oil and natural gas prices. A substantial or extended decline in oil and natural gas prices can reduce our customers' activities and their spending on our services and products. Demand for the majority of our services substantially depends on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil and natural gas reserves. These expenditures are sensitive to oil and natural gas prices and generally dependent on the industry's view of future oil and gas prices. As the worldwide deterioration in the financial and credit markets has deepened in recent months, demand for oil and gas has reduced dramatically and oil and gas prices have fallen sharply, causing some of our customers to start to reduce or delay their oil and gas exploration and production spending. This has started to reduce the demand for our services and has begun to exert downward pressure on the prices that we charge. If economic conditions continue to deteriorate or do not improve, it could result in further reductions of exploration and production expenditures by our customers, causing further declines in the demand for our services and products. This could result in a significant adverse effect on our operating results. Furthermore, it is difficult to predict how long the economic downturn will continue, to what extent it will worsen, and to what extent this will continue to affect us.

The reduction in cash flows being experienced by our customers resulting from declines in commodity prices, together with the reduced availability of credit and increased costs of borrowing due to the tightening of the credit markets, could have significant adverse effects on the financial condition of some of our customers. This could result in project modifications, delays or cancellations, general business disruptions, and delay in, or nonpayment of, amounts that are owed to us, which could have a significant adverse effect on our results of operations and cash flows. Additionally, our suppliers could be negatively impacted by current global economic conditions. If certain of our suppliers were to experience significant cash flow issues or become insolvent as a result of such conditions, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies, and adversely impact our results of operations and cash flows.

The prices for oil and natural gas are subject to a variety of additional factors, including:

- demand for energy, which is affected by worldwide population growth, economic development and general economic and business conditions;
- the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels for oil;
- oil and gas production by non-OPEC countries;
- political and economic uncertainty and socio-political unrest;
- the level of worldwide oil exploration and production activity;
- the cost of exploring for, producing and delivering oil and gas;
- technological advances affecting energy consumption; and
- weather conditions.

A significant portion of our revenue is derived from our non-United States operations, which exposes us to risks inherent in doing business in each of the approximately 80 countries in which we operate.

Our non-United States operations accounted for approximately 78% of our consolidated revenue in 2008, 76% in 2007 and 73% in 2006. Operations in countries other than the United States are subject to various risks, including:

- unsettled political and economic conditions in certain areas;

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Part 1, Item 1A

- exposure to possible expropriation or other governmental actions;
- social unrest, acts of terrorism, war or other armed conflict;
- confiscatory taxation or other adverse tax policies;
- deprivation of contract rights;
- trade restrictions or embargoes imposed by the United States or other countries;
- restrictions on the repatriation of income or capital;
- exchange controls;
- inflation; and
- currency fluctuations and devaluations.

In addition, we are subject to risks associated with our operations in countries, including Iran, Syria, Sudan and Cuba, which are subject to trade and economic sanctions or other restrictions imposed by the United States or other governments or organizations.

If any of the risks described above materialize, it could reduce our earnings and our cash available for operations.

We are also subject to risks related to investment in our common stock in connection with certain US state divestment or investment limitation legislation applicable to companies with operations in these countries, and similar actions by some private investors, which could adversely affect the market for our common stock.

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

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

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

We could be subject to substantial liability claims, which would adversely affect our results and financial condition.

Certain equipment used in the delivery of oilfield services, such as directional drilling equipment, perforating systems, subsea completion equipment, radioactive materials and explosives and well completion

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Part 1, Item 1A

systems, are used in hostile environments, such as exploration, development and production applications. An accident or a failure of a product could cause personal injury, loss of life, damage to property, equipment or the environment, and suspension of operations. Our insurance may not adequately protect us against liability for some kinds of events, including events involving pollution, or against losses resulting from business interruption. Moreover, in the future we may not be able to maintain insurance at levels of risk coverage or policy limits that we deem adequate. Substantial claims made under our policies could cause our premiums to increase. Any future damages caused by our products that are not covered by insurance, or are in excess of policy limits or are subject to substantial deductibles, could reduce our earnings and our cash available for operations.

If we are unable to maintain technology leadership in the form of services and products, this could affect any competitive advantage we hold.

If we are unable to develop and produce competitive technology or deliver them to our clients in the form of services and products in a timely and cost-competitive manner in the various markets we serve, it could materially reduce our operating revenue and net income.

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

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

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

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

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

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

Severe weather conditions may affect our operations.

Our business may be materially affected by severe weather conditions in areas where we operate. This may entail the evacuation of personnel and stoppage of services. In addition, if particularly severe weather affects platforms or structures, this may result in a suspension of activities until the platforms or structures have been repaired. Any of these events may have a material adverse effect on our operating revenue.

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Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Schlumberger owns or leases manufacturing facilities, administrative offices, service centers, research centers, data processing centers, sales offices and warehouses throughout the world. No significant lease is scheduled to terminate in the near future, and Schlumberger believes comparable space is readily obtainable should any lease expire without renewal. Schlumberger believes its properties are generally well maintained and adequate for their intended use.

Outside the United States the principal owned or leased facilities of Oilfield Services are located in Beijing, China; Clamart and Abbeville, France; Fuchinobe, Japan; Oslo, Norway; Singapore; Abingdon, Cambridge and Stonehouse, United Kingdom; and Novosibirsk, Russia.

Within the United States, the principal owned or leased facilities of Oilfield Services are located in Boston, Massachusetts; Houston, Rosharon, and Sugar Land, Texas; and Lawrence, Kansas.

The principal owned or leased facilities of WesternGeco are located in Bergen and Oslo, Norway; Gatwick, United Kingdom; Houston, Texas, United States; and Mumbai, India.

Item 3. Legal Proceedings.

The information with respect to Item 3 is set forth in Note 17 of the *Consolidated Financial Statements*.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of Schlumberger's security holders during the fourth quarter of the fiscal year covered by this Report.

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Part 1, Item 4

Executive Officers of Schlumberger

Information with respect to the executive officers of Schlumberger and their ages as of February 11, 2009 is set forth below. The positions for each executive officer have been held for at least five years, except where stated.

Name	Age	Present Position and Five-Year Business Experience
Andrew Gould	62	Chairman and Chief Executive Officer, since February 2003.
Simon Ayat	54	Executive Vice President and Chief Financial Officer, since March 2007; Vice President Treasurer, February 2005 to March 2007; and Vice President, Controller and Business Processes, December 2002 to February 2005.
Chakib Sbiti	54	Executive Vice President, since February 2003.
Dalton Boutte	54	Executive Vice President, since February 2004; and President WesternGeco, since January 2003.
Ellen Summer	62	Secretary and General Counsel, since March 2002.
Ashok Belani	50	Vice President and Chief Technology Officer, since April 2006; Senior Advisor, Technology, January 2006 to April 2006; Director, President and Chief Executive Officer NPTest, May 2002 to December 2005.
Mark Danton	52	Vice President - Director of Taxes, since January 1999.
Howard Guild	37	Chief Accounting Officer, since July 2005; Director of Financial Reporting, October 2004 to July 2005; and Senior Manager, PricewaterhouseCoopers LLP, July 2001 to October 2004.
Paal Kibsgaard	41	Vice President Engineering, Manufacturing and Sustaining, since November 2007; Vice President Personnel, April 2006 to November 2007; and President, Drilling and Measurements, January 2003 to April 2006.
Catherine MacGregor	36	Vice President Personnel, since November 2007; Director of Personnel, Oilfield Services, January 2007 to November 2007; Operations Manager, Drilling & Measurements, Brunei/Malaysia/Philippines GeoMarket August 2005 to January 2007; Management Development Champion, Oilfield Services, September 2004 to August 2005; and DVD Product Champion, Drilling & Measurements, July 2002 to March 2004.
Rodney Nelson	50	Vice President Communications, since October 2007; VP Innovation and Collaboration, July 2006 to October 2007; VP Strategic Marketing, July 2004 to July 2006; and VP Marketing Oilfield Services, February 2003 to July 2004.
H. Sola Oyinlola	53	Vice President Treasurer, since March 2007; Deputy Treasurer, July 2006 to March 2007; and Oilfield Services GeoMarket General Manager, Nigeria, April 2001 to July 2006.
Satish Pai	47	Vice President, Operations, Oilfield Services, since May 2008, President Europe Africa & Caspian, March 2006 to May 2008; and Vice President Oilfield Technologies, March 2002 to March 2006.
Malcolm Theobald	47	Vice President Investor Relations, since June 2007; and Global Account Director, September 2001 to June 2007.
Sophie Zurquiyah-Rousset	42	Chief Information Officer, since December 2006; Director of Personnel, Oilfield Services, April 2005 to December 2006; and Oilfield Services GeoMarket Manager, Latin America South, February 2003 to April 2005.

PART II

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

As of January 31, 2009, there were 1,195,989,819 shares of common stock of Schlumberger outstanding, exclusive of 138,222,345 shares held in treasury, and approximately 19,483 stockholders of record. The principal United States market for Schlumberger's common stock is the NYSE, where it is traded under the symbol "SLB".

Schlumberger's common stock is also traded on the Euronext Paris, Euronext Amsterdam, London and SIX Swiss stock exchanges.

Common Stock, Market Prices and Dividends Declared per Share

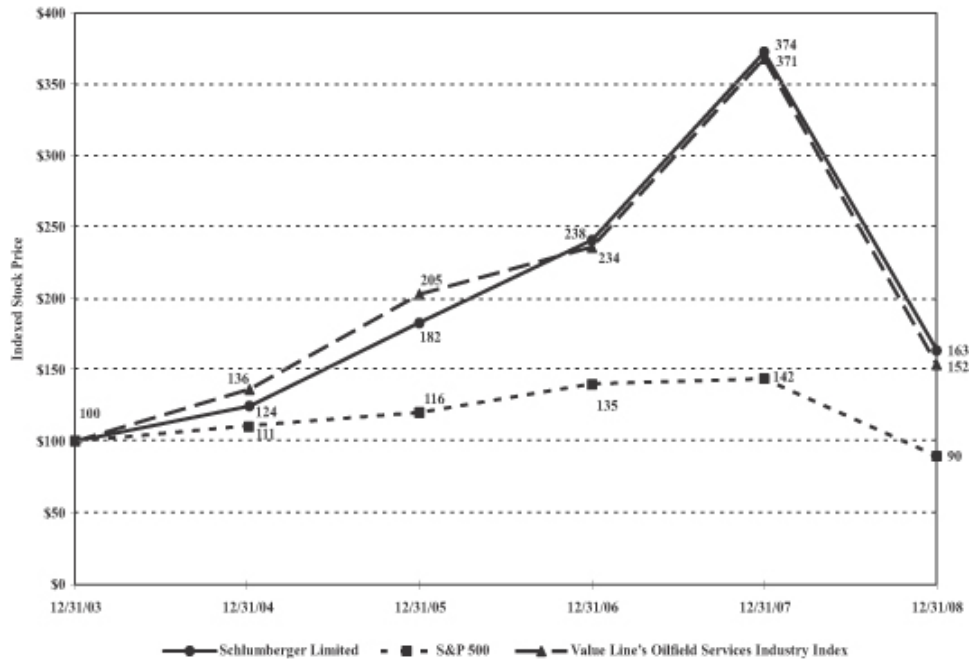
Quarterly high and low prices for Schlumberger common stock as reported by the NYSE (composite transactions), together with dividends declared per share in each quarter of 2008 and 2007, were:

	Price Range		Dividends Declared
	High	Low	
2008			
QUARTERS			
First	\$ 102.71	\$ 72.30	\$ 0.210
Second	110.11	88.02	0.210
Third	111.95	73.53	0.210
Fourth	78.00	37.24	0.210
2007			
QUARTERS			
First	\$ 71.17	\$ 55.68	\$ 0.175
Second	89.20	68.25	0.175
Third	108.75	81.26	0.175
Fourth	114.84	87.42	0.175

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

The following graph compares the yearly percentage change in the cumulative total stockholder return on Schlumberger common stock, assuming reinvestment of dividends on the last day of the month of payment into common stock of Schlumberger, with the cumulative total return on the Standard & Poor's 500 Stock Index and the cumulative total return on Value Line's Oilfield Services Industry Group over the preceding five-year period ending on December 31, 2008. The stockholder return set forth below is not necessarily indicative of future performance. The following graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Schlumberger specifically incorporates it by reference into such filing.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN
 AMONG SCHLUMBERGER LIMITED, S&P 500 INDEX
 AND VALUE LINE'S OILFIELD SERVICES INDUSTRY INDEX



Assumes \$100 invested on December 31, 2003 in Schlumberger Limited stock, in the S&P 500 Index, and in Value Line's Oilfield Services Industry Index. Reflects reinvestment of dividends on the last day of the month of payment and annual reweighting of the Industry Peer Index portfolio.

Share Repurchases

On April 17, 2008, the Board of Directors of Schlumberger approved an \$8 billion share repurchase program for shares of Schlumberger common stock to be acquired in the open market before December 31, 2011.

The following table sets forth information on Schlumberger's common stock repurchase program activity for the three months ended December 31, 2008.

(Stated in thousands, except per share amounts)

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Maximum value of shares that may yet be purchased under the program
October 1 through October 31, 2008	1,450.0	\$ 64.79	1,450.0	\$7,125,799
November 1 through November 30, 2008	950.0	\$ 48.96	950.0	\$7,079,286
December 1 through December 31, 2008	300.0	\$ 45.24	300.0	\$7,065,715
	<u>2,700.0</u>	<u>\$ 57.05</u>	<u>2,700.0</u>	

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

Unregistered Sales of Equity Securities

During the quarter ended December 31, 2008, Schlumberger issued 286,400 shares of its common stock upon conversion by holders of \$11 million aggregate principal amount of its 2.125% Series B Convertible Debentures due June 1, 2023. Such shares were issued in transactions exempt from registration under Section 3(a)(9) of the Securities Act of 1933, as amended.

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Item 6. Selected Financial Data.

The following selected consolidated financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8. Financial Statements and Supplementary Data,” both contained in this Report:

(Stated in millions except per share and employee data)

Year Ended December 31,	2008	2007	2006	2005	2004
SUMMARY OF OPERATIONS					
Revenue:					
Oilfield Services	\$24,282	\$20,306	\$16,762	\$12,647	\$10,236
WesternGeco	2,838	2,963	2,476	1,663	1,241
Eliminations and other	43	8	(8)	(1)	3
Total revenue	\$27,163	\$23,277	\$19,230	\$14,309	\$11,480
% increase over prior year	17%	21%	34%	25%	15%
Pretax Segment income:					
Oilfield Services	\$ 6,505	\$ 5,959	\$ 4,644	\$ 2,827	\$ 1,802
WesternGeco	836	1,060	812	295	123
Eliminations and other	(268)	(312)	(346)	(233)	(208)
Pretax Segment income	\$ 7,073	\$ 6,707	\$ 5,110	\$ 2,889	\$ 1,717
% increase over prior year	5%	31%	77%	68%	25%
Interest income ¹	112	160	113	98	54
Interest expense ¹	217	268	229	187	201
Charges (credits), net ²	116	(25)	46	(172)	243
Taxes on income ²	1,430	1,448	1,190	682	277
Minority interest ²	(25)	–	(49)	(91)	(36)
Income from Continuing Operations³	\$ 5,397	\$ 5,177	\$ 3,710	\$ 2,199	\$ 1,014
Income from Discontinued Operations	38	–	–	8	210
Net Income	\$ 5,435	\$ 5,177	\$ 3,710	\$ 2,207	\$ 1,224
Basic earnings per share					
Income from Continuing Operations	\$ 4.51	\$ 4.36	\$ 3.14	\$ 1.87	\$ 0.86
Income from Discontinued operations	0.03	–	–	0.01	0.18
Net Income per share³	\$ 4.54	\$ 4.36	\$ 3.14	\$ 1.87	\$ 1.04
Diluted earnings per share					
Income from Continuing Operations	\$ 4.42	\$ 4.20	\$ 3.01	\$ 1.81	\$ 0.85
Income from Discontinued Operations	0.03	–	–	0.01	0.17
Net Income per share	\$ 4.45	\$ 4.20	\$ 3.01	\$ 1.82	\$ 1.02
Cash dividends declared per share	\$ 0.840	\$ 0.700	\$ 0.500	\$ 0.420	\$ 0.375

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(Stated in millions except number of employees)

Year Ended December 31,	2008	2007	2006	2005	2004
SUMMARY OF FINANCIAL DATA					
Capital expenditures	\$ 3,723	\$ 2,931	\$ 2,457	\$ 1,593	\$ 1,216
Depreciation expense	\$ 1,904	\$ 1,526	\$ 1,232	\$ 1,092	\$ 1,007
Avg. number of shares outstanding:					
Basic	1,196	1,188	1,182	1,179	1,178
Assuming dilution	1,224	1,239	1,242	1,230	1,226
AT DECEMBER 31					
Net Debt ⁴	\$ 1,129	\$ 1,857	\$ 2,834	\$ 532	\$ 1,459
Working capital	\$ 4,769	\$ 3,551	\$ 2,731	\$ 3,121	\$ 2,359
Total assets	\$ 31,991	\$ 27,853	\$ 22,832	\$ 18,077	\$ 16,001
Long-term debt	\$ 3,694	\$ 3,794	\$ 4,664	\$ 3,591	\$ 3,944
Stockholders' equity	\$ 16,862	\$ 14,876	\$ 10,420	\$ 7,592	\$ 6,117
Number of employees continuing operations	87,000	80,000	70,000	60,000	52,500

1. Excludes amounts which are either included in the segments or Charges and Credits.
2. For details of Charges and Credits and the related income taxes and minority interest, see Note 3 of the *Consolidated Financial Statements*.
3. Amounts may not add due to rounding.
4. "Net Debt" represents gross debt less cash, short-term investments and fixed income investments, held to maturity. Management believes that Net Debt provides useful information regarding the level of Schlumberger's indebtedness by reflecting cash and investments that could be used to repay debt.

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

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

Executive Overview

As 2008 progressed, early optimism of continuing growth in oil and natural gas exploration and production activity was dampened by growing evidence of weakening economic conditions that began to significantly weigh upon the energy markets in early October. While such weakening did not prevent oil prices from ramping up steeply to \$147-per-barrel in July, the velocity of the subsequent reversal to under \$40-per-barrel by the end of the year was supported by economic reports and forecasts that confirmed the majority of the OECD (Organization for Economic Co-operation and Development) countries to be in recession by the end of the third quarter. Consequently, global oil demand forecasts for 2008 dropped from quarter to quarter and it became apparent that moderating oil demand growth in the non-OECD economies would no longer be sufficient to offset a continuing three-year demand decline within the OECD countries. As a result, 2008 saw the first global oil demand decrease in 25 years. In the fourth quarter OPEC elected to cut production by a total of 3.7 million barrels per day to remove supply and support prices, however, the time taken for these cuts to be felt in the market, and for the resultant increased spare capacity to be reabsorbed by future growth, was large enough for E&P customers to cut investment. This translated to lower demand and weaker prices for oilfield services in an increasing number of areas late in the fourth quarter.

The natural gas markets presented a similar picture. While activity was initially maintained in the first part of the year, the developing recession in the latter part of 2008 led to lower industrial demand in the developed economies although commercial and residential demand was maintained. In North America, supply increased by 6% in 2008 largely as a result of industry deployment of advanced drilling, production and completion technologies leading to higher gas production and consequently greater storage levels in spite of lower Canadian imports and decreased LNG (Liquefied Natural Gas) supplies. Consequently, more LNG has become available for other international importers and, as a result, the majority of the developed economies are well supplied for their needs. Within the United States, the world's largest natural gas market, this translated to reduced gas exploration and production investment with lower demand for oilfield services and consequent pressure on service pricing in a number of areas by the fourth quarter as the market price of natural gas fell. In international markets however, increasing demand for natural gas in the developing economies led to sustained drilling activity with drilling rigs previously deployed on oil exploration and development moving to natural gas activity in some regions.

Within this volatile market, Schlumberger Oilfield Services revenue in 2008 grew by 20% versus 2007, with demand strongest in international markets. Year-on-year growth rates reached 28% in Latin America, 24% in Europe/CIS/Africa, 18% in Middle East & Asia and 11% in North America. All Technologies experienced double-digit growth, most notably in Well Services, Drilling & Measurements and Wireline. These results mask, however, a rapid reversal that occurred late in the year in response to the worsening economic climate, and, after three quarters of overall growth, revenues in the fourth quarter declined sequentially through weakening local currencies and reduced customer spending, in addition to seasonal factors.

A variety of new Schlumberger products and services contributed to growth in 2008. These included further penetration of Scanner Family* advanced wireline logging services and Scope* imaging-while-drilling technologies into new markets as customers sought to increase their understanding of complex reservoirs. Growth through measurement integration also extended into the production domain with offerings such as the StimMAP* LIVE real-time fracture monitoring service that combines the measurement capability of Wireline with the pressure pumping expertise of Well Services to track the progress of fracture stimulation in real time

to be able to control the operation for maximum effect. Other new production-related services included ACTive* coiled-tubing services that combine a downhole sensor package with a fiber-optic communications system to monitor coiled-tubing-enabled operations in real time.

Acquisitions in 2008 also served to increase Schlumberger capabilities or added specific new technologies to the portfolio. In Canada, Schlumberger and First Reserve Corporation acquired Saxon Energy Services Inc., a land drilling contractor with major activity in North and South America. Schlumberger had already enjoyed a long association with Saxon, including operation of joint ventures in Mexico and Colombia for the supply of drilling services that support integrated project management activities. Also in Canada, Schlumberger acquired the business of Extreme Engineering Limited, a leading supplier of unmanned measurement-while-drilling systems to land markets in the United States and Canada. Other technology acquisitions included Integrated Exploration Systems, a Germany-based technology leader in petroleum systems modeling, and Staag Imaging, a Houston-based provider of leading-edge depth imaging technologies for seismic data processing.

The performance of WesternGeco, where full-year 2008 revenue fell by 4% versus 2007, was limited by a combination of lower Multiclient sales, reduced Land activity, and cost inflation that affected Marine operations. Among these factors, Multiclient sales were particularly weak with the sharp decrease reported in the first quarter not being reversed later in the year as a clear indication of customers restricting discretionary spending for seismic data. Contract awards remained strong, however, and WesternGeco reported a record backlog of \$1.8 billion at the end of the year, up \$700 million from the end of the third quarter.

In spite of this weaker-than-expected performance, WesternGeco made significant progress in the introduction of new technology during the year. These included a new proprietary full-azimuth marine acquisition technique, known as coil shooting, that leverages the signal fidelity and streamer-steering capability of Q* technology to provide resolution in sub-salt applications where wide-azimuth techniques mobilize too many resources. Coil shooting provides the same quality survey but uses only one vessel to do so. In other new technology developments, the UniQ* latest-generation land acquisition system was unveiled. This substantially increases the number of acquisition channels available and in combination with proprietary vibrator source technology delivers a sharper image and wider coverage.

The sharp drop in oil and gas prices in the latter part of 2008 that resulted in lower activity, higher inventories, and the belief that demand will erode further in 2009 as a result of the economic slowdown, has led to rapid and substantial reductions in exploration and production expenditure. At current prices most of the new categories of hydrocarbon resources such as heavy oil, tar sands, coal-to-liquids, or gas-to-liquids are not economic to develop. In addition, it will take time for inflation to be removed from the E&P supply chain to bring finding and development costs more in line with lower oil and gas prices.

Schlumberger therefore expects 2009 activity to weaken across the board, with the most significant declines occurring in North American gas drilling, Russian oil production enhancement, and in mature offshore basins. Exploration offshore will also be somewhat curtailed but commitments already planned are likely to be honored. Seismic expenditures, particularly for multiclient data, are likely to decrease from the levels of 2008. Furthermore, pricing erosion will compound these effects on revenue. In this market we are taking the necessary actions early in 2009 to adjust our operating cost base while preserving our long-term commitments to technology development, key skill sets and service and product quality.

The most important indicator of a future recovery in oilfield services activity will be a stabilization and recovery in the demand for oil. The recent years of increased exploration and production spending, however, have not been sufficient to substantially improve the supply situation. The age of the production base, accelerating decline rates and the smaller size of recently developed fields will mean that any prolonged reduction in investment will lead to a strong rebound in activity in the future.

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The following discussion and analysis of results of operations should be read in conjunction with the *Consolidated Financial Statements*.

(Stated in millions)

	Total Year 2008	Total Year 2007 ⁽¹⁾	% Change	Total Year 2007 ⁽¹⁾	Total Year 2006 ⁽¹⁾	% Change
OILFIELD SERVICES						
Revenue	\$ 24,282	\$ 20,306	20%	\$ 20,306	\$ 16,762	21%
Pretax Operating Income	\$ 6,505	\$ 5,959	9%	\$ 5,959	\$ 4,644	28%
WESTERNGECO						
Revenue	\$ 2,838	\$ 2,963	(4)%	\$ 2,963	\$ 2,476	20%
Pretax Operating Income	\$ 836	\$ 1,060	(21)%	\$ 1,060	\$ 812	31%
		Fourth Qtr. 2008	Third Qtr. 2008	% change		
OILFIELD SERVICES						
Revenue		\$ 6,256	\$ 6,356	(2)%		
Pretax Operating Income		\$ 1,599	\$ 1,699	(6)%		
WESTERNGECO						
Revenue		\$ 599	\$ 892	(33)%		
Pretax Operating Income		\$ 88	\$ 355	(75)%		

1. Effective January 1, 2008, a component of the Middle East & Asia Area was reallocated to the Europe/CIS/Africa Area. Prior period data has been reclassified to conform to the current organizational structure.

Pretax operating income represents the business segments' income before taxes and minority interest. Pretax operating income excludes corporate expenses, interest income, interest expense, amortization of certain intangibles, interest, stock-based compensation costs and the Charges and Credits described in detail in Note 3 to the *Consolidated Financial Statements*, as these items are not allocated to the segments.

Oilfield Services

Fourth Quarter 2008 Results

Fourth-quarter revenue of \$6.26 billion was 2% lower sequentially but was 15% higher year-on-year. Sequentially, Europe/CIS/Africa revenue declined primarily due to a weakening of the local currencies against the US dollar and from lower activity in Russia as the result of reduced customer spending and seasonal slowdowns. In Latin America, revenue fell due to weaker local currencies and lower activity in the Venezuela/Trinidad & Tobago and Mexico/Central America GeoMarkets. Middle East & Asia declined on lower activity in the Australia/Papua New Guinea/New Zealand and Qatar GeoMarkets. These decreases, however, were partially offset by an increase in North America as the result of strong activity in the US Gulf of Mexico and US land West GeoMarkets. Local currency changes reduced Oilfield Services fourth-quarter revenue by approximately 3%.

Fourth-quarter pretax operating income of \$1.60 billion was 6% lower sequentially but 4% higher year-on-year. Sequentially, pretax operating margin decreased from 26.7% to 25.6% primarily as a result of reduced activity levels in the Europe/CIS/Africa, Latin America and Middle East & Asia Areas, partially offset by the improvement in overall activity and a more favorable revenue mix in North America.

North America

Revenue of \$1.56 billion increased 4% sequentially and 17% year-on-year. Pretax operating income of \$346 million increased 9% sequentially and 2% year-on-year.

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Sequentially, the US Gulf of Mexico GeoMarket activity recovered from the slowdown experienced during the hurricane season of the third quarter and realized further growth on a higher ultra deep-water rig count that led to strong demand for Wireline, Well Testing and Well Services technologies. The US land West GeoMarket revenue increased on strong demand for Well Services and Drilling & Measurements services and Artificial Lift products while the Alaska GeoMarket experienced a seasonal increase in activity that resulted in robust demand for Well Services and Drilling & Measurements technologies. SIS experienced growth from strong year-end software and hardware sales. These increases were partially offset by decreased revenue in the US land Central and North GeoMarkets on reducing rig count that accelerated at quarter end. Canada GeoMarket revenue was also lower primarily as the result of the weakening of the Canadian dollar.

Pretax operating margin improved sequentially from 21.1% to 22.3% mainly as a result of stronger activity levels and increased high-margin services in the US Gulf of Mexico, US land West and Alaska GeoMarkets. These increases were partially offset by pricing pressure in the US land Central and North GeoMarkets.

Latin America

Revenue of \$1.11 billion was 3% lower sequentially but increased 18% year-on-year. Pretax operating income of \$200 million decreased 13% sequentially and 4% year-on-year.

Sequentially, revenue in the Venezuela/Trinidad & Tobago GeoMarket declined as a result of lower demand for Wireline and Well Services technologies and Completions products, while the Mexico/Central America GeoMarket experienced lower activity in Integrated Project Management (IPM) projects. These decreases were partially offset by higher offshore exploration-related activity in the Brazil GeoMarket that led to robust demand for Wireline, Well Testing and Drilling & Measurements services, while activity in the Peru/Colombia/Ecuador GeoMarket increased due to strong demand for Artificial Lift and SIS products. Area revenue was also reduced by approximately 4% due to the weakening of local currencies against the US dollar.

Pretax operating margin declined sequentially from 20.1% to 18.0% from lower activity and a less favorable revenue mix in the Venezuela/Trinidad & Tobago GeoMarket, reduced gain share from IPM projects in the Peru/Colombia/Ecuador GeoMarket, and cost inflation and a less favorable revenue mix in the Mexico/Central America GeoMarket.

Europe/CIS/Africa

Revenue of \$2.05 billion decreased 5% sequentially but increased 16% year-on-year. Pretax operating income of \$533 million decreased 15% sequentially but was 8% higher year-on-year.

Sequentially, Area revenue was 5% lower due to the weakening of local currencies against the US dollar particularly in the North Sea, Continental Europe and Russia. Additionally, Russia experienced significant reductions in activity from lower customer spending and the seasonal slowdown in Sakhalin. Lower Framo revenue also contributed to the decline. These decreases were partially offset by significantly increased activity in the Libya GeoMarket from strong demand for Artificial Lift products and for Drilling & Measurements, Well Testing and Wireline services, as well as in the Continental Europe GeoMarket from higher demand for Wireline and Drilling & Measurements technologies.

Pretax operating margin decreased sequentially from 29.0% to 26.1% primarily due to lower activity and a less favorable revenue mix in the North Sea and Nigeria & Gulf of Guinea GeoMarkets and Russia. The decrease in Framo revenue also contributed to this result.

Middle East & Asia

Revenue of \$1.47 billion was 2% lower sequentially but 9% higher year-on-year. Pretax operating income of \$491 million decreased 7% sequentially but increased 4% year-on-year.

Sequentially, Area revenue declined mainly as a result of weather-related effects in the Australia/Papua New Guinea/New Zealand and China/Japan/Korea GeoMarkets, lower activity in Qatar, a less favorable activity

mix in Brunei/Malaysia/Philippines and reduced customer spending in the China/Japan/Korea and Arabian GeoMarkets. These declines primarily affected demand for Wireline, Drilling & Measurements and Well Services technologies, but were partially offset by the positive impact of retroactive price adjustments for a Wireline contract in addition to growth in the Gulf GeoMarket for Artificial Lift products and Well Services and Drilling & Measurements technologies.

Pretax operating margin declined sequentially from 35.5% to 33.5% primarily due to the overall lower level of activity in the Area as well as a less favorable revenue mix in the Arabian and India GeoMarkets.

Total Year 2008 Results

Full-year 2008 revenue of \$24.28 billion increased 20% versus 2007 driven by Area growth of 28% in Latin America, 24% in Europe/CIS/Africa, 18% in Middle East & Asia and 11% in North America.

All Technologies experienced double-digit growth most notably in Well Services, Drilling & Measurements and Wireline.

Pretax operating income of \$6.50 billion in 2008 was 9% higher than 2007. However, pretax operating margin declined 256 basis points (bps) to 26.8% primarily due to reduced pricing for well stimulation services in the US land GeoMarkets, a higher mix of low-margin third-party managed services in the Mexico/Central America GeoMarket and cost inflation across all Areas.

North America

Revenue of \$5.91 billion grew 11% versus 2007. Growth was led by the US land West GeoMarket mostly due to increased gas shale activity that resulted in robust demand for Well Services and Drilling & Measurements technologies and by the US land Central GeoMarket on higher rig activity and strong Artificial Lift product sales. The Canada GeoMarket revenue was higher from demand for Well Services and Drilling & Measurements technologies while the US Gulf of Mexico GeoMarket grew on increased deepwater activity the resulted in strong demand for Drilling & Measurements and Wireline services in addition to Completion Systems products.

Pretax operating margin decreased 557 bps to 23.2% primarily as the result of lower pricing for well stimulation services in the US land GeoMarkets and cost inflation across the Area.

Latin America

Revenue of \$4.23 billion was 28% higher than 2007 on double-digit growth across all GeoMarkets. The Mexico/Central America GeoMarket increased on significantly higher IPM activity while the Peru/Colombia/Ecuador GeoMarket also experienced increased IPM activity in addition to robust demand for Wireline services and for Artificial Lift and SIS products. The Brazil GeoMarket grew on higher offshore activity that resulted in stronger demand for Well Testing, Wireline and Well Services technologies. The Venezuela/Trinidad and Tobago GeoMarket experienced increased demand for Wireline, Drilling & Measurements and Well Services activities.

Pretax operating margin of 20.3% declined 262 bps versus 2007 as a result of an increased mix of low-margin third-party managed services in the Mexico/Central America GeoMarket and cost inflation across the Area.

Europe/CIS/Africa

Revenue of \$8.18 billion increased 24% versus the same period last year. Growth was led by Russia which experienced strong demand for Wireline, Well Services and Drilling & Measurements technologies. The West & South Africa, North Sea and Caspian GeoMarkets grew on increased exploration-related services as well as strong demand for Well Services technologies. The Continental Europe GeoMarket was higher due to strong drilling-related activities and demand for SIS products. The consolidation of Framo also contributed to the increase.

Pretax operating margin decreased 112 bps to 27.4% primarily as a result of reduced pricing in the Libya GeoMarket and a less favorable revenue mix in the Nigeria & Gulf of Guinea GeoMarket and Russia. The consolidation of Framo also reduced total Area margin.

Middle East & Asia

Revenue of \$5.72 billion was 18% higher than the prior year. All GeoMarkets experienced growth, most notably in the Arabian, Australia/Papua New Guinea/New Zealand, Gulf, and East Mediterranean GeoMarkets. Among the Technologies, growth was strongest in Wireline, Drilling & Measurements, Well Services and Well Testing.

Pretax operating margin was nearly flat at 35.0% as the positive impact of the higher overall activity level was offset by cost inflation.

Total Year 2007 Results

Full-year 2007 revenue of \$20.31 billion increased 21% versus 2006, led by Area growths of 31% in both the Middle East & Asia, and in Europe/CIS/Africa and 29% in Latin America, while North America remained essentially flat. Pretax operating income of \$5.96 billion in 2007 was 28% higher than 2006.

Pretax operating margins of 29.3% improved 164 bps in 2007 versus 2006. Higher activity and expansion of higher-margin new technology deployment across Europe/CIS/Africa, Middle East & Asia and Latin America Areas were the principal contributors to this performance. In North America, pricing erosion in pressure-pumping well-stimulation activities moderated year-on-year margin growth within the Area.

Among the GeoMarkets, the greatest increases in revenue were recorded in the North Sea, followed by Mexico/Central America, Arabian, West & South Africa, and Venezuela/Trinidad & Tobago.

Significant demand was seen for all Technologies led by Drilling & Measurements, Wireline, Well Testing, and Completions Systems as customers continued to improve exploration and production performance in the search for new hydrocarbon reserves and in the need to increase production and boost recovery from existing fields.

North America

Revenue of \$5.34 billion increased marginally over 2006 primarily due to higher demand for Drilling & Measurements, Well Testing and Wireline activities in the US Land Central, US Land North and the US Gulf Coast GeoMarkets. However, this performance was offset by pricing erosion in well stimulation activities across the Area.

Activity across US Land continued to grow driven by the increase in rig count and higher service intensity in unconventional natural gas reservoirs. However, weakness in natural gas prices and excess well stimulation related pressure pumping capacity led to a year-on-year decline in pricing in stimulation related activities. The US Gulf Coast GeoMarket continued to grow driven by demand for exploration related activities.

In Canada year-on-year revenue declined sharply due to operator slowdown driven by weakness in natural gas prices and uncertainty over the fiscal regime.

Pretax operating margin declined by 167 bps to 28.8% primarily due to lower pricing in well stimulation related activities across the Area together with lower activity in Canada.

Latin America

Revenue of \$3.30 billion in 2007 increased 29% over 2006, led by a surge in IPM-related activity in Mexico following the budget-related slowdowns in the previous year, followed by the growth in exploration-related activities in the Peru/Columbia/Ecuador and Latin America South GeoMarkets. The Venezuela/Trinidad & Tobago GeoMarket also grew with higher rig count-driven activity in addition to finalization of the contracts related to drilling barges.

The Mexico/Central America GeoMarket recorded robust growth with the start of several integrated projects. Peru/Columbia/Ecuador and Latin America South witnessed strong growth in exploration-related activities. Demand was strong for all Technologies led by IPM, followed by Drilling & Measurements, Wireline and Well Testing services.

Pretax operating margin increased strongly by 358 bps to reach 22.9%. This increase resulted mainly from a favorable activity mix and improved pricing.

Europe/CIS/Africa

Revenue of \$6.60 billion in 2007 increased 31% over 2006 with the highest growth recorded in the North Sea, West & South Africa and North Africa GeoMarkets.

Strong revenue increases were recorded in the North Sea, West & South Africa and North Africa driven by the expansion of exploration-related activities. GeoMarkets in Russia continued to grow strongly due to a combination of organic growth and the completion of the acquisition of Tyumenpromgeofizika during the second quarter of the year.

Pretax operating margins increased by 301 bps to reach 28.6%. This performance was due to a combination of increased activity, improved pricing and accelerated new technology deployment across most GeoMarkets partially offset by a pricing decline in well stimulation activities in the East Russia and subdued activity in Nigeria.

Middle East & Asia

Revenue of \$4.87 billion in 2007 increased 31% over 2006 with the largest increases recorded in the Arabian GeoMarket, followed by East Mediterranean, Australia/Papua New Guinea, Qatar, Gulf and India.

The Australia/Papua New Guinea GeoMarket recorded the highest growth rate in the Area driven by higher exploration related activity. Growth in East Mediterranean, Qatar, Gulf and India resulted from higher exploration and development activity while the Arabian GeoMarket continued to grow, albeit at a lower rate than the previous year, as new rig additions slowed down in Saudi Arabia.

Pretax operating margin increased by 296 bps to an impressive 35.1%. This performance was driven by continued increase in activity and pricing increases together with deployment of higher-margin Wireline and Drilling & Measurements new technologies.

WesternGeco

Fourth Quarter 2008 Results

Fourth-quarter revenue of \$599 million decreased 33% sequentially and 25% year-on-year. Pretax operating income of \$88 million was 75% lower sequentially and 68% lower year-on-year.

Sequentially, Marine revenue decreased significantly due to seasonal vessel transits, dry docks and project startups. Multiclient revenue was also down markedly as customers reduced discretionary spending. Land revenue, however, increased due to higher utilization and the start of new projects in Latin America and Africa while Data Processing recorded modest growth.

Pretax operating margin decreased sequentially from 39.8% to 14.7% due to lower Marine vessel utilization, higher transits and the slowdown in Multiclient sales, the effects of which were only partially offset by the higher Land crew utilization.

Total Year 2008 Results

Full-year 2008 revenue of \$2.84 billion was 4% lower than 2007. Multiclient revenue was down 18%, primarily as the result of significantly lower client discretionary spending in the fourth quarter of 2008, while Land

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decreased 15% on lower crew utilization. These decreases were partially offset by a 4% revenue increase in Marine, as a result of additional vessel capacity and higher pricing, and a 19% increase in Data Processing, which experienced a growth in activity in all geographic areas.

Pretax operating margin of 29.5% decreased 634 basis points due to significantly lower Multiclient sales, reduced Land activity and cost inflation that affected Marine operations.

Revenue backlog was \$1.8 billion at the end of 2008, compared to \$1.2 billion at the end of 2007, of which an estimated \$1.3 billion is expected to be realized in 2009.

Total Year 2007 Results

Full-year 2007 revenue of \$2.96 billion increased 20% versus 2006. Pretax operating income of \$1.06 billion in 2007 was 31% higher than 2006. Pretax operating margin reached 35.8% – an increase of 299 bps in 2007 versus 2006 – demonstrating continued high vessel utilization, pricing increases in Marine and accelerating demand for exploration-driven seismic services. Q-Technology revenue reached \$1.14 billion, representing 38% of 2007 full-year revenue.

Marine revenue grew 17% due mainly to strong activity in Asia, Middle East, India, Europe and North America as operators continued to focus on new exploration horizons. High vessel utilization, continued adoption of Q-Technology and improved pricing contributed to this performance. Multiclient revenue increased 30% driven by higher sales in North America as the demand for E-Dog and E-Cat surveys remained strong during the first half of the year augmented by strong demand for E-Octopus surveys during the second half. Data Processing revenue increased 26%, reflecting higher acquisition volumes, higher levels of Q processing, and higher activity in India, Asia, North Africa, Europe and the Caspian. Land revenue increased 6% with the continued adoption of Q-Land* technology in Africa and in the Middle East.

During the second quarter of 2007, the seventh Q-Technology equipped vessel – the Western Spirit – was launched.

Revenue backlog was \$1.2 billion at the end of 2007 compared to \$1.1 billion at the end of 2006.

Interest and Other Income

Interest and other income consisted of the following:

(Stated in millions)

	2008	2007	2006
Interest income	\$119	\$162	\$117
Equity in net earnings of affiliated companies	293	244	179
Other ¹	(10)	25	(9)
	\$402	\$431	\$287

1. Refer to Note 3 to the Consolidated Financial Statements for details.

Interest Income

The average return on investments decreased to 3.5% in 2008 from 5.2% in 2007 and the weighted average investment balance of \$3.4 billion in 2008 increased \$286 million compared to 2007.

The average return on investments increased to 5.2% in 2007 from 4.5% in 2006 and the weighted average investment balance of \$3.1 billion in 2007 increased \$531 million compared to 2006.

Equity in Net Earnings of Affiliated Companies

The equity in net earnings of affiliated companies primarily represents Schlumberger's share of the results of its 40% interest in the M-I SWACO drilling fluids joint venture with Smith International Inc.

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Interest Expense

Interest expense of \$247 million in 2008 decreased by \$27 million compared to 2007 due to a decline in the weighted average borrowing rates, from 5.0% to 4.5%. The weighted average debt balance of \$5.5 billion in 2008 was essentially flat compared to 2007.

Interest expense of \$275 million in 2007 increased by \$40 million compared to 2006. The weighted average borrowing rates of 5.0% in 2007 increased from 4.6% in 2006. The weighted average debt balance of \$5.5 billion in 2007 increased by \$420 million compared to 2006, primarily due to the funding, in the second quarter of 2006, of the WesternGeco transaction described in Note 4 to the *Consolidated Financial Statements*.

Other

Gross margin was 30.2%, 33.5% and 31.4% in 2008, 2007 and 2006, respectively.

The decline in gross margin percentage in 2008, compared to 2007, was primarily attributable to the following factors: reduced pricing for well stimulation services in the US Land GeoMarkets, a higher mix of low-margin third-party managed services in the Mexico/Central America GeoMarket, significantly lower Multiclient sales in WesternGeco and the impact of cost inflation across all Areas within Oilfield Services as well as the Marine operations of WesternGeco.

The increase in gross margin percentage in 2007, compared to 2006, was primarily due to increased pricing, stronger demand for higher-margin technologies, and operating efficiency improvements.

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

	2008	2007	2006
Research & engineering	3.0%	3.1%	3.2%*
Marketing	0.4%	0.4%	0.4%
General & administrative	2.2%	2.2%	2.4%

* Research & engineering in 2006 included \$27 million of in-process research and development charges associated with acquisitions. See discussion of the Charges and Credits in Note 3 to the *Consolidated Financial Statements*.

Research & engineering expenditures, by segment, were as follows:

(Stated in millions)

	2008	2007	2006
Oilfield Services	\$686	\$595	\$496
WesternGeco	118	120	73
In-process R&D charges ¹	–	–	27
Other ²	15	13	23
	\$819	\$728	\$619

1. See discussion of Charges and Credits in Note 3 to the *Consolidated Financial Statements*.

2. Includes \$16 million of cost in 2006 associated with Schlumberger's relocation of its United States research center from Ridgefield to Boston.

Income Taxes

The effective tax rate was 20.9% in 2008, 21.9% in 2007 and 24.0% in 2006.

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

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The decrease in the effective tax rate in 2008, as compared to 2007, was primarily attributable to the geographic mix of earnings. Oilfield Services had a lower proportion of pretax earnings in North America. Also, outside North America, various GeoMarkets with lower tax rates contributed a greater percentage to pretax earnings.

The decrease in the effective tax rate in 2007, as compared to 2006, was primarily attributable to the geographic mix of earnings. Both Oilfield Services and WesternGeco had a lower proportion of pretax earnings in North America. Outside North America, various GeoMarkets with lower tax rates contributed a greater percentage to pretax earnings.

Charges and Credits

Schlumberger recorded significant charges and credits during 2008, 2007 and 2006. These charges and credits, which are summarized below, are more fully described in Note 3 to the *Consolidated Financial Statements*.

The following is a summary of the 2008 Charges and Credits:

(Stated in millions)

	Pretax	Tax	Minority Interest	Net	Income Statement Classification
Charges and Credits					
-Workforce reduction	\$ 74.4	\$ (9.1)	\$ –	\$65.3	Cost of goods sold and services
-Provision for doubtful accounts	31.8	(7.8)	(6.1)	17.9	Cost of goods sold and services
-Other	9.8	–	–	9.8	Interest and other income
Net Charges	\$ 116.0	\$(16.9)	\$ (6.1)	\$93.0	

The following is a summary of the 2007 Charges and Credits:

(Stated in millions)

	Pretax	Tax	Minority Interest	Net	Income Statement Classification
Charges and Credits					
- Gain on sale of workover rigs	\$ (24.5)	\$7.1	\$ –	\$(17.4)	Interest and other income

The following is a summary of the 2006 Charges and Credits:

(Stated in millions)

	Pretax	Tax	Minority Interest	Net	Income Statement Classification
Charges and Credits					
-WesternGeco in-process R&D charge	\$ 21.0	\$ –	\$ –	\$21.0	Research & engineering
-Loss on liquidation of investments to fund WesternGeco transaction	9.4	–	–	9.4	Interest and other income
-WesternGeco visa settlement	9.7	0.3	(3.2)	6.8	Cost of goods sold and services
-Other in-process R&D charges	5.6	–	–	5.6	Research & engineering
Net Charges	\$ 45.7	\$0.3	\$ (3.2)	\$42.8	

Cash Flow

Net Debt represents gross debt less cash, short-term investments and fixed income investments, held to maturity. Management believes that Net Debt provides useful information regarding the level of Schlumberger's indebtedness by reflecting cash and investments that could be used to repay debt.

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Details of Net Debt follow:

(Stated in millions)

	2008	2007	2006
Net Debt, beginning of year	\$(1,857)	\$(2,834)	\$ (532)
Net income	5,435	5,177	3,710
Excess of equity income over dividends received	(235)	(189)	(181)
Depreciation and amortization ¹	2,269	1,954	1,561
Increase in working capital	(591)	(541)	(341)
Pension plan contributions	(290)	(250)	(251)
Capital expenditures	(3,723)	(2,931)	(2,457)
Multiclient seismic data capitalized	(345)	(260)	(180)
Proceeds from employee stock plans	351	622	442
Stock repurchase program	(1,819)	(1,355)	(1,068)
Dividends paid	(964)	(771)	(568)
Eastern Echo acquisition	-	(699)	-
Acquisition of minority interest in WesternGeco	-	-	(2,406)
Other business acquisitions	(345)	(286)	(577)
Conversion of debentures	448	656	-
Distribution to joint venture partner	-	-	(60)
Translation effect on net debt	166	(128)	(66)
Other	371	(22)	140
Net Debt, end of year	\$(1,129)	\$(1,857)	\$(2,834)

1. Includes Multiclient seismic data costs.

(Stated in millions)

	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006
Components of Net Debt			
Cash	\$ 189	\$ 197	\$ 166
Short-term investments	3,503	2,972	2,833
Fixed income investments, held to maturity	470	440	153
Bank loans and current portion of long-term debt	(1,598)	(1,318)	(1,322)
Convertible debentures	(321)	(769)	(1,425)
Other long-term debt	(3,372)	(3,379)	(3,239)
	\$(1,129)	\$(1,857)	\$(2,834)

Key liquidity events during 2008, 2007 and 2006 included:

- In September 2008, Schlumberger Finance B.V. issued €500 million 5.25% Guaranteed Notes due 2013. Schlumberger entered into agreements to swap these Euro notes for US dollars on the date of issue until maturity, effectively making this a US dollar denominated debt on which Schlumberger Finance B.V. will pay interest in US dollars at a rate of 4.74%. The proceeds from these notes were used to repay commercial paper borrowings.
- On July 22, 2004, the Board of Directors of Schlumberger approved a share repurchase program of up to 30 million shares of common stock to be acquired in the open market before December 2006, subject to market conditions. This program was completed during the first quarter of 2006. On April 20, 2006, the Board of Directors of Schlumberger approved a share repurchase program of up to 40 million shares of common stock to be acquired in the open market before April 2010, subject to market conditions. This program was completed during the second quarter of 2008. On April 17, 2008, the Board of Directors of Schlumberger approved an \$8 billion share repurchase program for shares of Schlumberger common stock to be acquired in the open market before December 31, 2011, of which \$934 million has been repurchased as of December 31, 2008.

The following table summarizes the activity under these share repurchase programs during 2008, 2007 and 2006:

(Stated in thousands except per share amounts and prices)

	Total cost of shares purchased	Total number of shares purchased	Average price paid per share
2008	\$1,818,841	21,064.7	\$ 86.35
2007	\$1,355,000	16,336.1	\$ 82.95
2006	\$1,067,842	17,992.7	\$ 59.35

Given the current credit and economic environment, Schlumberger anticipates that the total dollar amount of stock repurchases in 2009 may be significantly less than the \$1.8 billion spent during 2008. This anticipated reduction will serve to increase Schlumberger's financial flexibility during these uncertain times. Stock buy-back activity during 2009 will continue to be targeted to offset any dilution caused by the Schlumberger stock-based compensation programs.

- Cash flow provided by operations was \$6.9 billion in 2008, \$6.3 billion in 2007 and \$4.7 billion in 2006. These improvements were driven by the revenue and net income increases experienced in 2008 and 2007 offset by required investments in working capital.
- During 2008, 2007 and 2006, Schlumberger announced that its Board of Directors had approved increases in the quarterly dividend of 20%, 40% and 19%, respectively. Total dividends paid during 2008, 2007 and 2006 were \$964 million, \$771 million and \$568 million, respectively.
- Capital expenditures were \$3.7 billion in 2008, \$2.9 billion in 2007 and \$2.5 billion in 2006. These increases were a result of the increased activity levels experienced in recent years. Capital expenditures are expected to approach \$3.0 billion in 2009, including \$385 million relating to the construction of seismic vessels.
- During 2008, 2007 and 2006 Schlumberger made \$290 million, \$250 million and \$251 million, respectively, of contributions to its defined benefit pension plans. The US qualified pension plan was 71% funded at December 31, 2008 based on the projected benefit obligation. This compares to 109% funded at December 31, 2007.

Outside of the US, Schlumberger's International Staff Pension Plan, which was converted to a defined benefit pension plan during the fourth quarter of 2008 (and therefore accounts for approximately half of the increase in the Postretirement Benefits liability on the *Consolidated Balance Sheet* at December 31, 2008), and UK pension plan are a combined 69% funded at December 31, 2008 based on the projected benefit obligation. The UK pension plan was 92% funded at December 31, 2007.

Schlumberger currently anticipates contributing approximately \$400 million to \$500 million to its defined benefit pension plans in 2009, subject to market and business conditions.

- During 2008 and 2007, certain holders of Schlumberger Limited 1.5% Series A Convertible Debentures due June 1, 2023 and 2.125% Series B Convertible Debentures due June 1, 2023 converted their debentures into Schlumberger common stock. The following table summarizes these conversions:

(Stated in millions)

	2008		2007	
	Conversions	Shares issued	Conversions	Shares issued
1.5% Series A debentures	\$ 353	9.76	\$ 622	17.19
2.125% Series B debentures	95	2.36	34	0.85
	\$ 448	12.12	\$ 656	18.04

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At December 31, 2008, there were no outstanding Series A debentures and there were \$321 million outstanding Series B debentures.

- On December 10, 2007, Schlumberger completed the acquisition of Eastern Echo for \$838 million in cash. Net assets acquired included \$320 million of cash and investments and \$182 million of long-term debt.
- On April 28, 2006, Schlumberger acquired the remaining 30% minority interest in WesternGeco from Baker Hughes Incorporated for \$2.4 billion in cash. Approximately 50% of the purchase price was funded from Schlumberger's cash and investments. The remaining 50% was financed through existing Schlumberger credit facilities.
- In September 2006, Schlumberger Finance B.V. issued €400 million Guaranteed Floating Rate Notes due 2009. Interest is payable quarterly at the rate of 10 basis points over 3-month Euribor. Schlumberger entered into an agreement to swap these Euro notes for US dollars on the date of issue until maturity, effectively making this US dollar denominated debt on which Schlumberger Finance B.V. will pay interest in US dollars at the rate of 3-month LIBOR plus 0.0875%. The proceeds from these notes were used to repay commercial paper borrowings.

As of December 31, 2008, Schlumberger had approximately \$3.7 billion of cash and short-term investments on hand. Wholly-owned subsidiaries of Schlumberger had separate committed debt facility agreements aggregating \$3.9 billion with commercial banks, of which \$1.8 billion was available and unused as of December 31, 2008. Schlumberger believes that these amounts are sufficient to meet future business requirements for at least the next twelve months.

The current portion of long-term debt at December 31, 2008 has increased by \$0.5 billion to \$1.1 billion, as compared to December 31, 2007. This increase is primarily attributable to the outstanding €400 million Guaranteed Floating Rate Notes due 2009 being reclassified from long-term debt at December 21, 2008 to current at December 31, 2008 due to their maturity in the next twelve months.

Schlumberger's total outstanding debt at December 31, 2008 was \$5.3 billion and included approximately \$1.1 billion of commercial paper borrowings. The total outstanding debt decreased approximately \$0.2 billion compared to December 31, 2007.

Summary of Major Contractual Obligations

(Stated in millions)

Contractual Obligations	Total	Payment Period			
		2009	2010 - 2011	2012 - 2013	After 2013
Debt ¹	\$5,291	\$1,597	\$ 1,546	\$ 2,148	\$ -
Operating Leases	\$1,025	\$ 293	\$ 318	\$ 156	\$ 258
Purchase Obligations ²	\$1,588	\$1,461	\$ 127	\$ -	\$ -
	\$7,904	\$3,351	\$ 1,991	\$ 2,304	\$ 258

1. Excludes future payments for interest. Includes amounts relating to the \$321 million of Convertible Debentures which are described in Note 11 of the *Consolidated Financial Statements*.

2. Represents an estimate of contractual obligations in the ordinary course of business. Although these contractual obligations are considered enforceable and legally binding, the terms generally allow Schlumberger the option to reschedule and adjust their requirements based on business needs prior to the delivery of goods.

Refer to Note 19 of the *Consolidated Financial Statements* for details regarding Schlumberger's pension and other postretirement benefit obligations.

As discussed in Note 15 of the *Consolidated Financial Statements*, included in the Schlumberger *Consolidated Balance Sheet* at December 31, 2008 is approximately \$877 million of liabilities associated with uncertain tax positions in the over 100 jurisdictions in which Schlumberger conducts business. Due to the uncertain and complex application of tax regulations, combined with the difficulty in predicting when tax audits throughout the world may be concluded, Schlumberger cannot make reliable estimates of the timing of cash outflows relating to these liabilities.

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

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires Schlumberger to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. The following accounting policies involve “critical accounting estimates” because they are particularly dependent on estimates and assumptions made by Schlumberger about matters that are inherently uncertain. A summary of all of Schlumberger’s significant accounting policies is included in Note 2 to the *Consolidated Financial Statements*.

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

Multiclient Seismic Data

The WesternGeco segment capitalizes the costs associated with obtaining multiclient seismic data. The carrying value of the multiclient seismic data library at December 31, 2008 and 2007 was \$287 million and \$182 million, respectively. Such costs are charged to *Cost of goods sold and services* based on the percentage of the total costs to the estimated total revenue that Schlumberger expects to receive from the sales of such data. However, under no circumstances will an individual survey carry a net book value greater than a 4-year straight-line amortized value.

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

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Allowance for Doubtful Accounts

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

Goodwill, Intangible Assets and Long-Lived Assets

Schlumberger records as goodwill the excess of purchase price over the fair value of the tangible and identifiable intangible assets acquired. Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), requires goodwill to be tested for impairment annually as well as when an event or change in circumstance indicates an impairment may have occurred. Goodwill is tested for impairment by comparing the fair value of Schlumberger's individual reporting units to their carrying amount to determine if there is a potential goodwill impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the goodwill of the reporting unit is less than its carrying value.

For purposes of performing the impairment test for goodwill as required by SFAS 142, Schlumberger's reporting units are primarily the geographic areas comprising the Oilfield Services segment in addition to the WesternGeco segment. Schlumberger estimates the fair value of these reporting units using a discounted cash flow analysis and/or applying various market multiples. Determining the fair value of a reporting unit is a matter of judgment and often involves the use of significant estimates and assumptions. Schlumberger's estimates of the fair value of each of its reporting units were significantly in excess of their respective carrying values at the time of the annual goodwill impairment tests for 2008, 2007 and 2006.

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

Income Taxes

Schlumberger's tax filings are subject to regular audit by the tax authorities in most of the over 100 jurisdictions in which it conducts business. These audits may result in assessments for additional taxes which are resolved with the authorities or, potentially, through the courts. Tax liabilities are recorded based on estimates of additional taxes which will be due upon the conclusion of these audits. Estimates of these tax liabilities are made based upon prior experience and are updated in light of changes in facts and circumstances. However, due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in liabilities which could be materially different from these estimates. In such an event, Schlumberger will record additional tax expense or tax benefit in the period in which such resolution occurs.

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Pension and Postretirement Benefits

Schlumberger's pension and postretirement benefit obligations are described in detail in Note 19 to the *Consolidated Financial Statements*. The obligations and related costs are calculated using actuarial concepts, which include critical assumptions related to the discount rate, expected return on plan assets and medical cost trend rates. These assumptions are important elements of expense and/or liability measurement and are updated on an annual basis, or upon the occurrence of significant events.

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

- The discount rate utilized to determine the liability for Schlumberger's United States pension plans and postretirement medical plans was 6.50% at both December 31, 2008 and December 31, 2007.
- The weighted-average discount rate utilized to determine the liability for Schlumberger's international pension plans was 6.48% at December 31, 2008 and 5.80% at December 31, 2007.
- The discount rate utilized to determine expense for Schlumberger's United States pension plans and postretirement medical plans was increased from 6.00% in 2007 to 6.50% in 2008.
- The weighted-average discount rate utilized to determine expense for Schlumberger's international pension plans was increased from 5.20% in 2007 to 5.80% in 2008.

A higher discount rate decreases the present value of benefit obligations and decreases expense.

The expected rate of return for our retirement benefit plans represents the average rate of return expected to be earned on plan assets over the period that benefits included in the benefit obligation, are expected to be paid. The expected rate of return for Schlumberger's United States pension plans has been determined based upon expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class. The expected rate of return on plan assets for the United States pension plans was 8.50% in 2008 and 2007. The expected rate of return on plan assets for the international plans was 8.00% in 2008 and 2007. A lower expected rate of return would increase pension expense.

Schlumberger's medical cost trend rate assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. The overall medical cost trend rate assumption utilized in both 2008 and 2007 was 9% graded to 6% over the next four years and 5% thereafter.

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

(Stated in millions)

Change in Assumption	Effect on 2008 Pretax Pension Expense	Effect on Dec. 31, 2008 Liability
25 basis point decrease in discount rate	+\$15	+\$181
25 basis point increase in discount rate	-\$14	-\$172
25 basis point decrease in expected return on plan assets	+\$ 7	-
25 basis point increase in expected return on plan assets	-\$ 7	-

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

(Stated in millions)

Change in Assumption	Effect on 2008 Pretax Postretirement Medical Expense	Effect on Dec. 31, 2008 Liability
25 basis point decrease in discount rate	+\$ 3	+\$ 30
25 basis point increase in discount rate	-\$ 3	-\$ 32
100 basis point decrease per annum in medical cost trend rate	-\$ 19	-\$ 109
100 basis point increase per annum in medical cost trend rate	+\$23	+\$127

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

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

As a multinational company, Schlumberger conducts business in approximately 80 countries. Schlumberger's functional currency is primarily the US dollar, which is consistent with the oil and gas industry. Approximately 80% of Schlumberger's revenue in 2008 was denominated in US dollars. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar-reported expenses will increase.

A 5% change in the average exchange rates of all the foreign currencies in 2008 would have changed revenue by approximately 1%. If the 2008 average exchange rates of the US dollar against all foreign currencies had strengthened by 5%, Schlumberger's income from continuing operations would have increased by approximately 2%. Conversely, a 5% weakening of the US dollar average exchange rates would have decreased income from continuing operations by approximately 3%.

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. Foreign currency forward contracts and foreign currency options to provide a hedge against currency fluctuations either on monetary assets/liabilities denominated in other than a functional currency or on expenses.

At December 31, 2008, contracts were outstanding for the US dollar equivalent of \$2.9 billion in various foreign currencies. These contracts mature on various dates in 2009.

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that generally does not involve derivatives and instead primarily uses a mix of variable and fixed rate debt combined with its investment portfolio to mitigate the exposure to changes in interest rates. At December 31, 2008, Schlumberger had fixed rate debt aggregating approximately \$2.2 billion and variable rate debt aggregating approximately \$3.1 billion.

Schlumberger's exposure to interest rate risk associated with its debt is also partially mitigated by its investment portfolio. Both *Short-term investments* and *Fixed income investments, held to maturity*, which totaled approximately \$4.0 billion at December 31, 2008, are comprised primarily of money market funds, eurodollar time deposits, certificates of deposit, commercial paper, euro notes and Eurobonds and are substantially all denominated in US dollars. The average return on investment was 3.5% in 2008.

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The following table represents principal amounts of Schlumberger's debt at December 31, 2008 by year of maturity:

(Stated in millions)

	Expected Maturity Dates					Total
	2009	2010	2011	2012	2013	
Fixed rate debt						
5.25% Guaranteed Bonds (Euro denominated)					\$ 714	\$ 714
2.125% Series B Convertible Debentures		\$321				321
5.14% Guaranteed Notes (Canadian dollar denominated)		203				203
5.875% Guaranteed Bonds (Euro denominated)			\$355			355
6.5% Notes				\$ 647		647
Total fixed rate debt	\$ -	\$524	\$355	\$ 647	\$ 714	\$ 2,240
Variable rate debt	\$ 1,597	\$245	\$422	\$ 771	\$ 16	\$ 3,051
Total	\$ 1,597	\$769	\$777	\$ 1,418	\$ 730	\$ 5,291

The fair market value of the outstanding fixed rate debt was approximately \$2.4 billion as of December 31, 2008. The weighted average interest rate on the variable rate debt as of December 31, 2008 was approximately 4.5%.

Schlumberger does not enter into foreign currency or interest rate derivatives for speculative purposes.

Forward-looking Statements

This Report and other statements we make contain "forward-looking statements" within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of Oilfield Services and WesternGeco (and for specified products or geographic areas within each segment); oil and natural gas demand and production growth; operating margins; operating and capital expenditures as well as research & development spending, by Schlumberger and the oil and gas industry; the business strategies of Schlumberger's customers; the Schlumberger effective tax rate; Schlumberger's stock repurchase program; expected pension and post-retirement funding; expected stock compensation costs; exploitation and integration of technology; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, the current global economic downturn; changes in exploration and production spending by Schlumberger's customers and changes in the level of oil and natural gas exploration and development; general economic and business conditions in key regions of the world; the financial condition of our suppliers and customers in light of current global economic conditions; operational and project modifications, delays or cancellations; political and economic uncertainty and socio-political unrest; and other risks and uncertainties described elsewhere in this Report, including under "Item 1A. Risk Factors". If one or more of these risks or uncertainties materialize (or the consequences of such a development changes), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

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Item 8. Financial Statements and Supplementary Data.

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(Stated in thousands, except per share amounts)

Year Ended December 31,	2008	2007	2006
<i>Revenue</i>	\$ 27,162,933	\$ 23,276,542	\$ 19,230,478
<i>Interest and other income, net</i>	401,834	431,495	286,716
<i>Expenses</i>			
Cost of goods sold and services	18,967,031	15,481,746	13,182,753
Research & engineering	818,791	728,491	619,316
Marketing	95,120	81,545	75,704
General & administrative	584,118	517,248	456,347
Interest	247,252	274,558	234,916
<i>Income from Continuing Operations before taxes and minority interest</i>	6,852,455	6,624,449	4,948,158
Taxes on income	1,430,124	1,447,933	1,189,568
<i>Income from Continuing Operations before minority interest</i>	5,422,331	5,176,516	3,758,590
Minority interest	(25,380)	–	(48,739)
<i>Income from Continuing Operations</i>	5,396,951	5,176,516	3,709,851
<i>Income from Discontinued Operations</i>	37,850	–	–
<i>Net Income</i>	\$ 5,434,801	\$ 5,176,516	\$ 3,709,851
<i>Basic earnings per share:</i>			
Income from Continuing Operations	\$ 4.51	\$ 4.36	\$ 3.14
Income from Discontinued Operations	0.03	–	–
<i>Net Income</i>	\$ 4.54	\$ 4.36	\$ 3.14
<i>Diluted earnings per share:</i>			
Income from Continuing Operations	\$ 4.42	\$ 4.20	\$ 3.01
Income from Discontinued Operations	0.03	–	–
<i>Net Income</i>	\$ 4.45	\$ 4.20	\$ 3.01
Average shares outstanding	1,196,237	1,187,944	1,181,683
Average shares outstanding, assuming dilution	1,223,894	1,238,675	1,242,196

See the *Notes to Consolidated Financial Statements*

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SCHLUMBERGER LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(Stated in thousands)

December 31,	2008	2007
ASSETS		
<i>Current Assets</i>		
Cash	\$ 188,928	\$ 197,233
Short-term investments	3,502,742	2,971,800
Receivables less allowance for doubtful accounts (2008 – \$133,185; 2007 – \$85,780)	6,257,861	5,361,114
Inventories	1,918,503	1,638,192
Deferred taxes	184,063	182,562
Other current assets	841,580	704,482
	12,893,677	11,055,383
<i>Fixed Income Investments, held to maturity</i>	469,937	440,127
<i>Investments in Affiliated Companies</i>	1,869,820	1,412,189
<i>Fixed Assets less accumulated depreciation</i>	9,690,340	8,007,991
<i>Multiclient Seismic Data</i>	287,238	182,282
<i>Goodwill</i>	5,188,996	5,142,083
<i>Intangible Assets</i>	819,986	902,700
<i>Deferred Taxes</i>	564,648	214,745
<i>Other Assets</i>	206,083	495,872
	\$ 31,990,725	\$ 27,853,372
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	\$ 5,268,019	\$ 4,550,728
Estimated liability for taxes on income	1,006,816	1,071,889
Dividend payable	252,444	210,599
Long-term debt—current portion	1,137,937	638,633
Bank & short-term loans	459,434	679,594
Convertible debentures	—	353,408
	8,124,650	7,504,851
<i>Convertible Debentures</i>	321,334	415,897
<i>Other Long-term Debt</i>	3,372,183	3,378,569
<i>Postretirement Benefits</i>	2,369,448	840,311
<i>Other Liabilities</i>	868,818	775,975
	15,056,433	12,915,603
<i>Minority Interest</i>	71,923	61,881
<i>Stockholders' Equity</i>		
Common stock	4,667,999	4,136,363
Income retained for use in the business	19,890,842	15,461,767
Treasury stock at cost	(4,795,687)	(3,549,243)
Accumulated other comprehensive loss	(2,900,785)	(1,172,999)
	16,862,369	14,875,888
	\$ 31,990,725	\$ 27,853,372

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SCHLUMBERGER LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS

(Stated in thousands)

Year Ended December 31,	2008	2007	2006
Cash flows from operating activities:			
Net Income	\$ 5,434,801	\$ 5,176,516	\$ 3,709,851
Less: Income from discontinued operations	(37,850)	–	–
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization ¹	2,268,508	1,953,987	1,561,410
Earnings of companies carried at equity, less dividends received	(235,409)	(189,127)	(179,084)
Deferred income taxes	(5,698)	21,866	4,598
Stock-based compensation expense	171,559	135,510	113,843
Provision for losses on accounts receivable	64,730	8,596	24,392
Other non-cash items	75,030	23,886	88,287
Change in operating assets and liabilities: ²			
Increase in receivables	(944,294)	(1,016,545)	(860,564)
Increase in inventories	(299,142)	(356,294)	(222,142)
Increase in other current assets	(198,373)	(92,442)	(94,612)
Increase in accounts payable and accrued liabilities	683,202	502,417	417,941
(Decrease) increase in estimated liability for taxes on income	(94,254)	328,448	162,893
(Decrease) increase in postretirement benefits	(193,554)	(135,763)	5,827
Increase (decrease) in other liabilities	97,407	16,321	(4,544)
Other—net	111,019	(90,507)	17,358
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,897,682	6,286,869	4,745,454
Cash flows from investing activities:			
Capital expenditures	(3,722,976)	(2,931,366)	(2,457,093)
Multiclient seismic data capitalized	(345,208)	(259,675)	(179,623)
Capitalization of intangible assets	–	–	(10,714)
Acquisition of Eastern Echo, net of cash acquired	–	(837,684)	–
Acquisition of minority interest in WesternGeco	–	–	(2,406,331)
Other business acquisitions, net of cash acquired	(345,164)	(281,006)	(584,097)
(Purchase) sale of investments, net	(597,985)	(88,815)	700,986
Other	(131,222)	(229,681)	(123,904)
NET CASH USED IN INVESTING ACTIVITIES	(5,142,555)	(4,628,227)	(5,060,776)
Cash flows from financing activities:			
Dividends paid	(964,140)	(771,350)	(567,673)
Distribution to joint venture partner	–	–	(59,647)
Proceeds from employee stock purchase plan	177,189	148,457	111,679
Proceeds from exercise of stock options	174,223	473,601	329,866
Stock options windfall tax benefit	137,491	75,231	27,883
Stock repurchase program	(1,818,841)	(1,355,000)	(1,067,842)
Proceeds from issuance of long-term debt	1,281,493	455,129	1,413,874
Repayment of long-term debt	(601,094)	(584,253)	(91,811)
Net (decrease) increase in short-term debt	(210,729)	(72,243)	194,177
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(1,824,408)	(1,630,428)	290,506
Cash flow from discontinued operations—operating activities	63,382	–	–
Net (decrease) increase in cash before translation effect	(5,899)	28,214	(24,816)
Translation effect on cash	(2,406)	3,202	(321)
Cash, beginning of year	197,233	165,817	190,954
Cash, end of year	\$ 188,928	\$ 197,233	\$ 165,817

1. Includes multiclient seismic data costs
2. Net of the effect of business acquisitions.

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SCHLUMBERGER LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Stated in thousands)

	Common Stock		Accumulated Other Comprehensive Income (Loss)				
	Issued	In Treasury	Retained Income	Marked to Market	Deferred Employee Benefits Liabilities	Translation Adjustment	Comprehensive Income (Loss)
Balance, January 1, 2006	\$2,750,570	\$(2,113,276)	\$ 7,999,770	\$ (17,042)	\$ (291,486)	\$ (736,951)	\$ 2,102,481
Translation adjustment						\$ (50,862)	\$ (50,862)
Derivatives marked to market				37,754			37,754
Minimum pension liability					286,152		286,152
Tax benefit on minimum pension liability					(105,860)		(105,860)
Adjustment to initially apply FASB Statement No. 158					(489,579)		
Tax benefit on adjustment to initially apply FASB Statement No. 158					199,125		
Shares sold to optionees less shares exchanged	165,286	164,581					
Shares granted to Directors	1,852	502					
Proceeds from employee stock plans	61,912	34,457					
Stock repurchase program		(1,067,842)					
Acquisition of PetroAlliance	260,600	69,782					
Stock-based compensation cost	113,843						
Shares issued on conversions of debentures		3					
Net income			3,709,851				3,709,851
Dividends declared (\$0.50 per share)			(591,142)				
Tax benefit on stock options	27,883						
Balance, December 31, 2006	3,381,946	(2,911,793)	11,118,479	20,712	(401,648)	(787,813)	\$ 3,877,035
Translation adjustment						(33,072)	\$ (33,072)
Derivatives marked to market				10,915			10,915
Amortization of prior service cost					(20,327)		(20,327)
Amortization of actuarial net loss					55,930		55,930
Unrecognized prior service cost arising in the year					(32,128)		(32,128)
Actuarial net gains arising in the year					120,210		120,210
Deferred taxes					(105,778)		(105,778)
Shares sold to optionees less shares exchanged	194,877	278,724					
Shares granted to Directors	1,021	403					
Proceeds from employee stock plans	86,588	46,039					
Stock repurchase program		(1,355,000)					
Stock-based compensation cost	135,510						
Shares issued on conversions of debentures	263,299	392,384					
Other	(2,109)						
Net income			5,176,516				5,176,516
Dividends declared (\$0.70 per share)			(833,228)				
Tax benefit on stock options	75,231						
Balance, December 31, 2007	4,136,363	(3,549,243)	15,461,767	31,627	(383,741)	(820,885)	\$ 5,172,266
Translation adjustment						(82,180)	\$ (82,180)
Derivatives marked to market				(135,310)			(135,310)
Amortization of prior service cost					(19,831)		(19,831)
Amortization of actuarial net loss					34,444		34,444
Unrecognized prior service cost arising in the year					(1,076,711)		(1,076,711)
Actuarial net losses arising in the year					(724,817)		(724,817)
Deferred taxes					276,619		276,619
Shares sold to optionees less shares exchanged	20,317	153,906					
Shares granted to Directors	1,156	453					
Proceeds from employee stock plans	115,393	56,776					
Stock repurchase program		(1,818,841)					
Stock-based compensation cost	171,559						
Shares issued on conversions of debentures	86,257	361,262					
Other	(537)						
Net income			5,434,801				5,434,801
Dividends declared (\$0.84 per share)			(1,005,726)				
Tax benefit on stock options	137,491						
Balance, December 31, 2008	\$4,667,999	\$(4,795,687)	\$19,890,842	\$ (103,683)	\$(1,894,037)	\$ (903,065)	\$ 3,707,015

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SCHLUMBERGER LIMITED AND SUBSIDIARIES SHARES OF COMMON STOCK

	Issued	In Treasury	Shares Outstanding
Balance, January 1, 2006	1,334,212,164	(156,607,946)	1,177,604,218
Shares sold to optionees less shares exchanged	–	11,169,313	11,169,313
Shares granted to Directors	–	34,000	34,000
Employee stock plan	–	2,347,586	2,347,586
Stock repurchase program	–	(17,992,700)	(17,992,700)
Acquisition of PetroAlliance	–	4,730,960	4,730,960
Shares issued on conversions of debentures	–	82	82
<hr/>			
Balance, December 31, 2006	1,334,212,164	(156,318,705)	1,177,893,459
Shares sold to optionees less shares exchanged	–	13,693,493	13,693,493
Shares granted to Directors	–	20,000	20,000
Employee stock plan	–	2,305,594	2,305,594
Stock repurchase program	–	(16,336,138)	(16,336,138)
Shares issued on conversions of debentures	–	18,039,916	18,039,916
<hr/>			
Balance, December 31, 2007	1,334,212,164	(138,595,840)	1,195,616,324
Shares sold to optionees less shares exchanged	–	5,395,390	5,395,390
Shares granted to Directors	–	16,000	16,000
Vesting of restricted stock	–	18,200	18,200
Employee stock plan	–	1,995,751	1,995,751
Stock repurchase program	–	(21,064,662)	(21,064,662)
Shares issued on conversions of debentures	–	12,123,842	12,123,842
<hr/>			
Balance, December 31, 2008	1,334,212,164	(140,111,319)	1,194,100,845

See the *Notes to Consolidated Financial Statements*

Notes to Consolidated Financial Statements

1. Business Description

Schlumberger Limited (Schlumberger N.V., incorporated in the Netherlands Antilles) and its subsidiaries form the world's leading supplier of technology, integrated project management, and information solutions to customers in the oil and gas industry worldwide. Schlumberger consists of two business segments: Oilfield Services ("OFS") and WesternGeco. The Oilfield Services segment provides the industry's widest range of exploration and production services required during the life of an oil and gas reservoir. WesternGeco provides comprehensive worldwide reservoir imaging, monitoring, and development services, with extensive seismic crews and data processing centers as well as a large multiclient seismic library. Services range from 3D and time-lapse (4D) seismic surveys to multi-component surveys for delineating prospects and reservoir management.

2. Summary of Accounting Policies

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

Principles of Consolidation

The accompanying *Consolidated Financial Statements* include the accounts of Schlumberger, its wholly-owned subsidiaries, and subsidiaries over which it exercises a controlling financial interest. All significant intercompany transactions and balances have been eliminated. Investments in entities in which Schlumberger does not have a controlling financial interest, but over which it has significant influence are accounted for using the equity method. Schlumberger's share of the after-tax earnings of equity method investees is included in *Interest and other income*. Investments in which Schlumberger does not have the ability to exercise significant influence are accounted for using the cost method. Both equity and cost method investments are classified in *Investments in Affiliated Companies*.

Reclassifications

Certain items from prior years have been reclassified to conform to the current year presentation.

Use of Estimates

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

Revenue Recognition

Oilfield Services

Services and Products Revenue

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

Software Revenue

Revenue derived from the sale of licenses of Schlumberger software may include installation, maintenance, consulting and training services.

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

If an ongoing vendor obligation exists under the license arrangement, or if any uncertainties with regard to customer acceptance are significant, revenue for the related element is deferred based on its vendor specific objective evidence of fair value. Vendor specific objective evidence of fair value is determined as being the price for the element when sold separately. If vendor specific objective evidence of fair value does not exist for all undelivered elements, all revenue is deferred until sufficient evidence exists or all elements have been delivered.

The percentage of completion method of accounting is applied to contracts whereby software is being customized to a customer's specifications.

WesternGeco

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

Multiple Deliverable Arrangements

Revenue in both segments may be generated from contractual arrangements that include multiple deliverables. Revenue from these arrangements is recognized as each item is delivered based on their relative fair value and when the delivered items have stand-alone value to the customer.

Other

Taxes assessed by governmental authorities that are imposed concurrently on specific revenue-producing transaction, such as sales and value added taxes, are excluded from revenue in the *Consolidated Statement of Income*.

Translation of Non-United States Currencies

The functional currency of Schlumberger is primarily the US dollar. All assets and liabilities recorded in functional currencies other than US dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to the *Stockholders' Equity* section of the *Consolidated Balance Sheet*. Revenue and expenses are translated at the weighted-average exchange rates for the period. All realized and unrealized transaction gains and losses are included in income in the period in which they occur. Transaction gains, net of hedging activities, of \$41 million were recognized in 2008. In 2007 and 2006, the transaction losses net of hedging activities were \$17 million and \$20 million, respectively.

Investments

The *Consolidated Balance Sheet* reflects the Schlumberger investment portfolio separated between current and long term, based on maturity. Under normal circumstances it is the intent of Schlumberger to hold the investments until maturity, with the exception of investments that are considered trading (December 31, 2008—\$194 million; December 31, 2007—\$201 million). Both *Short-term investments* and *Fixed Income Investments, held to maturity* are comprised primarily of money market funds, eurodollar time deposits, certificates of deposit, commercial paper, euro notes and Eurobonds, and are substantially denominated in US dollars. They are stated at cost plus accrued interest, which approximates market. Short-term investments that are designated as trading are stated at market. The unrealized gains/losses on investments designated as trading were not significant at both December 31, 2008 and 2007.

For purposes of the *Consolidated Statement of Cash Flows*, Schlumberger does not consider short-term investments to be cash equivalents as a significant portion of them have original maturities in excess of three months.

Long-term fixed income investments of \$470 million mature as follows: \$140 million in 2010, \$202 million in 2011 and \$128 million in 2012.

Inventories

Inventories are stated at average cost or at market, whichever is lower. Inventory consists of materials, supplies and finished goods. Costs included in inventories consist of materials, direct labor and manufacturing overhead.

Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets using the straight-line method. Fixed assets include the manufacturing cost of oilfield technical equipment manufactured or assembled by subsidiaries of Schlumberger. Expenditures for replacements and improvements are capitalized. Maintenance and repairs are charged to operating expenses as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

Multiclient Seismic Data

The multiclient library consists of completed and in-process seismic surveys that are licensed on a nonexclusive basis. This data may be acquired and/or processed by Schlumberger or subcontractors. Multiclient surveys are primarily generated utilizing Schlumberger resources. Schlumberger capitalizes costs directly incurred in acquiring and processing the multiclient seismic data. Such costs are charged to *Cost of goods sold and services* based on the percentage of the total costs to the estimated total revenue that

Schlumberger expects to receive from the sales of such data. However, under no circumstance will an individual survey carry a net book value greater than a 4-year straight-line amortized value.

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

Goodwill, Other Intangibles and Long-lived Assets

Schlumberger records as goodwill the excess of purchase price over the fair value of the tangible and identifiable intangible assets acquired. Statement of Financial Accounting Standards 142, *Goodwill and Other Intangible Assets* (SFAS 142), requires goodwill to be tested for impairment annually as well as when an event or change in circumstance indicates an impairment may have occurred. Goodwill is tested for impairment by comparing the fair value of Schlumberger's individual reporting units to their carrying amount to determine if there is a potential goodwill impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the goodwill of the reporting unit is less than its carrying value.

For purposes of performing the impairment test for goodwill as required by SFAS 142, the Schlumberger reporting units are primarily the geographic areas comprising the Oilfield Services segment in addition to the WesternGeco segment. Schlumberger estimates the fair value of these reporting units using a discounted cash flow analysis and/or applying various market multiples. Determining the fair value of a reporting unit is a matter of judgment and involves the use of significant estimates and assumptions. Schlumberger's estimates of the fair value of each of its reporting units were significantly in excess of their respective carrying values for 2008, 2007 and 2006. Schlumberger performs the annual goodwill impairment test of its WesternGeco reporting unit on October 1st of every year while the reporting units comprising the Oilfield Services segment are tested as of December 31st.

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

Schlumberger capitalizes certain costs of internally developed software. Capitalized costs include purchased materials and services, payroll and payroll related costs. The costs of internally developed software are amortized on a straight-line basis over the estimated useful life, which is principally 5 to 7 years. Other intangible assets consist primarily of technology and customer relationships acquired in business combinations. Acquired technology is generally amortized over periods ranging from 5 to 15 years and acquired customer relationships are generally amortized over periods ranging from 7 years to 20 years.

Taxes on Income

Schlumberger and its subsidiaries compute taxes on income in accordance with the tax rules and regulations of the many taxing authorities where the income is earned. The income tax rates imposed by these taxing authorities vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that differences are due to revenue or expense items reported in one period for tax

purposes and in another period for financial accounting purposes, an appropriate provision for deferred income taxes is made. Any effect of changes in income tax rates or tax laws are included in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of the deferred tax asset will not be realized in the future, Schlumberger provides a corresponding valuation allowance against deferred tax assets.

Schlumberger's tax filings are subject to regular audit by the tax authorities in most of the jurisdictions in which it conducts business. These audits may result in assessments for additional taxes which are resolved with the authorities or, potentially, through the courts. Tax liabilities are recorded based on estimates of additional taxes which will be due upon the conclusion of these audits. Estimates of these tax liabilities are made based upon prior experience and are updated in light of changes in facts and circumstances. However, due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in liabilities which could be materially different from these estimates. In such an event, Schlumberger will record additional tax expense or tax benefit in the year in which such resolution occurs.

Approximately \$16 billion of consolidated income retained for use in the business on December 31, 2008 represented undistributed earnings of consolidated subsidiaries and Schlumberger's share of equity method investees. No provision is made for deferred income taxes on those earnings considered to be indefinitely reinvested or earnings that would not be taxed when remitted.

Postretirement Benefits

Effective December 31, 2006, Schlumberger adopted the provisions of SFAS 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)* ("SFAS 158"). SFAS 158 required Schlumberger to recognize the funded status (i.e., the difference between the fair value of plan assets and the benefit obligation) of its postretirement benefit plans in its *Consolidated Balance Sheet*, with a corresponding adjustment to *Accumulated Other Comprehensive Income (Loss), net of tax*.

Concentration of Credit Risk

Schlumberger's assets that are exposed to concentrations of credit risk consist primarily of cash, short-term investments, fixed income investments held to maturity, receivables from clients and derivative financial instruments. Schlumberger places its cash, short-term investments and fixed income investments held to maturity with financial institutions and corporations, and limits the amount of credit exposure with any one of them. Schlumberger regularly evaluates the creditworthiness of the issuers in which it invests. The receivables from clients are spread over many countries and customers. Schlumberger maintains an allowance for uncollectible accounts receivable based on expected collectibility and performs ongoing credit evaluations of its customers' financial condition. By using derivative financial instruments to hedge exposure to changes in exchange rates and, commodity prices, Schlumberger exposes itself to credit risk. Schlumberger minimizes this credit risk by entering into transactions with high-quality counterparties, limiting the exposure to each counterparty and monitoring the financial condition of its counterparties.

Research & Engineering

All research and engineering expenditures are expensed as incurred, including costs relating to patents or rights that may result from such expenditures.

Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by first adding back to net income

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the interest expense on the convertible debentures and then dividing this adjusted net income by the sum of (i) unvested restricted stock units; and (ii) the weighted average number of common shares outstanding assuming dilution. The weighted average number of common shares outstanding assuming dilution assumes (a) that all stock options which are in the money are exercised at the beginning of the period and that the proceeds are used by Schlumberger to purchase shares at the average market price for the period, and (b) the conversion of the convertible debentures.

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

(Stated in thousands except per share amounts)

	Income from Continuing Operations	Weighted Average Shares Outstanding	Earnings Per Share from Continuing Operations
2008:			
Basic	\$ 5,396,951	1,196,237	\$ 4.51
Assumed conversion of debentures	11,517	12,979	
Assumed exercise of stock options	–	12,958	
Unvested restricted stock	–	1,720	
Diluted	\$ 5,408,468	1,223,894	\$ 4.42
2007:			
Basic	\$ 5,176,516	1,187,944	\$ 4.36
Assumed conversion of debentures	23,671	28,986	
Assumed exercise of stock options	–	20,868	
Unvested restricted stock	–	877	
Diluted	\$ 5,200,187	1,238,675	\$ 4.20
2006:			
Basic	\$ 3,709,851	1,181,683	\$ 3.14
Assumed conversion of debentures	28,788	38,210	
Assumed exercise of stock options	–	21,874	
Unvested restricted stock	–	429	
Diluted	\$ 3,738,639	1,242,196	\$ 3.01

Employee stock options to purchase approximately 5.8 million, 0.8 million and 0.6 million shares of common stock at December 31, 2008, 2007 and 2006, respectively, were outstanding but not included in the computation of diluted earnings per share because the option exercise price was greater than the average market price of the common stock, and therefore, the effect on diluted earnings per share would have been anti-dilutive.

Recently Issued Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (“FASB”) issued SFAS 141 (revised 2007), *Business Combinations* (“SFAS 141(R)”). SFAS 141(R) establishes principles and requirements for how an acquirer in a business combination recognizes and measures the assets acquired, liabilities assumed, and any noncontrolling interest (previously referred to as minority interest) in the acquiree. The provisions of SFAS 141(R) are effective for business combinations occurring on or after January 1, 2009.

In December 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51* (“SFAS 160”). This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the loss of control of

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a subsidiary. Upon its adoption on January 1, 2009, noncontrolling interests will be classified as equity in the Schlumberger financial statements.

SFAS 160 also changes the way the consolidated income statement is presented by requiring net income to include the net income for both the parent and the noncontrolling interest, with disclosure of both amounts on the consolidated statement of income. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. The provisions of this standard must be applied retrospectively upon adoption.

3. Charges and Credits

Schlumberger recorded the following Charges and Credits in 2008, 2007 and 2006:

2008

Fourth quarter 2008:

- Due to the continuing slowdown in oil and gas exploration and production spending and its effect on activity in the oilfield services sector, Schlumberger is taking actions to reduce its global workforce. As a result of these actions, Schlumberger recorded a pretax charge of \$74 million (\$65 million after-tax), which is classified in *Cost of goods sold and services* in the *Consolidated Statement of Income*. Depending on how the market situation evolves, further actions may be necessary, which could result in additional charges in future periods.
- Schlumberger wrote off certain assets, primarily accounts receivable relating to one client with liquidity issues. Accordingly, Schlumberger recorded a pretax charge of \$42 million (\$28 million after-tax and minority interest). \$32 million of the pretax charge is classified in *Cost of goods sold and services* in the *Consolidated Statement of Income*, with the remaining \$10 million classified in *Interest and other income, net*.

The following is a summary of 2008 Charges and Credits:

(Stated in millions)

	Pretax	Tax	Minority Interest	Net
Charges and Credits				
- Workforce reduction	\$ 74.4	\$ (9.1)	\$ -	\$65.3
- Provision for doubtful accounts	31.8	(7.8)	(6.1)	17.9
- Other	9.8	-	-	9.8
	<u>\$ 116.0</u>	<u>\$ (16.9)</u>	<u>\$ (6.1)</u>	<u>\$93.0</u>

2007

Fourth quarter of 2007:

- Schlumberger sold certain workover rigs for \$32 million, resulting in a pretax gain of \$25 million (\$17 million after-tax) which is classified in *Interest and other income, net* in the *Consolidated Statement of Income*.

2006

Second quarter of 2006:

- As discussed in further detail in Note 4 *Acquisitions*, Schlumberger acquired the remaining 30% minority interest in WesternGeco held by Baker Hughes Incorporated for \$2.4 billion in cash during

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the second quarter of 2006. In connection with this transaction, a pretax and after-tax charge of \$21 million was recorded, representing the portion of the purchase price that was allocated to in-process research and development. Schlumberger recorded an additional \$6 million of in-process research and development charges, primarily related to a small acquisition which was also completed in the second quarter of 2006. These amounts were determined by identifying research and development projects that had not yet reached technological feasibility at the time of the acquisition. These charges are classified in *Research & engineering* in the *Consolidated Statement of Income*.

- Schlumberger recorded a pretax and after-tax loss of \$9 million relating to the liquidation of certain investments in connection with the funding of the previously mentioned WesternGeco transaction. These losses are classified in *Interest and other income, net* in the *Consolidated Statement of Income*.
- In connection with the settlement of a visa matter, a pretax charge of \$10 million (\$7 million after-tax and minority interest) was recorded in the second quarter of 2006 and is classified in *Cost of goods sold and services* in the *Consolidated Statement of Income*.

The following is a summary of 2006 Charges and Credits:

(Stated in millions)

	Pretax	Tax	Minority Interest	Net
Charges & Credits				
- WesternGeco in-process R&D charge	\$ 21.0	\$ -	\$ -	\$21.0
- Loss on liquidation of investments to fund WesternGeco transaction	9.4	-	-	9.4
- WesternGeco visa settlement	9.7	0.3	(3.2)	6.8
- Other in-process R&D charges	5.6	-	-	5.6
	<u>\$ 45.7</u>	<u>\$0.3</u>	<u>\$ (3.2)</u>	<u>\$42.8</u>

4. Acquisitions

Acquisition of Eastern Echo Holding Plc

On December 10, 2007, Schlumberger completed the acquisition of Eastern Echo Holding Plc ("Eastern Echo") for \$838 million in cash. Eastern Echo was a Dubai-based marine seismic company that did not have any operations at the time of acquisition, but had signed contracts for the construction of six seismic vessels.

The purchase price has been allocated to the net assets acquired based upon their estimated fair values as follows:

(Stated in millions)

Cash and short-term investments	\$ 266
Other current assets	23
Fixed income investments, held to maturity	54
Vessels under construction	694
Accounts payable and accrued liabilities	(17)
Long-term debt	(182)
Total purchase price	\$ 838

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Acquisition of WesternGeco Minority Interest

On April 28, 2006, Schlumberger acquired the remaining 30% minority interest in WesternGeco from Baker Hughes Incorporated for \$2.4 billion in cash. Schlumberger also incurred direct acquisition costs of \$6 million in connection with this transaction. As a result of this transaction, Schlumberger owns 100% of WesternGeco.

The purchase price has been allocated to the proportionate share of net assets acquired based upon their estimated fair values as follows:

(Stated in millions)	
Book value of minority interest acquired	\$ 460
<i>Fair value adjustments:</i>	
Technology	293
Customer relationships	153
Vessels	84
Other fixed assets	10
Multiclient seismic data	41
Other identifiable intangible assets	49
In-process research and development	21
Deferred income taxes	(43)
Goodwill	1,338
Total purchase price	\$2,406

The amount allocated to goodwill represents the excess of the purchase price over the fair value of the net assets acquired. Approximately \$0.8 billion of the \$1.3 billion of goodwill is tax deductible. In addition, approximately \$650 million of the goodwill created as a result of this transaction has been allocated to the Oilfield Services business segment in recognition of the estimated present value of future synergies paid for in this transaction that will directly benefit that segment.

Acquisition of PetroAlliance Minority Interest

On December 9, 2003, Schlumberger announced that it had signed an agreement to acquire PetroAlliance Services Company Limited ("PetroAlliance Services") over a 3-year period based on a formula determined at that time. During the second quarter of 2006, Schlumberger acquired the remaining 49% of PetroAlliance Services that it did not own for \$165 million in cash and 4,730,960 shares of Schlumberger common stock valued at approximately \$330 million. This brought the aggregate purchase price paid for PetroAlliance Services over the 3-year period to \$650 million.

The \$495 million purchase price paid in the second quarter of 2006 has been allocated to the proportionate share of net assets acquired based upon their estimated fair values as follows:

(Stated in millions)	
Book value of minority interest acquired	\$ 33
<i>Fair value adjustments:</i>	
Customer relationships (life of 12 years)	69
Other identifiable intangible assets (life of 5 years)	7
Deferred income taxes	(18)
Goodwill	404
Total purchase price	\$495

The amount allocated to goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The goodwill is not tax deductible.

Other Acquisitions

Schlumberger has made other acquisitions and minority interest investments, none of which were significant on an individual basis, for cash payments of \$345 million during 2008, \$306 million during 2007, and \$356 million during 2006.

Under the terms of certain acquisitions, Schlumberger has obligations to pay additional consideration if specific conditions were met. Schlumberger made cash payments of \$63 million during 2006 with respect to certain transactions that were consummated in prior years, which were recorded as additional goodwill.

Pro forma results pertaining to the above acquisitions, including the WesternGeco and PetroAlliance Services transactions, are not presented as the impact was not significant.

5. Investments in Affiliated Companies

The MI-SWACO drilling fluids joint venture is owned 40% by Schlumberger and 60% by Smith International, Inc. Schlumberger records income relating to this venture using the equity method of accounting. Schlumberger's investment in the joint venture on December 31, 2008 and 2007 was \$1.3 billion and \$1.2 billion, respectively. Schlumberger's equity income from this joint venture in 2008 was \$210 million, \$174 million in 2007 and \$135 million in 2006. Schlumberger received cash distributions from the joint venture of \$57 million in 2008 and \$40 million in 2007. There were no such distributions in 2006.

Schlumberger's joint venture agreement with Smith International, Inc. contains a provision under which either party to the joint venture may offer to sell its entire interest in the venture to the other party at a cash purchase price per percentage interest specified in an offer notice. If the offer to sell is not accepted, the offering party will be obligated to purchase the entire interest of the other party at the same price per percentage interest as the prices specified in the offer notice.

6. Inventory

A summary of inventory follows:

(Stated in millions)		
As at December 31,	2008	2007
Raw materials & field materials	\$ 1,674	\$ 1,359
Work in process	136	145
Finished goods	109	134
	\$ 1,919	\$ 1,638

7. Fixed Assets

A summary of fixed assets follows:

(Stated in millions)		
As at December 31,	2008	2007
Land	\$ 119	\$ 78
Buildings & improvements	1,611	1,365
Machinery & equipment	16,593	14,431
Seismic vessels and related equipment	722	690
Seismic vessels under construction	1,107	781
	20,152	17,345
Less accumulated depreciation	10,462	9,337
	\$ 9,690	\$ 8,008

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The estimated useful lives of Buildings & improvements are primarily 30 to 40 years. The estimated useful lives of Machinery & equipment range from 2 years to 10 years, with 90% being depreciated over 5 to 10 years (determined on a gross book value basis). Seismic vessels are depreciated over periods ranging from 20 to 30 years with the related equipment generally depreciated over 5 years.

Depreciation and amortization expense relating to fixed assets was \$1.9 billion, \$1.5 billion and \$1.2 billion in 2008, 2007 and 2006, respectively.

8. Multiclient Seismic Data

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

(Stated in millions)

	2008	2007
Balance at beginning of year	\$ 182	\$ 227
Capitalized in year	345	260
Charged to cost of goods sold & services	(240)	(305)
	<u>\$ 287</u>	<u>\$ 182</u>

9. Goodwill

The changes in the carrying amount of goodwill by business segment in 2008 were as follows:

(Stated in millions)

	Oilfield Services	Western Geco	Total
Balance at December 31, 2007	\$ 4,185	\$ 957	\$5,142
Additions	49	58	107
Impact of change in exchange rates	(60)	-	(60)
	<u>\$ 4,174</u>	<u>\$ 1,015</u>	<u>\$5,189</u>

The changes in the carrying amount of goodwill by business segment in 2007 were as follows:

(Stated in millions)

	Oilfield Services	Western Geco	Total
Balance at December 31, 2006	\$ 4,049	\$ 940	\$4,989
Additions	129	17	146
Impact of change in exchange rates	7	-	7
	<u>\$ 4,185</u>	<u>\$ 957</u>	<u>\$5,142</u>

10. Intangible Assets

Intangible assets principally comprise software, technology and customer relationships. At December 31, the gross book value and accumulated amortization of intangible assets were as follows:

(Stated in millions)

	2008			2007		
	Gross Book Value	Accumulated Amortization	Net Book Value	Gross Book Value	Accumulated Amortization	Net Book Value
Software	\$ 337	\$ 233	\$ 104	\$ 341	\$ 204	\$ 137
Technology	465	117	348	437	89	348
Customer Relationships	345	56	289	354	34	320
Other	124	45	79	128	30	98
	<u>\$ 1,271</u>	<u>\$ 451</u>	<u>\$ 820</u>	<u>\$ 1,260</u>	<u>\$ 357</u>	<u>\$ 903</u>

Amortization expense was \$124 million in 2008, \$124 million in 2007 and \$113 million in 2006.

The weighted average amortization period for all intangible assets is approximately 12 years.

Amortization expense for the subsequent five years is estimated to be as follows: 2009 – \$113 million, 2010 – \$100 million, 2011 – \$91 million, 2012 – \$85 million and 2013 – \$66 million.

11. Long-term Debt and Debt Facility Agreements

Series A Convertible Debentures

During 2003, Schlumberger Limited issued \$975 million aggregate principal amount of 1.5% Series A Convertible Debentures due June 1, 2023. The Series A debentures were convertible, at the holders' option, into shares of common stock of Schlumberger Limited at a conversion rate of 27.651 shares for each \$1,000 of principal amount (equivalent to an initial conversion price of \$36.165 per share).

During 2007, \$622 million of the Series A debentures were converted into 17.2 million shares of Schlumberger common stock. During 2008, all of the remaining \$353 million of outstanding Series A debentures were converted into 9.8 million shares of Schlumberger common stock.

Series B Convertible Debentures

During 2003, Schlumberger Limited issued \$450 million aggregate principal amount of 2.125% Series B Convertible Debentures due June 1, 2023. The Series B debentures are convertible, at the holders' option, into shares of common stock of Schlumberger Limited. Holders of the Series B debentures may convert their debentures into common stock at a conversion rate of 25.000 shares for each \$1,000 of principal (equivalent to an initial conversion price of \$40.00 per share). The conversion rate may be adjusted for certain events, but it will not be adjusted for accrued interest.

On or after June 6, 2010, Schlumberger may redeem for cash all or part of the debentures, upon notice to the holders, at the redemption prices of 100% of the principal amount of the debentures, plus accrued and unpaid interest to the date of redemption. On June 1, 2010, June 1, 2013 and June 1, 2018, holders may require Schlumberger to repurchase their Series B debentures. The repurchase price will be 100% of the principal amount of the debentures plus accrued and unpaid interest to the repurchase date. The repurchase price for repurchases on June 1, 2010 will be paid in cash. On the other repurchase dates, Schlumberger may choose to pay the repurchase price in cash or common stock or any combination of cash and common stock. In addition, upon the occurrence of a Fundamental Change (defined as a change in control or a termination of trading of Schlumberger's common stock), holders may require Schlumberger to repurchase all or a portion of their debentures for an amount equal to 100% of the principal amount of the debentures plus accrued and unpaid interest to the repurchase date. The repurchase price may be paid in cash, Schlumberger common stock (or if Schlumberger is not the surviving entity in a merger, the securities of the surviving entity) or a combination of cash and the applicable securities, at Schlumberger's option. The applicable securities will be valued at 99% of their market price.

Schlumberger's option to pay the repurchase price with securities is subject to certain conditions. The debentures will mature on June 1, 2023 unless earlier redeemed or repurchased.

During 2008 and 2007, \$95 million and \$34 million of the Series B debentures were converted into 2.4 million and 0.9 million shares of Schlumberger common stock, respectively.

At December 31, 2008, there were \$321 million of the Series B debentures outstanding. The fair value of the Series B debentures at December 31, 2008 was \$398 million.

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Other Long-Term Debt

A summary of other long-term debt by currency, analyzed by Bonds and Notes, Commercial Paper (CP) and Other, at December 31 follows. As described in further detail below, the currencies are presented after taking into account currency swaps entered into on the date of issuance until maturity.

(Stated in millions)

	2008				2007			
	Bonds and Notes	CP	Other	Total	Bonds and Notes	CP	Other	Total
US dollar	\$ 1,361	\$ 525	\$ 188	\$ 2,074	\$ 1,420	\$ 522	\$ 207	\$ 2,149
Euro	355	–	106	461	372	–	69	441
Pound sterling	–	246	46	292	–	166	–	166
Canadian dollar	203	–	–	203	255	–	–	255
Norwegian kroner	–	–	342	342	–	–	368	368
	<u>\$ 1,919</u>	<u>\$ 771</u>	<u>\$ 682</u>	<u>\$ 3,372</u>	<u>\$ 2,047</u>	<u>\$ 688</u>	<u>\$ 644</u>	<u>\$ 3,379</u>

Bonds and Notes consist of the following at December 31,

(Stated in millions)

	2008	2007
6.5% Notes due 2012	\$ 647	\$ 647
5.25% Guaranteed Notes due 2013	714	–
5.875% Guaranteed Bonds due 2011	355	372
5.14% Guaranteed Notes due 2010	203	255
Guaranteed Floating Rate Notes due 2009	–	591
10.875% Senior Secured Bonds due 2012	–	182
	<u>\$ 1,919</u>	<u>\$ 2,047</u>

The fair value of the \$647 million of Schlumberger Technology Corporation 6.5% Notes due 2012 was \$651 million at December 31, 2008.

In September 2008, Schlumberger Finance B.V. issued €500 million 5.25% Guaranteed Notes due 2013. Schlumberger entered into agreements to swap these Euro notes for US dollars on the date of issue until maturity, effectively making this a US dollar denominated debt on which Schlumberger Finance B.V. will pay interest in US dollars at a rate of 4.74%. The fair value of these Notes was \$731 million at December 31, 2008.

The fair value of the \$355 million of Schlumberger SA euro denominated 5.875% Guaranteed Bonds due 2011 was \$390 million at December 31, 2008.

The fair value of the \$203 million of Schlumberger Canada Limited 5.14% Guaranteed Notes due 2010, which are Canadian dollar denominated, was \$209 million at December 31, 2008.

In September 2006, Schlumberger Finance B.V. issued €400 million Guaranteed Floating Rate Notes due 2009. At December 31, 2008 these Notes are classified within *Long-term debt – current portion* in the *Consolidated Balance Sheet*.

In connection with the Eastern Echo acquisition (see Note 4, *Acquisitions*), Schlumberger assumed 10.875% Senior Secured Bonds due May 2012 with par value of \$160 million. The fair value of these bonds at the time of the acquisition was approximately \$182 million. These bonds were redeemed by Schlumberger during the second quarter of 2008.

Commercial paper borrowings outstanding at December 31, 2008 and 2007 include certain notes issued in currencies other than the US dollar which were swapped for US dollars and pounds sterling on the date of issue until maturity. Commercial paper borrowings are classified as long-term debt to the extent of their backup by available and unused committed credit facilities maturing in more than one year and to the extent it is Schlumberger's intent to maintain these obligations for longer than one year.

On December 31, 2008, wholly-owned subsidiaries of Schlumberger had separate committed debt facility agreements aggregating \$3.9 billion with commercial banks, of which \$1.8 billion was available and unused. This included \$2.5 billion of committed facilities which support commercial paper programs in the United States and Europe, and mature in April 2012. Interest rates and other terms of borrowing under these lines of credit vary from country to country. Borrowings under the commercial paper programs at December 31, 2008 were \$1.1 billion, of which \$0.4 billion was classified within *Long-term debt – current portion* in the *Consolidated Balance Sheet* due to Schlumberger's current intent to repay such amount in 2009.

The weighted average interest rate on variable rate debt as of December 31, 2008 was 4.5%.

Other Long-term Debt as of December 31, 2008, which excludes the Series B debentures, is due as follows: \$447 million in 2010, \$777 million in 2011, \$1.418 billion in 2012 and \$730 million in 2013.

12. Derivative Instruments and Hedging Activities

Schlumberger is subject to market risks primarily associated with changes in foreign currency exchange rates, commodity prices and interest rates. To mitigate these risks, Schlumberger utilizes derivative instruments. Schlumberger does not enter into derivatives for speculative purposes.

Foreign Currency Exchange Rate Risk

As a multinational company, Schlumberger conducts its business in approximately 80 countries. Schlumberger's functional currency is primarily the US dollar, which is consistent with the oil and gas industry. Approximately 80% of Schlumberger's revenue in 2008 was denominated in US dollars. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar – reported expenses will increase.

Schlumberger is exposed to risks on future cash flows to the extent that local currency expenses exceed revenues denominated in local currency that are other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges under the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), with the effective portion of changes in the fair value of the hedge recorded on the *Consolidated Balance Sheet* and in *Other Comprehensive Income (Loss)*. Amounts recorded in *Other Comprehensive Income (Loss)* are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings. The ineffective portion of changes in the fair value of the hedged item is recorded directly to earnings.

At December 31, 2008, Schlumberger recognized a cumulative net \$104 million loss in *Stockholders' Equity* relating to revaluation of foreign currency forward contracts and foreign currency options designated as cash flow hedges at December 31, 2008.

Schlumberger is also exposed to changes in the fair value of assets and liabilities which are denominated in currencies other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to hedge this exposure as it relates to certain currencies. These contracts are accounted for as fair value hedges under the provisions of SFAS No. 133, with the fair value of the contracts recorded on the *Consolidated Balance Sheet* and changes in the fair value recognized in the *Consolidated Statement of Income* along with the change in fair value of the hedged item.

At December 31, 2008, contracts were outstanding for the US dollar equivalent of \$4.3 billion in various foreign currencies, the majority of which expire on various dates in 2009.

Commodity Price Risk

Schlumberger is exposed to the impact of market fluctuations in the price of commodities, such as copper and lead. Schlumberger has entered into forward contracts on these commodities to manage the price risk

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associated with forecasted purchases. The objective of these contracts is to reduce the variability of cash flows associated with the forecasted purchase of those commodities. These contracts do not qualify for hedge accounting treatment under the provisions of SFAS No. 133 and therefore, changes in the fair value of the forward contracts are recorded directly to earnings.

Interest Rate Risk

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that generally does not involve derivatives and instead primarily uses a mix of variable and fixed rate debt combined with its investment portfolio to mitigate the exposure to changes in interest rates. At December 31, 2008, Schlumberger had fixed rate debt aggregating approximately \$2.2 billion and variable rate debt aggregating approximately \$3.1 billion.

Schlumberger's exposure to interest rate risk associated with its debt is also partially mitigated by its investment portfolio. Both *Short-term investments* and *Fixed income investments, held to maturity*, which totaled approximately \$4.0 billion at December 31, 2008, are comprised primarily of money market funds, eurodollar time deposits, certificates of deposit, commercial paper, euro notes and Eurobonds and are substantially all denominated in US dollars.

The following tables detail the effect of derivatives on the financial position and performance of Schlumberger:

Fair Values of Derivative Instruments

(Stated in millions)

As at December 31,	Fair Value	
	Asset Derivatives	Liability Derivatives
Derivatives designated as hedging instruments under SFAS No. 133	2008	2008
Foreign exchange contracts	\$ –	\$ 102
Derivatives not designated as hedging instruments under SFAS No. 133		
Commodity contracts	\$ –	\$ 5
Total derivatives	\$ –	\$ 107

The fair value of all outstanding derivatives are determined using a model with inputs that are observable in the market or can be derived from or corroborated by observable data, and are included in Accounts payable and accrued liabilities on the Consolidated Balance Sheet.

The effect of Derivative Instruments on the Consolidated Statement of Income

(Stated in millions)

For the year ended December 31,

Derivatives in SFAS No. 133 Fair Value Hedging Relationships	Location of Gain or (Loss) recognized	Gain (Loss) 2008
Foreign exchange contracts	Cost of goods sold and services	\$ (122)

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	Gain or (Loss) recognized in OCI on Derivatives 2008	Location of Gain or (Loss) reclassified from Accumulated OCI into Income	Gain (Loss) reclassified from Accumulated OCI into Income 2008
Derivatives in SFAS No. 133 Cash Flow Hedging Relationships			
Foreign exchange contracts	\$ (149)	Cost of goods sold and services	\$ (19)
		Research & engineering	5
			\$ (14)
Derivatives not designated as hedging instruments under SFAS 133			
		Gain (Loss) recognized in Income on Derivatives	Gain (Loss) recognized in Income on Derivatives 2008
Foreign exchange contracts		Cost of goods sold and services	\$ (11)
Commodity contracts		Cost of goods sold and services	(6)
			\$ (17)

13. Capital Stock

Schlumberger is authorized to issue 3,000,000,000 shares of common stock, par value \$0.01 per share, of which 1,194,100,845 and 1,195,616,324 shares were outstanding on December 31, 2008 and 2007, respectively. Schlumberger is also authorized to issue 200,000,000 shares of preferred stock, par value \$0.01 per share, which may be issued in series with terms and conditions determined by the Board of Directors. No shares of preferred stock have been issued. Holders of common stock are entitled to one vote for each share of stock held.

14. Stock Compensation Plans

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

Stock Options

Key employees are granted stock options under Schlumberger stock option plans. For all of the stock options granted, the exercise price of each option equals the average of the high and low sales prices of Schlumberger stock on the date of grant; an option's maximum term is generally ten years, and options generally vest in increments over four or five years. The gain on the awards granted during the period from July 2003 to January 2006 is capped at 125% of the exercise price. Awards granted subsequent to January 2006 do not have a cap on any potential gain and generally vest in increments over five years.

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

	2008	2007	2006
Dividend yield	1.0%	1.1%	0.8%
Expected volatility	31%	33%	33%
Risk free interest rate	3.2%	4.7%	4.3%
Expected option life	7.0 years	6.9 years	6.1 years
Weighted-average fair value per share	\$ 29.33	\$ 25.94	\$ 20.03

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The following table summarizes information concerning outstanding and exercisable options by five ranges of exercise prices as of December 31, 2008:

Range of exercise prices	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	Number outstanding as of 12/31/08	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable as of 12/31/08	Weighted-average exercise price
\$19.04 - \$27.87	7,307,406	2.99	\$ 25.91	7,307,406	\$ 25.91
\$27.94 - \$32.62	4,543,384	5.22	\$ 32.26	3,312,660	\$ 32.19
\$34.83 - \$54.24	9,938,296	5.89	\$ 49.53	5,745,381	\$ 47.39
\$58.46 - \$92.70	9,367,481	8.45	\$ 73.03	1,078,501	\$ 63.85
\$93.97 - \$110.78	1,144,750	9.26	\$ 99.94	57,200	\$ 110.78
	32,301,317	6.00	\$ 50.36	17,501,148	\$ 36.76

The weighted average remaining contractual life of stock options exercisable as of December 31, 2008 was 4.32 years.

The following table summarizes stock option activity during the years ended December 31, 2008, 2007 and 2006:

	2008		2007		2006	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Outstanding at beginning of year	35,718,782	\$ 41.02	48,678,601	\$ 36.36	52,978,806	\$ 31.39
Granted	5,421,900	\$ 84.95	4,398,500	\$ 66.48	9,055,140	\$ 55.86
Exercised	(5,443,552)	\$ 32.69	(13,788,401)	\$ 34.89	(11,277,006)	\$ 29.89
Forfeited	(3,395,813)	\$ 42.68	(3,569,918)	\$ 31.74	(2,078,339)	\$ 29.53
Outstanding at year-end	32,301,317	\$ 50.36	35,718,782	\$ 41.02	48,678,601	\$ 36.36

The aggregate intrinsic value of stock options outstanding as of December 31, 2008 was approximately \$175 million. The aggregate intrinsic value of stock options exercisable as of December 31, 2008 was approximately \$161 million.

The total intrinsic value of options exercised during the years ended December 31, 2008, 2007 and 2006, was approximately \$119 million, \$607 million and \$366 million, respectively.

Restricted Stock

Schlumberger began granting restricted stock in 2006. Executive officers of Schlumberger may not receive grants of restricted stock unless the grants are subject to performance-based vesting. Restricted stock awards generally vest at the end of three years, with the exception of certain grants which vest over a two-year period with a two-year holding period. There have not been any grants to date that are subject to performance-based vesting.

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The following table summarizes information about restricted stock transactions:

	2008		2007		2006	
	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Stock	Weighted Average Grant Date Fair Value
Unvested at beginning of year	884,600	\$ 65.14	636,800	\$ 65.21	–	\$ –
Granted	862,500	68.04	285,800	64.71	661,000	65.22
Vested	(18,200)	65.35	–	–	–	–
Forfeited	(28,300)	72.44	(38,000)	63.12	(24,200)	65.41
Unvested at end of year	1,700,600	\$ 66.49	884,600	\$ 65.14	636,800	\$ 65.21

Discounted Stock Purchase Plan

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

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

	2008	2007	2006
Dividend yield	0.9%	0.9%	1.1%
Expected volatility	34%	34%	25%
Risk free interest rate	2.7%	5.0%	3.9%
Weighted average fair value per share	\$17.21	\$11.52	\$6.19

Total Stock-based Compensation Expense

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

(Stated in millions)

	2008	2007	2006
Stock options	\$111	\$ 94	\$ 90
Restricted stock	31	19	9
DSPP	30	23	15
Total stock-based compensation expense	\$172	\$136	\$114

As of December 31, 2008, there was \$305 million of total unrecognized compensation cost related to nonvested stock-based compensation arrangements. Approximately \$128 million is expected to be recognized in 2009, \$80 million is expected to be recognized in 2010, \$62 million in 2011, \$32 million in 2012 and \$3 million in 2013.

15. Income Tax Expense

Schlumberger and its subsidiaries operate in more than 100 taxing jurisdictions where statutory tax rates generally vary from 0% to 50%.

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Pretax book income subject to United States and non-United States income taxes for each of the three years ended December 31, was as follows:

(Stated in millions)	2008	2007	2006
United States	\$1,432	\$1,754	\$1,582
Outside United States	5,420	4,870	3,366
Pretax income	<u>\$6,852</u>	<u>\$6,624</u>	<u>\$4,948</u>

The components of net deferred tax assets were as follows:

(Stated in millions)	2008	2007
Postretirement benefits, net	\$ 556	\$249
Multiclient seismic data	121	124
Intangible assets	(106)	(97)
Other, net	178	121
	<u>\$ 749</u>	<u>\$397</u>

The above deferred tax assets at December 31, 2008 and 2007 are net of valuation allowances relating to net operating losses in certain countries of \$197 million and \$214 million, respectively. The deferred tax assets are also net of valuation allowances relating to a capital loss carryforward of \$140 million at December 31, 2008 (\$144 million at December 31, 2007) which \$124 million expires in 2009 and \$16 million expires in 2010, and a foreign tax credit carryforward of \$49 million at December 31, 2008 (\$55 million at December 31, 2007) of which \$2 million expires in 2009, and \$47 million expires in years 2010 through 2012.

The components of consolidated income tax expense were as follows:

(Stated in millions)	2008	2007	2006
Current:			
United States – Federal	\$ 453	\$ 538	\$ 495
United States – State	34	54	49
Outside United States	949	834	641
	<u>\$1,436</u>	<u>\$1,426</u>	<u>\$1,185</u>
Deferred:			
United States – Federal	\$ 23	\$ (3)	\$ 8
United States – State	1	8	12
Outside United States	(12)	38	(10)
Valuation allowance	(18)	(21)	(5)
	<u>\$ (6)</u>	<u>\$ 22</u>	<u>\$ 5</u>
Consolidated taxes on income	<u>\$1,430</u>	<u>\$1,448</u>	<u>\$1,190</u>

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

	2008	2007	2006
US statutory federal rate	35%	35%	35%
US state income taxes	1	1	1
Non-US income taxed at different rates	(13)	(12)	(10)
Effect of equity method investment	(1)	(1)	(1)
Other	(1)	(1)	(1)
Effective income tax rate	<u>21%</u>	<u>22%</u>	<u>24%</u>

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Schlumberger adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109* (“FIN 48”) on January 1, 2007. This interpretation clarifies the accounting for uncertain tax positions and requires companies to recognize the impact of a tax position in their financial statements, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The adoption of FIN 48 did not have any impact on the total liabilities or stockholders’ equity of Schlumberger.

A reconciliation of the beginning and ending amount of liabilities associated with uncertain tax positions for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
Balance at beginning of year	\$ 858	\$730
Additions based on tax positions related to the current year	223	187
Additions for tax positions of prior years	19	16
Impact of changes in exchange rates	(72)	21
Settlements with tax authorities	(20)	(8)
Reductions for tax positions of prior years	(111)	(55)
Reductions due to the lapse of the applicable statute of limitations	(20)	(33)
Balance at end of year	\$ 877	\$858

Included in the Schlumberger *Consolidated Balance Sheet* at December 31, 2008 is approximately \$877 million of liabilities associated with uncertain tax positions in the over 100 jurisdictions in which Schlumberger conducts business, a number of which have tax laws that are not fully defined and are evolving. This amount excludes \$136 million of accrued interest and penalties. All of the unrecognized tax benefits, if recognized, would impact the Schlumberger effective tax rate.

Schlumberger classifies interest and penalties relating to uncertain tax positions within *Taxes on income* in the *Consolidated Statement of Income*. During 2008 and 2007, Schlumberger recognized approximately \$25 million and \$36 million in interest and penalties, respectively.

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

Canada	2002 – 2008
Mexico	2003 – 2008
Russia	2004 – 2008
Saudi Arabia	2001 – 2008
United Kingdom	2005 – 2008
United States	2005 – 2008

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

Due to the geographic breadth of the Schlumberger operations, numerous tax audits may be ongoing throughout the world at any point in time. Tax liabilities are recorded based on estimates of additional taxes which will be due upon the conclusion of these audits. Estimates of these tax liabilities are made based upon prior experience and are updated in light of changes in facts and circumstances. However, due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in liabilities which could be materially different from these estimates. In such an event, Schlumberger will record additional tax expense or tax benefit in the period in which such resolution occurs.

16. Leases and Lease Commitments

Total rental expense was \$1.1 billion in 2008, \$913 million in 2007, and \$686 million in 2006. Future minimum rental commitments under noncancelable operating leases for each of the next five years are as follows:

(Stated in millions)	
2009	\$ 293
2010	184
2011	134
2012	94
2013	62
Thereafter	258
	<hr/>
	\$1,025

17. Contingencies

In July 2007, Schlumberger received an inquiry from the United States Department of Justice (“DOJ”) related to the DOJ’s investigation of whether certain freight forwarding and customs clearance services of Panalpina, Inc., and other companies provided to oil and oilfield service companies, including Schlumberger, violated the Foreign Corrupt Practices Act. Schlumberger is cooperating with the DOJ and is conducting its own investigation with respect to these services.

Schlumberger and its subsidiaries are party to various legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. At this time the ultimate disposition of these proceedings is not determinable and therefore, it is not possible to estimate the amount of loss or range of possible losses that might result from an adverse judgment or settlement in any of these matters. However, in the opinion of management, any liability that might ensue would not be material in relation to Schlumberger’s consolidated liquidity, financial position or future results of operations.

18. Segment Information

Schlumberger operates two business segments: Oilfield Services and WesternGeco.

The Oilfield Services segment falls into four clearly defined economic and geographical areas and is evaluated on the following basis: North America is a major self-contained market; Latin America comprises regional markets that share a common dependence on the oil and gas industry; Europe is a major self-contained market that includes the CIS and Africa, whose economy is increasingly linked to that of Europe; Middle East & Asia includes the remainder of the Eastern Hemisphere, which consists of many countries at different stages of economic development that share a common dependence on the oil and gas industry. The Oilfield Services segment provides virtually all exploration and production services required during the life of an oil and gas reservoir.

The WesternGeco segment provides comprehensive worldwide reservoir imaging, monitoring, and development services, with extensive seismic crews and data processing centers, as well as a large multiclient seismic library. Services range from 3D and time-lapse (4D) seismic surveys to multi-component surveys for delineating prospects and reservoir management.

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Financial information for the years ended December 31, 2008, 2007 and 2006, by segment, is as follows:

(Stated in millions)

2008								
	Revenue	Income after tax & Min. Int.	Minority Interest	Tax Expense	Income before tax & Min. Int.	Assets	Depn. & Amortn.	Capital Expenditure
OFS								
North America	\$ 5,914	\$ 922	\$ –	\$ 449	\$ 1,371	\$ 3,229	\$ 433	\$ 750
Latin America	4,230	687	–	171	858	2,804	223	414
Europe/CIS/Africa	8,180	1,813	28	403	2,244	4,634	600	988
Middle East & Asia	5,724	1,796	–	209	2,005	3,741	496	762
Elims/Other	234	(29)	1	55	27	3,689	(9)	128
	<u>24,282</u>	<u>5,189</u>	<u>29</u>	<u>1,287</u>	<u>6,505</u>	<u>18,097</u>	<u>1,743</u>	<u>3,042</u>
WESTERNGECO								
Corporate items and eliminations	2,838	586	3	247	836	3,274	518	680
Goodwill and Intangible assets	43	(157)	(7)	(104)	(268)	4,611	8	1
	<u>\$ 27,163</u>	<u>\$ 5,618</u>	<u>\$ 25</u>	<u>\$ 1,430</u>		<u>\$31,991</u>	<u>\$ 2,269</u>	<u>\$ 3,723</u>
Interest income					112			
Interest expense					(217)			
Charges & credits					(116)			
					<u>\$ 6,852</u>			

(Stated in millions)

2007								
	Revenue	Income after tax & Min. Int.	Minority Interest	Tax Expense	Income before tax & Min. Int.	Assets	Depn. & Amortn.	Capital Expenditure
OFS								
North America	\$ 5,345	\$ 1,040	\$ –	\$ 497	\$ 1,537	\$ 2,841	\$ 367	\$ 591
Latin America	3,295	616	–	139	755	2,123	185	292
Europe/CIS/Africa	6,602	1,559	–	326	1,885	3,727	451	920
Middle East & Asia	4,869	1,522	–	185	1,707	3,078	393	772
Elims/Other	195	23	–	52	75	3,022	5	(18)
	<u>20,306</u>	<u>4,760</u>	<u>–</u>	<u>1,199</u>	<u>5,959</u>	<u>14,791</u>	<u>1,401</u>	<u>2,557</u>
WESTERNGECO								
Corporate items and eliminations	2,963	766	1	293	1,060	3,036	546	359
Goodwill and Intangible assets	8	(267)	(1)	(44)	(312)	3,981	7	15
	<u>\$ 23,277</u>	<u>\$ 5,259</u>	<u>\$ –</u>	<u>\$ 1,448</u>		<u>\$27,853</u>	<u>\$ 1,954</u>	<u>\$ 2,931</u>
Interest income					160			
Interest expense					(268)			
Charges & credits					25			
					<u>\$ 6,624</u>			

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(Stated in millions)

	2006							
	Revenue	Income after tax & Min. Int.	Minority Interest	Tax Expense	Income before tax & Min. Int.	Assets	Depn. & Amortn.	Capital Expenditure
OFS								
North America	\$ 5,273	\$ 1,053	\$ –	\$ 551	\$ 1,604	\$ 2,577	\$ 310	\$ 623
Latin America	2,563	403	–	92	495	1,487	151	233
Europe/CIS/Africa	5,057	1,075	2	215	1,292	2,731	343	579
Middle East & Asia	3,721	1,070	–	124	1,194	2,392	308	610
Elims/Other	148	33	–	26	59	2,591	18	44
	<u>16,762</u>	<u>3,634</u>	<u>2</u>	<u>1,008</u>	<u>4,644</u>	<u>11,778</u>	<u>1,130</u>	<u>2,089</u>
WESTERNGECO								
Corporate items and eliminations	2,476	527	42	243	812	1,770	425	351
Goodwill and Intangible assets	(8)	(290)	5	(61)	(346)	3,388	6	17
	<u>\$ 19,230</u>	<u>\$ 3,871</u>	<u>\$ 49</u>	<u>\$ 1,190</u>		<u>\$22,832</u>	<u>\$ 1,561</u>	<u>\$ 2,457</u>
Interest income					113			
Interest expense					(229)			
Charges & credits					(46)			
					<u>\$ 4,948</u>			

Oilfield Services Elims/Other include certain headquarters administrative costs which are not allocated geographically, manufacturing and certain other operations, and costs maintained at the Oilfield Services level.

Corporate items, which are not included in the segments' income, principally comprise nonoperating expenses, such as interest on postretirement medical benefits, stock-based compensation costs and corporate expenses. Corporate assets largely comprise short-term investments and fixed income investments, held to maturity.

During the three years ended December 31, 2008, no single customer exceeded 10% of consolidated revenue.

Schlumberger did not have revenue from third-party customers in its country of domicile during the last three years. Revenue in the United States in 2008, 2007 and 2006 was \$5.9 billion, \$5.6 billion and \$5.2 billion, respectively.

Interest income excludes amounts which are included in the segments' income (2008 – \$7 million; 2007 – \$2 million; 2006 – \$2 million).

Interest expense excludes amounts which are included in the segments' income (2008 – \$30 million; 2007 – \$7 million; 2006 – \$6 million).

Depreciation & Amortization includes Multiclient seismic data costs.

Effective January 1, 2008, a component of the Middle East & Asia Area was reallocated to the Europe/CIS/Africa Area. Prior period data has been reclassified to conform to the current organizational structure.

19. Pension and Other Benefit Plans

Pension Plans

Schlumberger and its United States subsidiary sponsor several defined benefit pension plans that cover substantially all U.S. employees hired prior to October 1, 2004. The benefits are based on years of service and compensation, on a career-average pay basis.

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In addition to the United States defined benefit pension plans, Schlumberger sponsors several other international defined benefit pension plans. The most significant of these international plans are the International Staff Pension Plan, which was converted from a defined contribution plan to a defined benefit pension plan during the fourth quarter of 2008, and the UK pension plan (collectively, the “International plans”). The International Staff Pension Plan covers certain international employees and is based on years of service and compensation on a career-average pay basis. The UK plan covers employees hired prior to April 1, 1999, and is based on years of service and compensation, on a final salary basis.

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

	2008		2007		2006	
	US	Int’l	US	Int’l	US	Int’l
Discount rate	6.50%	5.80%	6.00%	5.20%	5.75%	4.90%
Compensation increases	4.00%	4.90%	4.00%	4.50%	3.00%	4.20%
Return on plan assets	8.50%	8.00%	8.50%	8.00%	8.50%	8.00%

Net pension cost for 2008, 2007 and 2006 included the following components:

(Stated in millions)

	2008		2007		2006	
	US	Int’l	US	Int’l	US	Int’l
Service cost – benefits earned during the period	\$ 56	\$ 33	\$ 58	\$ 35	\$ 59	\$ 26
Interest cost on projected benefit obligation	130	58	120	52	112	42
Expected return on plan assets	(162)	(75)	(147)	(67)	(134)	(53)
Amortization of net loss	13	11	26	18	27	17
Amortization of prior service cost	7	1	7	–	8	–
Net pension cost	\$ 44	\$ 28	\$ 64	\$ 38	\$ 72	\$ 32

As the International Staff Pension Plan was converted to a defined benefit pension plan during the fourth quarter of 2008, the net pension cost included above for this pension plan was not significant in 2008.

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

	2008		2007	
	US	Int’l	US	Int’l
Discount rate	6.50%	6.48%	6.50%	5.80%
Compensation increases	4.00%	4.80%	4.00%	4.90%

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

(Stated in millions)

	2008		2007	
	US	Int'l	US	Int'l
Projected benefit obligation at beginning of the year	\$2,030	\$1,063	\$2,006	\$ 991
Service cost	56	33	58	35
Interest cost	131	58	120	52
Contributions by Plan participants	-	2	-	2
Actuarial losses/(gains)	33	(218)	(57)	(30)
Currency effect	-	(257)	-	26
Benefits paid	(100)	(28)	(97)	(25)
Impact of International Staff Pension Plan	-	2,114	-	-
Other	-	-	-	12
Projected benefit obligation at end of the year	\$2,150	\$2,767	\$2,030	\$1,063
Plan assets at market value at beginning of the year	\$2,170	\$ 977	\$1,913	\$ 810
Actual (loss)/return on plan assets	(572)	(103)	212	57
Currency effect	-	(259)	-	21
Contributions	2	288	152	100
Contributions by Plan participants	-	2	-	-
Benefits paid	(100)	(28)	(97)	(25)
Impact of International Staff Pension Plan	-	1,037	-	-
Other	(10)	(1)	(10)	14
Plan assets at market value at end of the year	\$1,490	\$1,913	\$2,170	\$ 977
Net (underfunded)/overfunded position at end of year	\$ (660)	\$ (854)	\$ 140	\$ (86)

The underfunded/overfunded position represents the difference between the plan assets and the projected benefit obligation ("PBO"). The PBO represents the actuarial present value of benefits based on employee service and compensation and includes an assumption about future compensation levels.

The amounts recognized on the Consolidated Balance Sheet for the Schlumberger defined benefit pension plans are as follows:

(Stated in millions)

As at December 31,	2008		2007	
	US	Int'l	US	Int'l
Postretirement Benefits	\$(660)	\$(877)	\$ -	\$(86)
Other Assets	-	23	140	-
Net amount recognized	\$(660)	\$(854)	\$140	\$(86)

The following is a weighted-average breakdown of the plans assets:

	2008		2007	
	US	Int'l	US	Int'l
Equity securities	57%	64%	66%	67%
Debt securities	33	28	26	31
Cash and cash equivalents	1	2	2	-
Other investments	9	6	6	2
Total	100%	100%	100%	100%

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The following is the weighted-average target allocation of the defined benefit pension plans' assets:

	US	Int'l
Equity securities	55%	65%
Debt securities	33	25
Other investments	12	10
	100%	100%

The asset allocation objectives are to diversify the portfolio among several asset classes to reduce volatility while maintaining an asset mix that provides the highest expected rate of return consistent with an acceptable level of risk. There is no investment of any plan assets in Schlumberger common stock. Schlumberger's asset allocation strategy is reviewed at least annually. Other investments above consist primarily of alternative investments such as real estate and private equity.

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

The funding policy is to annually contribute amounts that are based upon a number of factors including the actuarial accrued liability, amounts that are deductible for income tax purposes, legal funding requirements and available cash flow. Schlumberger currently anticipates contributing approximately \$400 million to \$500 million to its defined benefit pension plans in 2009, subject to market and business conditions.

Postretirement Benefits Other than Pensions

Schlumberger and its United States subsidiary provide certain health care benefits to former US employees who have retired.

The actuarial assumptions used to measure net periodic benefit costs were a discount rate of 6.50% in 2008, 6.00% in 2007 and 5.75% in 2006. The overall medical cost trend rate assumption is 9% graded to 6% over the next four years and 5% thereafter.

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

(Stated in millions)

	2008	2007	2006
Service cost – benefits earned during the period	\$ 23	\$ 22	\$ 26
Interest cost on projected benefit obligation	52	47	45
Expected return on plan assets	(3)	(2)	–
Amortization of prior service credit	(27)	(27)	(28)
Amortization of net loss	10	13	16
	\$ 55	\$ 53	\$ 59

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

(Stated in millions)	2008	2007
Accumulated postretirement benefit obligation at beginning of the year	\$ 792	\$ 785
Service cost	23	22
Interest cost	53	48
Contributions by Plan participants	5	-
Actuarial losses/(gains)	22	(35)
Benefits paid	(33)	(28)
Accumulated postretirement benefit obligation at end of the year	<u>\$ 862</u>	<u>\$ 792</u>
Plan assets at market value at beginning of the year	\$ 39	\$ 23
Contributions	28	42
Contributions by Plan participants	5	-
Benefits paid	(33)	(28)
Actual return on plan assets	(10)	2
Plan assets at market value at end of the year	<u>\$ 29</u>	<u>\$ 39</u>
Underfunded position at end of year	<u>\$(833)</u>	<u>\$(753)</u>

The underfunded position is included in *Postretirement Benefits* in the *Consolidated Balance Sheet*.

The assumed discount rate used to determine the accumulated postretirement benefit obligation was 6.50% for 2008 and 6.50% for 2007.

The overall medical cost trend rate assumption used to determine the accumulated postretirement benefit obligation for both 2008 and 2007 was 9% graded to 6% over the next four years and 5% thereafter.

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

(Stated in millions)	One percentage	One percentage
Effect on total service and interest cost components	\$ 13	\$ (11)
Effect on accumulated postretirement benefit obligation	\$ 127	\$ (109)

Other Information

The expected benefits to be paid under the US and International pension plans as well as the postretirement medical plan (which is disclosed net of the annual Medicare Part D subsidy, which ranges from \$3 million to \$6 million per year) were as follows:

	Pension Benefits		Postretirement Medical Plan
	US	Int'l	
2009	\$ 100	\$ 103	\$ 36
2010	103	112	39
2011	107	122	42
2012	113	131	44
2013	120	142	47
2014 – 2018	727	863	285

Included in *Accumulated Other Comprehensive Income* at December 31, 2008 are the following non-cash pretax charges which have not yet been recognized in net periodic pension cost. Also presented is the estimated portion of each component of *Accumulated Other Comprehensive Income* which is expected to be recognized as a component of net periodic benefit cost during the year-ending December 31, 2009.

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(Stated in millions)

	Amt. recognized in Acc. Other Comp. Income at December 31, 2008		Amount expected to be charged to net periodic cost in 2009	
	Pension Plans	Postretirement Medical Plan	Pension Plans	Postretirement Medical Plan
Net actuarial losses	\$ 1,018	\$ 168	\$ 33	\$ 8
Prior service cost / (credit)	\$ 1,125	\$ (92)	\$ 129	\$ (27)

In addition to providing defined pension benefits and a postretirement medical plan, Schlumberger and its subsidiaries have other deferred benefit programs, primarily profit sharing and defined contribution pension plans. Expenses for these programs were \$482 million, \$408 million and \$351 million in 2008, 2007 and 2006, respectively.

20. Supplementary Information

Cash paid for interest and income taxes was as follows:

(Stated in millions)

Year ended December 31,	2008	2007	2006
Interest	\$ 289	\$ 269	\$ 234
Income taxes	\$1,158	\$ 1,127	\$ 997

Accounts payable and accrued liabilities are summarized as follows:

(Stated in millions)

As at December 31,	2008	2007
Payroll, vacation and employee benefits	\$ 1,126	\$ 1,076
Trade	1,872	1,554
Other	2,270	1,921
	\$ 5,268	\$ 4,551

Interest and other income, net includes the following:

(Stated in millions)

Year ended December 31,	2008	2007	2006
Interest income	\$119	\$162	\$117
Equity in net earnings of affiliated companies	293	244	179
Other	(10)	25	(9)
	\$402	\$431	\$287

Allowance for doubtful accounts is as follows:

(Stated in millions)

Year ended December 31,	2008	2007	2006
Balance at beginning of year	\$ 86	\$115	\$103
Provision	65	9	24
Amounts written off	(18)	(38)	(12)
Balance at end of year	\$133	\$ 86	\$115

Discontinued Operations

During 2008, Schlumberger recorded an after-tax gain of \$38 million related to the resolution of a contingency associated with a previously disposed of business. This gain is included in *Income from Discontinued Operations* in the *Consolidated Statement of Income*.

Management's Report on Internal Control Over Financial Reporting

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

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

Schlumberger Limited management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on our assessment we have concluded that, as of December 31, 2008, our internal control over financial reporting is effective based on those criteria.

The effectiveness of Schlumberger Limited's internal control over financial reporting as of December 31, 2008, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
of Schlumberger Limited

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Schlumberger Limited and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing on page 68 of this Annual Report on Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 15 to the consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes on January 1, 2007. Additionally, as discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for defined benefit pension and other postretirement plans on December 31, 2006.

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

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Part II, Item 8

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

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Houston, Texas

February 11, 2009

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Part II, Item 8, 9, 9A, 9B

Quarterly Results (UNAUDITED)

The following table summarizes Schlumberger's results for each of the four quarters for the years ended December 31, 2008 and 2007.

(Stated in millions except per share amounts)

	Revenue	Gross Margin ¹	Net Income ²	Earnings per share ²	
				Basic	Diluted
Quarters-2008					
First	\$ 6,290	\$ 1,932	\$ 1,338	\$1.12	\$ 1.09
Second	6,746	2,137	1,420	1.19	1.16
Third	7,259	2,292	1,526	1.27	1.25
Fourth ³	6,868	1,835	1,150	0.96	0.95
	\$ 27,163	\$ 8,196	\$ 5,435	\$4.54	\$ 4.45
Quarters-2007					
First	\$ 5,464	\$ 1,842	\$ 1,181	\$1.00	\$ 0.96
Second	5,639	1,902	1,258	1.06	1.02
Third	5,926	2,021	1,354	1.13	1.09
Fourth ⁴	6,248	2,030	1,383	1.16	1.12
	\$ 23,277	\$ 7,795	\$ 5,177	\$4.36	\$ 4.20

1. Gross margin equals *Revenue* less *Cost of goods sold & services*.
2. Due to rounding, the addition of net income and earnings per share by quarter may not equal the total for the year.
3. Net income in the fourth quarter of 2008 includes an after-tax charge of \$93 million.
4. Net income in the fourth quarter of 2007 includes an after-tax credit of \$17 million.

* Mark of Schlumberger

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

None.

Item 9A. Controls and Procedures.

Schlumberger has carried out an evaluation under the supervision and with the participation of Schlumberger's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of Schlumberger's disclosure controls and procedures. Based upon Schlumberger's evaluation, the CEO and the CFO have concluded that, as of December 31, 2008, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports Schlumberger files and submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There has been no change in Schlumberger's internal control over financial reporting that occurred during the quarter ended December 31, 2008 that has materially affected, or is reasonably likely to materially affect, Schlumberger's internal control over financial reporting.

See page 66 of this Report for Management's Report on Internal Control Over Financial Reporting.

Item 9B. Other Information.

None.

PART III

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

See “Item 4. Submission of Matters to a Vote of Security Holders – Executive Officers of Schlumberger” of this Report for Item 10 information regarding executive officers of Schlumberger. The information under the captions “Election of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance – Director Nominations” and “Corporate Governance – Board Committees – Audit Committee” in Schlumberger’s Proxy Statement to be filed with the SEC with respect to the 2009 Annual General Meeting of Stockholders is incorporated herein by reference.

Schlumberger has adopted a Code of Ethics that applies to all of its directors, officers and employees, including its principal executive, financial and accounting officers, or persons performing similar functions. Schlumberger’s Code of Ethics is posted on its corporate governance website located at www.slb.com/ir. In addition, amendments to the Code of Ethics and any grant of a waiver from a provision of the Code of Ethics requiring disclosure under applicable SEC rules will be disclosed on Schlumberger’s corporate governance website located at www.slb.com/ir.

Item 11. Executive Compensation.

The information set forth under the captions “Compensation Discussion and Analysis,” “Executive Compensation,” “Compensation Committee Report” and “Director Compensation” in Schlumberger’s Proxy Statement to be filed with the SEC with respect to the 2009 Annual General Meeting of Stockholders is incorporated herein by reference.

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

The information under the caption “Security Ownership of Certain Beneficial Owners and Management” in Schlumberger’s Proxy Statement to be filed with the SEC with respect to the 2009 Annual General Meeting of Stockholders is incorporated herein by reference.

Equity Compensation Plan Information

The table below sets forth the following information as of December 31, 2008 for (1) all compensation plans previously approved by our stockholders and (2) all compensation plans not previously approved by our stockholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of such outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	32,301,317	\$ 50.36	22,599,548
Equity compensation plans not approved by security holders	N/A	N/A	N/A
	32,301,317	\$ 50.36	22,599,548

Equity compensation plans approved by our stockholders include the Schlumberger 1994 Stock Option Plan as amended, the Schlumberger 1998 Stock Option Plan as amended, the Schlumberger 2001 Stock Option Plan, as amended, the Schlumberger 2005 Stock Incentive Plan, as amended, the Schlumberger 2008 Stock Incentive Plan, as amended, and the Schlumberger Discounted Stock Purchase Plan and the Schlumberger Stock and Deferral Plan for Non-Employee Directors.

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

The information under the captions “Corporate Governance – Director Independence” and “Corporate Governance – Policies and Procedures for Approval of Related Person Transactions” in Schlumberger’s Proxy Statement to be filed with the SEC for the 2009 Annual General Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information under the caption “Appointment of Independent Registered Public Accounting Firm” in Schlumberger’s Proxy Statement to be filed with the SEC with respect to the 2009 Annual General Meeting of Stockholders is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

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

	Page(s)
(1) Financial Statements	
Consolidated Statement of Income for the three years ended December 31, 2008	35
Consolidated Balance Sheet at December 31, 2008 and 2007	36
Consolidated Statement of Cash Flows for the three years ended December 31, 2008	37
Consolidated Statement of Stockholders' Equity for the three years ended December 31, 2008	38 and 39
Notes to Consolidated Financial Statements	40 to 67
Report of Independent Registered Public Accounting Firm	69
Quarterly Results (Unaudited)	71

Financial statements of 20% – 50% owned companies accounted for under the equity method and unconsolidated subsidiaries have been omitted because they do not meet the materiality tests for assets or income.

(2) Financial Statement Schedules not required

(3) Exhibits: the exhibits listed in the accompanying "Index to Exhibits" are filed or incorporated by reference as part of this Form 10-K report.

SIGNATURES

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

Date: February 11, 2009

SCHLUMBERGER LIMITED

By: _____ /s/ HOWARD GUILD

Howard Guild
Chief Accounting Officer

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

Name	Title
* _____ Andrew Gould /s/ SIMON AYAT _____ Simon Ayat /s/ HOWARD GUILD _____ Howard Guild * _____ Philippe Camus * _____ Jamie S. Gorelick * _____ Tony Isaac * _____ Nikolay Kudryavtsev * _____ Adrian Lajous * _____ Michael E. Marks * _____ Leo Rafael Reif * _____ Tore Sandvold * _____ Nicolas Seydoux * _____ Linda G. Stuntz /s/ ELLEN SUMMER _____	Director, Chairman and Chief Executive Officer (Principal Executive Officer) Executive Vice President and Chief Financial Officer (Principal Financial Officer) Chief Accounting Officer (Principal Accounting Officer) Director Director Director Director Director Director Director Director Director February 11, 2009

*By Ellen Summer Attorney-in-Fact

INDEX TO EXHIBITS

	Exhibit
Articles of Incorporation of Schlumberger Limited (Schlumberger N.V.), as last amended on April 12, 2006 (incorporated by reference to Exhibit 3.1 to Schlumberger's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006)	3.1
Amended and Restated By-Laws of Schlumberger Limited (Schlumberger N.V.), as last amended on April 21, 2005 (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on April 22, 2005)	3.2
Indenture dated as of June 9, 2003, by and between Schlumberger Limited and Citibank, N.A., as Trustee (incorporated by reference to Exhibit 4.3 to Schlumberger's Registration Statement on Form S-3 filed on September 12, 2003)	4.1
First Supplemental Indenture dated as of June 9, 2003, by and between Schlumberger Limited and Citibank, N.A., as Trustee (incorporated by reference to Exhibit 4.4 to Schlumberger's Registration Statement on Form S-3 filed on September 12, 2003)	4.2
Schlumberger 1994 Stock Option Plan, as conformed to include amendments through January 1, 2009(*) (+)	10.1
Schlumberger Limited Supplementary Benefit Plan, as conformed to include amendments through January 1, 2009(*) (+)	10.2
Schlumberger Limited Restoration Savings Plan, as conformed to include amendments through January 1, 2009(*) (+)	10.3
Schlumberger 1998 Stock Option Plan, as conformed to include amendments through January 1, 2009(*) (+)	10.4
Schlumberger 2001 Stock Option Plan, as conformed to include amendments through January 1, 2009(*) (+)	10.5
Schlumberger 2005 Stock Incentive Plan, as conformed to include amendments through January 1, 2009(*) (+)	10.6
Schlumberger Limited 2004 Stock and Deferral Plan for Non-Employee Directors, as conformed to include amendments through January 1, 2009(*) (+)	10.7
Schlumberger 2008 Stock Incentive Plan, as conformed to include amendments through January 1, 2009(*) (+)	10.8
Form of Option Agreement, Incentive Stock Option (incorporated by reference to Exhibit 10.1 to Schlumberger's Current Report on Form 8-K filed on January 19, 2006)	10.9
Form of Option Agreement, Non-Qualified Stock Option (incorporated by reference to Exhibit 10.2 to Schlumberger's Current Report on Form 8-K filed on January 19, 2006)	10.10
Employment Agreement dated January 18, 2007 and effective as of March 1, 2007, between Schlumberger Limited and Jean-Marc Perraud (incorporated by reference to Exhibit 10.1 to Schlumberger's Current Report on Form 8-K filed on January 22, 2007) (+)	10.11
Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Schlumberger's Current Report on Form 8-K filed on April 22, 2005)	10.12
Subsidiaries(*)	21
Consent of Independent Registered Public Accounting Firm(*)	23

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	dated:	Exhibit
Powers of Attorney(*)	January 22, 2009	24.1
Philippe Camus		
Jamie S. Gorelick		
Andrew Gould		
Tony Isaac		
Nikolay Kudryavtsev		
Adrian Lajous		
Michael E. Marks		
Leo Rafael Reif		
Tore I. Sandvold		
Nicolas Seydoux		
Linda G. Stuntz		

Additional Exhibits:

Certification of Chief Executive Officer pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(*)	31.1
Certification of Chief Financial Officer pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(*)	31.2
Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(*)	32.1
Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(*)	32.2

(*) Exhibits physically filed with this Form 10-K report. All other exhibits are incorporated by reference.

(+) Management contracts or compensatory plans or arrangements.

SCHLUMBERGER 1994 STOCK OPTION PLAN
(As Established Effective January 26, 1994,
and conformed to include amendments through January 1, 2009)

1. Purpose of the Plan

This Stock Option Plan (the "Plan") is intended as an incentive to key employees of Schlumberger Limited (the "Company") and its subsidiaries. Its purposes are to retain employees with a high degree of training, experience and ability, to attract new employees whose services are considered unusually valuable, to encourage the sense of proprietorship of such persons and to stimulate the active interest of such persons in the development and financial success of the Company.

2. Administration of the Plan

(a) The Board of Directors shall appoint and maintain a Compensation Committee (the "Committee") which shall consist of at least three (3) members of the Board of Directors, none of whom is an officer or employee of the Company, who shall serve at the pleasure of the Board. The Committee may from time to time grant incentive stock options and non-qualified stock options ("Stock Options"), under the Plan to the persons described in Section 3 hereof. No member of such Committee shall be eligible to receive Stock Options under this Plan during his or her tenure on the Committee. Members of the Committee shall be subject to any additional restrictions necessary to satisfy the disinterested administration of the Plan as set forth in Rule 16b-3 under the United States Securities Exchange Act of 1934 (the "Act") as it may be amended from time to time.

(b) The Committee shall have full power and authority to interpret the provisions of the Plan and supervise its administration. All decisions and selections made by the Committee pursuant to the provisions of the Plan shall be made by a majority of its members. Any decision reduced to writing and signed by a majority of the members shall be fully effective as if adopted by a majority at a meeting duly held. Subject to the provisions of the Plan, the Committee shall have full and final authority to determine the persons to whom Stock Options hereunder shall be granted, the number of shares to be covered by each Stock Option except that no optionee may be granted options for more than 1,000,000 shares during the life of the Plan, and whether such Stock Option shall be designated an "incentive stock option" or a "non-qualified stock option."

(c) No member of the Committee shall be liable for anything done or omitted to be done by him or by her or any other member of the Committee in connection with the Plan, except for his or her own willful misconduct or as expressly provided by statute.

(d) If the exercise period of an outstanding Stock Option is continued following a holder's termination of employment as provided in Section 5, and the holder engages in "detrimental activity" as described in Section 5, the Committee shall have the authority in its discretion to cause such option to be forfeited and certain option exercises thereunder to be rescinded as provided for in Section 5.

3. Grants of Stock Options

(a) The persons eligible for participation in the Plan as recipients of Stock Options shall include only employees of the Company or its subsidiary corporations as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended from time to time (the "Code") and hereinafter referred to as "subsidiaries" who are executive, administrative, professional or technical personnel who have responsibilities affecting the management, direction, development and financial success of the Company or its subsidiaries. No Director of the Company who is not also an employee is eligible to participate in the Plan, nor is any employee who owns directly or indirectly stock possessing more than five percent (5%) of the total combined voting power or value of all classes of stock of the Company or any subsidiary. An employee may receive more than one grant of Stock Options at the Committee's discretion including simultaneous grants of different forms of Stock Options.

(b) The Committee in granting Stock Options hereunder shall have discretion to determine the terms and conditions upon which such Stock Options may be exercisable. Each grant of a Stock Option shall be confirmed by an Agreement consistent with this Plan which shall be executed by the Company and by the person to whom such Stock Option is granted. All such Agreements shall contain a provision providing that the Stock Option shall not be exercisable unless the recipient remains in the employment of the Company or a subsidiary for a period of at least one (1) year from the date of any such Agreement, subject to the right of the Company or subsidiary to terminate such employment.

(c) For purposes of this Plan, employment with the Company shall include employment with any subsidiary of the Company, and Stock Options granted under this Plan shall not be affected by an employee's transfer of employment from the Company to a subsidiary, from a subsidiary to the Company or between subsidiaries. The foregoing notwithstanding, with respect to an employee whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (an "M-I Company") pursuant to and in accordance with the terms of that certain Amended and Restated Organization Agreement and other agreements in connection therewith by and among Smith International, Inc., Schlumberger, *et al.*, dated as of July 13, 1999, such employee's employment with the Company shall include employment with an M-I Company for purposes of exercising such employee's outstanding Stock Options as of the transfer date, and any such Stock Option shall not be affected by such employee's subsequent transfer of employment directly and without interruption from an M-I Company to the Company or any of its subsidiaries, from the Company or any of its subsidiaries to an M-I Company or between M-I Companies.

(d) The purchase price of the shares as to which a Stock Option is exercised shall be paid in full at the time of the exercise: (i) in cash or by certified check; (ii) in the discretion of the Committee, by the delivery of shares of Schlumberger Common Stock with a fair market value (as determined according to Section 5(b) of the Plan) at the time of exercise equal to the total option price; or (iii) in the discretion of the Committee, by a combination of the methods described in (i) and (ii).

4. Shares Subject to the Plan

Subject to adjustment as provided in Section 8 hereof, there shall be subject to the Plan 10,000,000 shares of Common Stock, par value \$0.01 per share, of the Company (the "Shares"). The Shares subject to the Plan shall consist of authorized and unissued shares or previously issued shares reacquired and held by the Company or any subsidiary. Should any Stock Option expire or be terminated prior to its exercise in full and prior to the termination of the Plan, the Shares theretofore subject to such Stock Option shall be available for further grants under the Plan. Until termination of the Plan, the Company and/or one or more subsidiaries shall at all times make available a sufficient number of Shares to meet the requirements of the Plan. After termination of the Plan, the number of Shares reserved for purposes of the Plan from time to time shall be only such number of Shares as are issuable under then outstanding Stock Options.

5. Terms of Stock Options

(a) Stock Options granted under this Plan which are designated as "incentive stock options" may be granted with respect to any number of Shares, subject to the limitation that the aggregate fair market value of such Shares (determined in accordance with Section 5(b) of the Plan at the time the option is granted) with respect to which such options are exercisable for the first time by an employee during any one calendar year (under all such plans of the Company and any subsidiary of the Company) shall not exceed \$100,000. To the extent that the aggregate fair market value of Shares with respect to which incentive stock options (determined without regard to this subsection) are exercisable for the first time by any employee during any calendar year (under all plans of the employer corporation and its parent and subsidiary corporations) exceeds \$100,000, such options shall be treated as options which are not incentive stock options. No Stock Options shall be granted pursuant to the Plan after January 26, 2004.

(b) The purchase price of each Share subject to a Stock Option shall be determined by the Committee prior to granting a Stock Option. The Committee shall set the purchase price for each Share at either the fair market value (the "Fair Market Value") of each Share on the date the Stock Option is granted, or at such other price as the Committee in its sole discretion shall determine, but not less than one hundred percent (100%) of such Fair Market Value. The Fair Market Value of a Share on a particular date shall be deemed to be the mean between the highest and lowest composite sales price per share of the Common Stock in the New York Stock Exchange Composite Transactions Quotations, as reported for that date, or, if there shall have been no such reported prices for that date, the reported mean price on the last preceding date on which a composite sale or sales were effected on one or more of the exchanges on which the Shares were traded.

(c) (i) Each Stock Option granted hereunder shall be exercisable in one or more installments (annual or other) on such date or dates as the Committee may in its sole discretion determine, and the terms of such exercise shall be set forth in the Stock Option Agreement covering the grant of the option, provided that no Stock Option may be exercised after the expiration of ten (10) years from the date such option is granted (the maximum term established by the Committee with respect to a particular Stock Option is hereinafter referred to as the "Option Period"). For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(i) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(ii) Except as provided in paragraph (e) below, the right to purchase Shares shall be cumulative so that when the right to purchase any Shares has accrued such Shares or any part thereof may be purchased at any time thereafter until the expiration or termination of the Stock Option.

(iii) At any time after the granting of any such Stock Option, the Committee may accelerate the installment exercise dates (subject, however, to any applicable limitations concerning options designated "incentive stock options").

(iv) *Termination of Employment and Subsequent Events.*

(A) If the optionee's employment with the Company is terminated with the consent of the Company and provided such employment is not terminated for cause (of which the Committee shall be the sole judge), the Committee may permit such Stock Option to be exercised by such optionee at any time during the period of three (3) months after such termination, provided that such option may be exercised before expiration and within such three-month period only to the extent it was exercisable on the date of such termination.

(B) In the event an optionee dies while in the employ of the Company, any outstanding Stock Option shall automatically become fully vested and exercisable by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution during the "Post-Death Exercise Period." The Post-Death Exercise Period shall be a period commencing on the date of death and ending (i) for Stock Options granted on or after October 19, 1994, sixty (60) months after the date of death or the remainder of the Option Period, whichever is less, and (ii) for all other Stock Options, twelve (12) months after the date of death or the remainder of the Option Period, whichever is less.

(C) In the event an optionee dies after termination of employment but prior to the exercise in full of any Stock Option which was exercisable on the date of such termination, such option may be exercised before expiration of its term by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution during the Post-Death Exercise Period to the extent exercisable by the optionee at the date of death. For purposes of this Section 5(c)(iv)(C), the Post-Death Exercise Period shall be a period commencing on the date of the optionee's termination of employment and ending (i) for Stock Options granted on or after October 19, 1994, sixty (60) months after the date of termination of employment or the remainder of the Option Period, whichever is less, and (ii) for all other Stock Options, twelve (12) months after the date of death or the remainder of the Option Period, whichever is less.

(D) If the optionee's employment with the Company is terminated without the consent of the Company for any reason other than the death of the optionee, or if the optionee's employment with the Company is terminated for cause, his or her rights under any then outstanding Stock Option shall terminate immediately. The Committee shall be the sole judge of whether the optionee's employment is terminated without the consent of the Company or for cause.

(E) Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as hereinafter defined) within one year following termination of employment for any reason other than retirement, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within one year following termination of employment for any reason other than retirement, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment and ending three months following such termination. For purposes of this Section 5, "detrimental activity" means activity that is determined by the Committee in its sole and absolute discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where such optionee: (1) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company and any subsidiaries, (2) enters into employment with a competitor under circumstances suggesting that such optionee will be using unique or special knowledge gained as a Company employee to compete with the Company, (3) uses information obtained during the course of his or her prior employment for his or her own purposes, such as for the solicitation of business, (4) is determined to have engaged (whether or not prior to termination) in either gross misconduct or criminal activity harmful to the Company, or (5) takes any action that harms the business interests, reputation, or goodwill of the Company and/or its subsidiaries.

For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(iv) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(v) Retirement, Disability and Subsequent Events.

(A) If the optionee's employment with the Company is terminated due to retirement (within the meaning of any prevailing pension plan in which such optionee is a participant), such Stock Option shall be exercisable by such optionee at any time during the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Retirement Exercise Period"), provided that such option may be exercised after such termination and before expiration only to the extent that it is exercisable on the date of such termination.

(B) If the optionee's employment with the Company is terminated due to disability, such Stock Option shall automatically become fully vested and exercisable. Such optionee may exercise the outstanding Stock Option at any time during (1) in the case of Stock Options intended to be incentive stock options within the meaning of Section 422 of the Code and granted prior to January 17, 2008, the period of three (3) months after such termination or the remainder of the Option Period, whichever is less, or (2) in the case of all other Stock Options, the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Disability Exercise Period"). For purposes of this Section 5(c)(v), "disability" shall mean such disability (whether through physical or mental impairment) which totally and permanently incapacitates the optionee from any gainful employment in any field which the optionee is suited by education, training, or experience, as determined by the Committee in its sole and absolute discretion.

(C) In the event an optionee dies during the Retirement Exercise Period or the Disability Exercise Period, such Stock Option may be exercised by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution to the extent exercisable by the optionee at the date of death and to the extent the term of the Option Period has not expired within such Retirement Exercise Period or Disability Exercise Period.

(D) Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as defined in Section 5(c)(iv)(E)) within five years after termination of employment by reason of retirement, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within five years following termination of employment by reason of retirement, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment by retirement and ending one year following such termination.

For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(v) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(vi) Notwithstanding the other provisions of this paragraph (c), in no event may a Stock Option be exercised after the expiration of ten (10) years from the date such Stock Option is granted.

(d) At the time of the grant of a Stock Option, the Committee may determine that the Shares covered by such option shall be restricted as to transferability. If so restricted, such Shares shall not be sold, transferred or disposed of in any manner, and such Shares shall not be pledged or otherwise hypothecated until the restriction expires by its terms. The circumstances under which any such restriction shall expire shall be determined by the Committee and shall be set forth in the Stock Option Agreement covering the grant of the option to purchase such Shares.

(e) The Committee shall designate whether a Stock Option is to be an “incentive stock option” for purposes of Section 422 of the Code.

6. Assignability of Stock Options

Stock Options granted under the Plan shall not be assignable or otherwise transferable by the recipient except by will or the laws of descent and distribution. Otherwise, Stock Options granted under this Plan shall be exercisable during the lifetime of the recipient (except as otherwise provided in the Plan or the applicable Agreement for Stock Options other than “incentive stock options”) only by the recipient for his or her individual account, and no purported assignment or transfer of such Stock Options thereunder, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the purported assignee or transferee any interest or right therein whatsoever but immediately upon any such purported assignment or transfer, or any attempt to make the same, such Stock Options thereunder shall terminate and become of no further effect.

7. Taxes

The Committee may make such provisions and rules as it may deem appropriate for the withholding of taxes in connection with any Stock Options granted under the Plan. An optionee, in the discretion of the Committee, may elect to satisfy all or any portion of the United States tax required to be withheld by the Company in connection with the exercise of such option by electing to have the Company withhold a number of shares having a Fair Market Value on the date of exercise equal to or less than the amount required to be withheld. An optionee’s election pursuant to the preceding sentence must be made on or before the date of exercise and must be irrevocable.

8. Reorganizations and Recapitalizations of the Company

(a) The existence of this Plan and Stock Options granted hereunder shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Shares or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) Except as hereinafter provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Stock Options granted hereunder.

(c) The Shares with respect to which Stock Options may be granted hereunder are shares of the Common Stock of the Company as presently constituted, but if, and whenever, prior to the delivery by the Company or a subsidiary of all of the Shares which are subject to the Stock Options or rights granted hereunder, the Company shall effect a subdivision or consolidation of shares or other capital readjustments, the payment of a stock dividend or other increase or reduction of the number of shares of the Common Stock outstanding without receiving compensation therefor in money, services or property, the number of Shares subject to the Plan shall be proportionately adjusted and the number of Shares with respect to which Stock Options granted hereunder may thereafter be exercised shall:

(i) in the event of an increase in the number of outstanding shares, be proportionately increased, and the cash consideration (if any) payable per Share shall be proportionately reduced; and

(ii) in the event of a reduction in the number of outstanding shares, be proportionately reduced, and the cash consideration (if any) payable per Share shall be proportionately increased.

(d) If the Company merges with one or more corporations, or consolidates with one or more corporations and the Company shall be the surviving corporation, thereafter, upon any exercise of Stock Options granted hereunder, the recipient shall, at no additional cost (other than the option price, if any) be entitled to receive (subject to any required action by stockholders) in lieu of the number of Shares as to which such Stock Options shall then be exercisable the number and class of shares of stock or other securities to which the recipient would have been entitled pursuant to the terms of the agreement of merger or consolidation, if immediately prior to such merger or consolidation the recipient had been the holder of record of the number of shares of Common Stock of the Company equal to the number of Shares as to which such Stock Options shall be exercisable. Upon any reorganization, merger or consolidation where the Company is not the surviving corporation or upon liquidation or dissolution of the Company, all outstanding Stock Options shall, unless provisions are made in connection with such reorganization, merger or consolidation for the assumption of such Stock Options, be cancelled by the Company as of the effective date of any such reorganization, merger or consolidation, or of any dissolution or liquidation of the Company, by giving notice to each holder thereof or his or her personal representative of its intention to do so and by permitting the exercise during the thirty-day period next preceding such effective date of all Stock Options which are outstanding as of such date, whether or not otherwise exercisable.

9. Registration under Securities Act of 1933 and Exchange Listing

It is intended that the Stock Options and Shares covered by the Plan will be registered under the Securities Act of 1933, as amended. At the time any Shares are issued or transferred to satisfy the exercise of a Stock Option granted under the Plan, such Shares will have been listed (or listed subject to notice of issuance) on the New York Stock Exchange.

10. Reports and Returns

The appropriate officers of the Company shall cause to be filed any reports, returns or other information regarding the Stock Options granted hereunder or any Shares issued pursuant to the exercise thereof or a payment made hereunder, as may be required by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or any other applicable statute, rule or regulation.

11. Plan Term

The Plan shall be effective January 26, 1994, subject to approval within twelve (12) months from the effective date by the holders of a majority of the votes cast at a meeting. For this purpose, abstentions are counted as votes against. In the event the Plan is not so approved, the Plan shall automatically terminate and be of no further force or effect. No Stock Options shall be granted pursuant to this Plan after January 25, 2004.

12. Amendment or Termination

The Board of Directors may amend, alter or discontinue the Plan at any time insofar as permitted by law, but no amendment or alteration shall be made without the approval of the stockholders:

(a) if and to the extent such amendment is required to be approved by stockholders to continue the exemption provided for in Rule 16b-3 (or any successor provision) under the Securities Exchange Act of 1934; or

(b) if and to the extent such amendment requires stockholder approval under Section 422 of the Code (or any successor provision).

No amendment of the Plan shall alter or impair any of the rights or obligations of any person, without his or her consent, under any option or right theretofore granted under the Plan.

13. Government Regulations

Notwithstanding any of the provisions hereof, or of any Stock Option granted hereunder, the obligation of the Company or any subsidiary to sell and deliver Shares under such Stock Option or to make cash payments in respect thereto shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required, and the recipient shall agree that he will not exercise or convert any option granted hereunder, and that the Company or any subsidiary will not be obligated to issue any Shares or make any payments under any such option if the exercise thereof or if the issuance of such Shares or if the payment made shall constitute a violation by the recipient or the Company or any subsidiary of any provision of any applicable law or regulation of any governmental authority.

**SCHLUMBERGER LIMITED
SUPPLEMENTARY BENEFIT PLAN**

(As Amended and Restated Effective January 1, 1995,
and conformed to include amendments through January 1, 2009)

SCHLUMBERGER LIMITED
SUPPLEMENTARY BENEFIT PLAN

(As Amended and Restated Effective January 1, 1995,
and conformed to include amendments through January 1, 2009)

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**SCHLUMBERGER LIMITED
SUPPLEMENTARY BENEFIT PLAN**

(As Amended and Restated Effective January 1, 1995,
and conformed to include amendments through January 1, 2009)

PREAMBLE

Schlumberger Limited (Schlumberger N.V.), a Netherlands Antilles corporation (the "Company"), established an unfunded deferred compensation plan known as the Schlumberger Limited Supplementary Benefit Plan, effective as of January 1, 1981, and thereafter amended and restated such plan effective January 1, 1990. The amended and restated plan, as amended by the First Amendment thereto, is referred to herein as the "Prior Plan." The purpose of the Prior Plan was to restore to eligible key employees of the Company and its participating subsidiaries and affiliated companies the amount of benefits which they are unable to receive under the Qualified Plans as a result of the Code Section 401(a)(17) Limitations, which limit the annual compensation that may be taken into account in computing benefits under the Qualified Plans, and by the Code Section 415 Limitations, which limit benefits and contributions under the Qualified Plans. Effective as of January 1, 1995, the Company hereby amends and restates the Prior Plan to (i) reflect the withdrawal of Schlumberger Technology Corporation and its subsidiaries as employers under the Prior Plan, (ii) reflect that all STC Plan Benefits (as herein defined) will be paid pursuant to the Schlumberger Technology Corporation Supplementary Benefit Plan, as established effective as of January 1, 1995, and (iii) incorporate the First Amendment to the Prior Plan (the "Plan").

Program A of the Plan, set forth in Article III below, is intended to qualify for the exemptions provided under Title I of ERISA for plans that are not tax-qualified and that are maintained primarily to provide deferred compensation for a select group of management or highly compensated employees. Program B of the Plan, set forth in Article IV below, is intended to qualify for the exemptions provided under Title I of ERISA for plans that are excess benefit plans.

NOW, THEREFORE, Schlumberger Limited hereby amends and restates the Prior Plan, effective as of January 1, 1995, to read as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

1.1 Definitions: Except as otherwise indicated, the terms used in this Plan shall have the same meaning as they have under the applicable Qualified Plans. For purposes of this Plan, the following definitions shall apply:

“Administrative Committee” shall mean the Administrative Committee of the Schlumberger Limited Pension Plan.

“Affiliate” shall mean any corporation in which the shares owned or controlled directly or indirectly by Schlumberger Limited shall represent 50% or more of the voting power of the issued and outstanding capital stock of such corporation. In addition to the above, the term “Affiliate” shall include any corporation or other trade or business which, together with Schlumberger Limited, is “under common control” within the meaning of Code Section 414(b) or (c) as defined in Code Section 1563(a)(1) and modified by Code Section 415(h). Notwithstanding the foregoing, the term “Affiliate” shall not include Schlumberger Technology Corporation, a Texas corporation, or any subsidiary of Schlumberger Technology Corporation.

“Board of Directors” shall mean the Board of Directors of Schlumberger Limited.

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

“**Code Section 401(a)(17) Limitations**” shall mean the limitations imposed by Code Section 401(a)(17).

“**Code Section 415 Limitations**” shall mean the limitations imposed by Code Section 415 without regard to Code Section 415(c)(1)(B).

“**Company**” shall mean Schlumberger Limited (Schlumberger N.V.), a Netherlands Antilles corporation.

“**Employee**” shall mean any person who is employed by and carried on the payroll of an Employer and who meets the requirements for participation in a Qualified Defined Benefit Plan or Qualified Defined Contribution Plan maintained by an Employer.

“**Employer**” shall mean the Company and any Affiliate which meets the definition of an Employer in the applicable Qualified Plan.

“**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**Participant**” shall mean a participant in a Qualified Defined Contribution Plan or a Qualified Defined Benefit Plan of the Company or any Affiliate.

“**Plan**” shall mean the Schlumberger Limited Supplementary Benefit Plan, as amended and restated effective January 1, 1995 and set forth herein, and as amended from time to time.

“Prior Plan” shall mean the Schlumberger Limited Supplementary Benefit Plan, effective as of January 1, 1990, as thereafter amended.

“Qualified Defined Benefit Plans” shall mean the defined benefit plans of the Company and its Affiliates which are intended to meet the requirements of ERISA and of Code Sections 401(a) and 501(a).

“Qualified Defined Contribution Plans” shall mean the profit-sharing plans of the Company and its Affiliates which are intended to meet the requirements of ERISA and of Code Sections 401(a) and 501(a); provided, however, that the term “Qualified Defined Contribution Plan” shall only include the portion of such a profit-sharing plan that provides for discretionary employer contributions and shall not include any portion of such a profit-sharing plan that is subject to Code Section 401(k) or 401(m).

“Qualified Plans” shall mean the Qualified Defined Contribution Plans and Qualified Defined Benefit Plans.

“STC Plan” shall mean the Schlumberger Technology Corporation Supplementary Benefit Plan, as established effective January 1, 1995 and as thereafter amended from time to time.

“STC Plan Benefit” shall mean any benefit accrued pursuant to Section 3.3 or 4.3 of the Prior Plan and unpaid as of January 1, 1995, to the extent calculated with reference to any Qualified Plan thereunder sponsored or contributed to by Schlumberger Technology Corporation or any subsidiary thereof.

1.2 Gender and Number: Except when otherwise indicated by the context, any masculine pronoun when used in the Plan shall refer to either male or female Participants, and the definition of any term in the singular shall also include the plural.

1.3 Severability: In the event any provision of the Plan shall be held invalid or illegal for any reason, any illegality or invalidity shall not affect the remaining parts of the Plan, but the Plan shall be construed and enforced as if the illegal or invalid provision had never been inserted, and the Company shall have the privilege and opportunity to correct and remedy questions of illegality or invalidity by amendment as provided in the Plan.

1.4 Applicable Law: This Plan shall be governed and construed in accordance with the laws of the State of New York.

1.5 Plan Not an Employment Contract: The Plan is not an employment contract. The receipt of benefits under the Plan does not give to any person the right to be continued in employment by the Company or an Affiliate, and all Employees remain subject to change of salary, transfer, change of job, discipline, layoff, discharge (with or without cause), or any other change of employment status.

1.6 Source of Payment: The benefits described in this Plan are contractual obligations and liabilities of the applicable Employer to pay compensation for services in accordance with the terms hereof. All amounts paid under this Plan shall be paid in cash from the general assets of the applicable Employer. Benefits shall be reflected on the accounting records of the Employers, but shall not be construed to create, or require the creation of, a trust, custodial or escrow account. No special or separate fund need be established and no segregation of assets need be made to assure the payment of such benefits. No Participant shall have any right, title, or interest whatever in or to any investment reserves, accounts, funds or assets that the Company or

the Employers may purchase, establish, or accumulate to aid in providing the benefits described in this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust or a fiduciary relationship of any kind between an Employer or the Company and a Participant or any other person. Neither a Participant nor the beneficiary of a Participant shall acquire any interest hereunder greater than that of an unsecured creditor.

1.7 Tax Withholding: The Employer may withhold from a payment any federal, state, or local taxes required by law to be withheld with respect to such payment and such sums as the Employer may reasonably estimate as necessary to cover any taxes for which the Employer may be liable and which may be assessed with regard to such payment.

ARTICLE II

PARTICIPATION

A Participant entitled to benefits under the Prior Plan shall receive such benefits, together with any benefits accrued hereunder from and after January 1, 1995, pursuant to the provisions of this Plan. Notwithstanding the foregoing, no Participant shall receive STC Plan Benefits hereunder from and after January 1, 1995, but such benefits shall instead be treated as provided in Section 5.5. An Employee who becomes eligible for participation in Program A of this Plan (as described in Section 3.2) from and after January 1, 1995 shall become a Participant in Program A of this Plan if, as of or after such date, the benefits he would otherwise receive as a result of his participation in one or more of the Qualified Plans are reduced as a result of the Code Section 401(a)(17) Limitations. An Employee who becomes eligible for participation in Program B of this Plan (as described in Section 4.2) from and after January 1, 1995 shall become a Participant in Program B of this Plan if, as of or after such date, the benefits he would otherwise receive as a result of his participation in one or more of the Qualified Plans are

reduced as a result of the Code Section 415 Limitations. An Employee who becomes eligible for participation in both Program A and B of this Plan from and after January 1, 1995 and whose Qualified Plan benefits have been reduced by both the Code Section 401(a)(17) Limitations and the Code Section 415 Limitations shall participate in both Program A and B; provided, however, that nothing in this Plan shall entitle him to receive an amount that exceeds the total benefits that would have been his due under the Qualified Plans in the absence of the Code Section 401(a)(17) Limitations and the Code Section 415 Limitations.

ARTICLE III

PROGRAM A: RESTORATION OF BENEFITS REDUCED BY CODE SECTION 401(a)(17)

3.1 Purpose: Code Section 401(a)(17) limits the amount of compensation that may be taken into account under the Qualified Plans. The purpose of Program A is to restore to Participants in the Qualified Plans any benefits that would have been available to them under the Qualified Plans had the Code Section 401(a)(17) Limitations not been imposed.

3.2 Eligibility: In order to participate in Program A of this Plan, an individual must (a) be a Participant in one of the Qualified Plans and (b) have experienced a reduction in the benefits he would have received from the Qualified Plan in which he is a Participant as a result of the Code Section 401(a)(17) Limitations on the amount of annual compensation that may be included in the calculation of benefits. In addition, this Program is intended solely for the participation of a select group of management or highly compensated employees, as those terms are set forth in Section 201(2) of ERISA.

3.3 Calculation of Restoration Benefit: The amount of restoration benefits payable to a Participant in Program A of this Plan with reference to each Qualified Defined Benefit Plan under which the Participant may claim benefits will be calculated in the manner described in

Subsection (a). The amount of benefits payable to a Participant in Program A of this Plan with reference to each Qualified Defined Contribution Plan under which the Participant may claim benefits will be calculated in the manner described in Subsection (b).

(a) Restoration of Amounts Under Qualified Defined Benefit Plans: When a Participant's defined benefit commences under a Qualified Defined Benefit Plan, the Company will calculate a benefit in an amount equal to the excess of (i) over (ii), where (i) is equal to the amount of the defined benefit which would have been payable under the Qualified Defined Benefit Plan but for the Code Section 401(a)(17) Limitations and (ii) is equal to the amount of the benefit actually payable under the Qualified Defined Benefit Plan, which excess is hereinafter referred to as the "Defined Benefit Restoration Benefit." The Company shall pay a Defined Benefit Restoration Benefit to the Participant or to such other person or persons as may be eligible for a survivor's benefit under the applicable Qualified Defined Benefit Plan, at such times and in such manner as the benefit is payable pursuant to the terms of the Qualified Defined Benefit Plan; provided, however, that such a Defined Benefit Restoration Benefit shall only be paid to or in respect of a Participant who terminates Active Service after attaining age 50.

(b) Restoration of Amounts Under Qualified Defined Contribution Plans: A benefit, hereinafter referred to as the "Defined Contribution Restoration Benefit," shall be provided to each Participant in Program A whose discretionary Employer profit-sharing contribution under a Qualified Defined Contribution Plan was reduced as a result of the Code Section 401(a)(17) Limitations. The Defined Contribution Plan Restoration Benefit shall be equal to the excess, if any, of (i) over (ii) where (i) is equal to the amount of the discretionary Employer profit-sharing contribution the Employer would have made to the Qualified Defined Contribution Plan for a Plan Year on behalf of the Participant, based on the Participant's

compensation for that Plan Year without regard to the Code Section 401(a)(17) Limitations, and (ii) is equal to the amount of the discretionary Employer profit-sharing contribution that the Employer actually paid into the Qualified Defined Contribution Plan on behalf of the Participant for such Plan Year, after application of the Code Section 401(a)(17) Limitations.

The Defined Contribution Restoration Benefit shall be treated as if it is actually invested in the applicable Qualified Defined Contribution Plan and shall be credited with gains and losses at the same time and in the same manner as amounts which are actually invested under the Qualified Defined Contribution Plan; provided, however, that any dividend or interest amounts credited with respect to the Schlumberger Common Stock Fund which are deemed to be credited to a Participant's benefit under the Plan shall be characterized instead as if such dividend or interest amounts are invested in the General Fund. In addition, each Participant who is deemed to have an amount invested in the Schlumberger Common Stock Fund with respect to Prior Plan benefits accrued as of March 31, 1991, shall be deemed to have been credited with the equivalent number of whole shares of common stock of Schlumberger Limited as could have been purchased on March 31, 1991 based on the amount of the Participant's Defined Contribution Restoration Benefit which was deemed to be invested in the Schlumberger Common Stock Fund on March 31, 1991 and the closing price of the common stock of Schlumberger Limited as listed on the New York Stock Exchange Composite Transactions Quotations on March 31, 1991. The number of shares of Schlumberger Limited common stock which are deemed to be held in such a Participant's account under the Plan shall be frozen effective as of April 1, 1991 and no additional shares shall be credited to such account. Any investment election made pursuant to the Qualified Defined Contribution Plan shall also apply to the Defined Contribution Restoration Benefit and shall be effective at the same time that such

election is applicable to the Participant's Account under the Qualified Defined Contribution Plan. The Administrative Committee shall develop such procedures as it deems necessary for purposes of valuing the Defined Contribution Restoration Benefits and maintaining records thereof. The Defined Contribution Restoration Benefit shall be calculated for every Plan Year until the expiration of the Plan Year during which occurs the earliest of (1) the Participant's termination of employment for any reason or (2) the termination of the Qualified Defined Contribution Plan under which the Participant is receiving benefits. The Defined Contribution Restoration Benefit shall become payable as provided in Section 5.2 hereof.

ARTICLE IV

PROGRAM B: RESTORATION OF BENEFITS REDUCED BY CODE SECTION 415

4.1 Purpose: Code Section 415 limits the amount of benefits available under a defined benefit plan and the amount of contributions permissible under a defined contribution plan. The purpose of Program B is to restore to Participants any Qualified Plan benefits that have been reduced as a result of the Code Section 415 Limitations.

4.2 Eligibility: An employee is eligible to participate in Program B of this Plan if he (a) is a Participant in one of the Qualified Plans and (b) has experienced a reduction in the amount of benefits he would have received from the Qualified Plan in which he is a Participant as a result of the Code Section 415 Limitations.

4.3 Calculation of Restoration Benefit: The amount of restoration benefits payable to a Participant in Program B of this Plan with reference to each Qualified Defined Benefit Plan under which the Participant may claim benefits will be calculated in the manner described in Subsection (a). The amount of benefits payable to a Participant in Program B of this Plan with reference to each Qualified Defined Contribution Plan under which the Participant may claim benefits will be calculated in the manner described in Subsection (b).

(a) Restoration of Amounts Under Qualified Defined Benefit Plans: When a Participant retires under a Qualified Defined Benefit Plan after attaining age 50, the Company will calculate a benefit equal to the excess of (i) over (ii), where (i) is equal to the amount of the defined benefit that would have been payable under the Qualified Defined Benefit Plan without regard to the Code Section 415 Limitations and (ii) is equal to the amount of benefit actually payable under the Qualified Defined Benefit Plan, which excess is hereinafter referred to as the “Section 415 Defined Benefit Restoration Benefit.” The Company shall pay a Section 415 Defined Benefit Restoration Benefit to the Participant or to such person or persons as may be eligible for a survivor’s benefit under the applicable Qualified Defined Benefit Plan, at such times and such manner as the benefit is payable pursuant to the terms of the Qualified Defined Benefit Plan; provided, however, that such Section 415 Defined Benefit Restoration Benefit shall only be paid to or in respect of a Participant who terminates Active Service after attaining age 50.

(b) Restoration of Amounts Under Qualified Defined Contribution Plans: A benefit, hereinafter referred to as the “Section 415 Defined Contribution Restoration Benefit,” will be payable to Participants in Program B whose Qualified Defined Contribution Plan benefits were reduced as a result of the Code Section 415 Limitations. The Section 415 Defined Contribution Restoration Benefit shall be payable in an amount equal to the excess of (i) over (ii), where (i) is equal to the amount of the benefit which would have been payable under the Qualified Defined Contribution Plan without regard to the Code Section 415 Limitations and (ii) is equal to the amount of the benefit actually payable under the Qualified Defined Contribution Plan.

The Section 415 Defined Contribution Restoration Benefit shall be treated as if it is actually invested in the applicable Qualified Defined Contribution Plan and shall be credited with gains and losses at the same time and in the same manner as amounts which are actually invested under the Qualified Defined Contribution Plan; provided, however, that any dividend or interest amounts credited with respect to the Schlumberger Common Stock Fund which are deemed to be credited to a Participant's benefit under the Plan shall be characterized instead as if such dividend or interest amounts are invested in the General Fund. In addition, each Participant who is deemed to have an amount invested in the Schlumberger Common Stock Fund with respect to Prior Plan benefits accrued as of March 31, 1991, shall be deemed to have been credited with the equivalent number of whole shares of common stock of Schlumberger Limited as could have been purchased on March 31, 1991 based on the amount of the Participant's Section 415 Defined Contribution Restoration Benefit which was deemed to be invested in the Schlumberger Common Stock Fund on March 31, 1991 and the closing price of the common stock of Schlumberger Limited as listed on the New York Stock Exchange Composite Transactions Quotations on March 31, 1991. The number of shares of Schlumberger Limited common stock which are deemed to be held in such a Participant's account under the Plan shall be frozen effective as of April 1, 1991 and no additional shares shall be credited to such account. Any investment elections made pursuant to the Qualified Defined Contribution Plan shall also apply to the Section 415 Defined Contribution Restoration Benefit and shall be effective at the same time that such election is applicable to the Participant's Account under the Qualified Defined Contribution Plan. The Administrative Committee shall develop such procedures as it

deems necessary for purposes of valuing the Section 415 Defined Contribution Restoration Benefits and maintaining records thereof. The Section 415 Defined Contribution Restoration Benefit shall be calculated for every Plan Year until the expiration of the Plan Year during which occurs the earliest of (1) the Participant's termination of employment for any reason or (2) the termination of the Qualified Defined Contribution Plan under which the Participant is receiving benefits. The Section 415 Defined Contribution Restoration Benefit shall become payable as provided in Section 5.2 hereof.

ARTICLE V

VESTING AND FORM OF PAYMENT

5.1 Vesting: A Participant shall become vested in the benefits payable under Sections 3.3 and 4.3 hereof at the same time that he becomes vested under the applicable Qualified Plan; provided, however, that in order to become vested in the Defined Benefit Restoration Benefit and the Section 415 Defined Benefit Restoration Benefit, the Participant must attain age 50 before he terminates Active Service. Notwithstanding the foregoing, a Participant (and his survivor or Beneficiary) shall have no right to a benefit under this Plan if the Administrative Committee determines that the Participant engaged in a dishonest act injurious to the finances or reputation of the Company or any of its Affiliates or that the Participant has violated the Patent and Confidential Information Agreement between the Participant and the Company or any of its Affiliates or any other confidential arrangement involving the Company or any of its Affiliates to which he is a party or by which he is bound.

5.2 Defined Contribution Plan Benefits: The Defined Contribution Restoration Benefit and the Section 415 Defined Contribution Restoration Benefit (the "Defined Contribution Benefits") shall be payable in the form of a lump sum. Such lump-sum payment shall be made as soon as practicable following the end of the Plan Year in which the

Participant's termination of Active Service occurs. In the event of the death of the Participant prior to full payment of his Defined Contribution Benefits, any such unpaid benefits shall be paid in a lump sum to the person or persons who are designated as the Participant's Beneficiaries under the applicable Qualified Defined Contribution Plan (with the valid consent of the Participant's spouse where required under the Qualified Defined Contribution Plan). Any such Defined Contribution Benefits which are paid as a result of the death of the Participant shall be paid in a lump sum as soon as practicable following the end of the Plan Year in which the Participant's death occurs.

Notwithstanding the above, a Participant or Beneficiary may request that the lump-sum payment be made as soon as practicable following the end of the Plan Quarter in which the Participant's termination of Active Service occurs (hereinafter referred to as an "Early Distribution"). Any such request for an Early Distribution under this Plan may only be made if the Participant or Beneficiary has first elected an Early Distribution under the Qualified Defined Contribution Plan and, thereby, has agreed to forfeit all discretionary Employer profit-sharing contributions and reallocated forfeitures under the Qualified Defined Contribution Plan for the Plan Year in which the Participant's termination of Active Service occurs. A request for an Early Distribution under this Plan must be submitted to the Administrative Committee prior to the end of the Plan Quarter in which the Participant terminates Active Service. An Early Distribution is subject to the unanimous approval of the Administrative Committee. When considering a request for an Early Distribution under this Plan, the Administrative Committee will review all relevant factors, including but not limited to, a review of (i) the impact of the proposed Early Distribution on the liquidity of the Company, (ii) the business conditions prevailing at the time of the proposed Early Distribution, and (iii) the Participant's compliance with the terms of the Patent

and Confidential Information Agreement between the Participant and the Company or the applicable Affiliate. If the Administrative Committee does not approve the request for an Early Distribution, the lump-sum payment will be made after the end of the Plan Year in which the Participant's termination of Active Service occurs. If the Administrative Committee approves the request of a Participant or Beneficiary for an Early Distribution, the Participant or Beneficiary will forfeit all Qualified Defined Contribution Plan benefits for the entire Plan Year in which the Participant's termination of Active Service occurs. In the case of the death of a Participant, if there is more than one designated Beneficiary, all Beneficiaries must request the Early Distribution and such request must be approved by the Administrative Committee, otherwise payment will be made after the end of the Plan Year in which the Participant's death occurs.

5.3 Defined Benefit Plan Benefits: The Defined Benefit Restoration Benefit and the Section 415 Defined Benefit Restoration Benefit (the "Defined Benefits") shall be paid in the same manner and shall commence on the same date that benefits commence under the applicable Qualified Defined Benefit Plan. In the event of the death of a Participant either (i) prior to commencement of his Defined Benefits or (ii) after commencement of such benefits, but prior to final satisfaction of all such amounts under this Plan, Defined Benefits shall be paid to an eligible survivor only if a death benefit is also payable to such survivor under the terms of the applicable Qualified Defined Benefit Plan (including payment under any optional form of payment elected by the Participant under such plan). If a Qualified Joint and Survivor Annuity is payable upon the Participant's death under the applicable Qualified Defined Benefit Plan, then any Defined Benefits payable under this Plan as a result of the Participant's death shall also be paid in the form of a Qualified Joint and Survivor Annuity. Notwithstanding the above, the Administrative Committee, in its discretion, may determine that certain small monthly amounts of Defined Benefits shall be paid on a quarterly or annual basis, rather than on a monthly basis.

5.4 Non-Duplication of Benefits: The purpose of this Plan is to restore certain benefits which would otherwise be lost under the Qualified Plans. The benefits payable under this Plan shall be coordinated to ensure that benefit reductions attributable to the Code Section 401(a)(17) Limitations and the Code Section 415 Limitations are calculated to prevent duplication of benefits under this Plan. As pension payment amounts are adjusted annually under the Qualified Defined Benefit Plans to take into account cost of living adjustments prescribed by the Secretary of Treasury, the amount of the Section 415 Defined Benefit Restoration Benefit shall be adjusted annually to reflect such changes.

5.5 STC Plan Benefits: Notwithstanding any provisions of this Plan or the Prior Plan to the contrary, all STC Plan Benefits otherwise payable pursuant thereto shall not be so paid, but shall be payable instead pursuant to the STC Plan. To the extent that any STC Plan Benefits are paid pursuant to this Plan, such benefits shall be deemed for all purposes to have been paid pursuant to the terms of the STC Plan. Notwithstanding any provision herein to the contrary, this Plan shall be administered to prevent duplication of any benefits paid under the STC Plan.

ARTICLE VI

ADMINISTRATION

6.1 Administration: The Plan shall be administered, construed and interpreted by the Administrative Committee. The determinations by the Administrative Committee as to any disputed questions arising under the Plan, including questions concerning the Employees who are eligible to be Participants in the Plan and the amounts of their benefits under the Plan, and the construction and interpretation by the Administrative Committee of any provision of the Plan, shall be final, conclusive and binding upon all persons including Participants, their

Beneficiaries and survivors, the Company, its stockholders and Employees, and the Employers. A member of the Administrative Committee who is also a Participant in the Plan must abstain from voting on any matter relating specifically to his own benefits under the Plan.

6.2 Expenses: The expenses of administering the Plan shall be borne by the Company.

6.3 Indemnification: The members of the Administrative Committee and its agents shall be indemnified and held harmless by the Company against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit, or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by them in settlement (with the Company's written approval) or paid by them in satisfaction of a judgement in any such action, suit, or proceeding. The foregoing provisions shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

6.4 Non-Alienation of Benefits: Except by mutual agreement between the Company and the Participant, any benefit payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt at such shall be void, and any such benefit shall not in any way be subject to the debts, contract, liabilities, engagements, or torts of the person who shall be entitled to such to such benefit, nor shall it be subject to attachment or legal process for or against such person.

ARTICLE VII

MERGER, AMENDMENT AND TERMINATION

7.1. Merger, Consolidation or Acquisition: In the event of a merger, consolidation or acquisition where an Employer is not the surviving corporation, unless the successor or acquiring corporation shall elect to continue and carry on the Plan, this Plan shall terminate with respect to such Employer, and no additional benefits shall accrue for the Employees of such Employer. Unpaid vested benefits which have been accrued up to the date of the merger, consolidation or acquisition shall be paid as scheduled unless the successor or acquiring corporation elects to accelerate payment.

7.2. Amendment and Termination: The Board of Directors may amend, modify, or terminate the Plan in whole or in part at any time. In the event of a termination of the Plan pursuant to this Section, unpaid vested benefits shall continue to be an obligation of the Company or other applicable Employer and shall be paid as scheduled.

7.3. Participating Affiliates: Any Affiliate that meets the definition of a Participating Affiliate or an Employer under a Qualified Plan and that has any Employees whose benefits under such Qualified Plan are affected by the Code Section 401(a)(17) Limitations or the Code Section 415 Limitations shall be deemed to have adopted this Plan for the benefit of such eligible Employees. Such Affiliate shall be bound as an Employer by all the terms, provisions, conditions, and limitations of the Plan and shall compile and submit all information required by the Company with reference to its Employees who are eligible for participation in the Plan.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officers in a number of copies, each of which shall be deemed an original but all of which shall constitute one and the same instrument, this ____ day of _____, 1996, but effective as of the first day of January, 1995.

SCHLUMBERGER LIMITED

By _____

ATTEST:

**SCHLUMBERGER LIMITED
RESTORATION SAVINGS PLAN**

(As Established Effective June 1, 1995,
and conformed to include amendments through January 1, 2009)

**SCHLUMBERGER LIMITED
RESTORATION SAVINGS PLAN**

(As Established Effective June 1, 1995,
and conformed to include amendments through January 1, 2009)

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ARTICLE I

DEFINITIONS

Section 1.1 “Account” shall mean the account maintained on behalf of each Participant or Former Participant which reflects the Participant’s or Former Participant’s Elective Deferrals, Matching Contributions, if any, and Interest.

Section 1.2 “Administrative Committee” shall mean the Administrative Committee of the Schlumberger Limited Pension Plan.

Section 1.3 “Affiliate” shall mean any corporation in which the shares owned or controlled directly or indirectly by Schlumberger Limited shall represent eighty percent (80%) or more of the voting power of the issued and outstanding capital stock of such corporation. Affiliate shall also include any corporation or other trade or business which, together with Schlumberger Limited, is “under common control” as determined in accordance with Section 414(b) or (c) of the Code, as may be modified by Section 415(h) of the Code.

Section 1.4 “Base Compensation” shall mean Compensation, excluding any bonus or incentive payment.

Section 1.5 “Beneficiary” shall mean the individual designated by a Participant or Former Participant in accordance with Section 3.3 who is entitled to benefits under the Plan in the event of a Participant’s or Former Participant’s death.

Section 1.6 “Board of Directors” shall mean the Board of Directors of Schlumberger Limited.

Section 1.7 “Code” shall mean the Internal Revenue Code of 1986, as may be amended.

Section 1.8 “Compensation” shall mean the aggregate amount of compensation paid by the Employer or an Affiliate to an Employee during a calendar year, including normal salary, wages, overtime compensation, commissions, bonuses and salary deferral amounts under Section 401(k) of the Code, if any, and excluding:

- (a) compensation for employment during any period in which an individual is not an Employee;
- (b) any special payment of compensation, including but not limited to, income arising pursuant to the exercise of a stock option, field meal allowance, early retirement payments, severance payments, pay in lieu of vacation, tuition reimbursement, moving allowances;
- (c) payment by the Employer on behalf of the Participant to this or any other qualified or non-qualified pension, profit sharing, savings or other employee benefit plan.

Section 1.9 “Effective Date” shall mean June 1, 1995, the effective date of the Plan.

Section 1.10 “Elective Deferrals” shall mean the amount of Excess Compensation an Eligible Employee elects to defer in accordance with Section 4.1 of the Plan.

Section 1.11 “Eligible Employee” shall mean an Employee who is on a U.S. based payroll or is seconded by an Employer to a foreign country and is on the payroll of Schlumberger Resources, Inc.

Section 1.12 “Employee” shall mean an employee of the Employer who is employed by and carried on the payroll of the Employer.

Section 1.13 “Employer” shall mean Schlumberger Limited and any Affiliate who has adopted the Plan for the benefit of its Eligible Employees.

Section 1.14 “Enrollment Period” shall mean the 31 day period beginning May 1, 1995. Effective after June 1, 1995, Enrollment Period means the 30 day period beginning November 1, 1995 and each November 1 thereafter.

Section 1.15 “Excess Compensation” shall mean the amount of Compensation paid to an Employee during a calendar year in excess of \$150,000, as such amount may be adjusted in accordance with Section 401(a)(17) of the Code.

Section 1.16 “Former Participant” means an Employee of the Employer or an Affiliate who was a Participant and continues to have an Account under the Plan.

Section 1.17 “Interest” shall mean the amount of interest allocated to a Participant’s Account. Such amount shall mirror the interest earnings of the Fixed Income Fund under the Schlumberger Master Profit Sharing Trust.

Section 1.18 “Matching Contribution” shall mean the amount contributed by the Employer in accordance with Section 4.4.

Section 1.19 “Participant” shall mean an Eligible Employee who meets the eligibility requirements of Section 2.2 and has commenced, but not terminated, participation in the Plan in accordance with the provisions of Article III of the Plan.

Section 1.20 “Plan” shall mean the Schlumberger Limited Restoration Savings Plan as set forth herein and as may be amended.

Section 1.21 “Plan Year” shall mean June 1, 1995 through December 31, 1995 and each calendar year thereafter.

Section 1.22 “Trust” shall mean the Schlumberger Executive Deferred Compensation Trust, a grantor trust.

Section 1.23 “Vested” shall mean non-forfeitable.

Unless the context of the document clearly provides otherwise, all masculine pronouns when used in the Plan shall be deemed to include the feminine gender and any feminine pronouns shall be deemed to include the masculine gender.

ARTICLE II

ELIGIBILITY

Section 2.1 Employer Determination

Each year, prior to the Enrollment Period, the Employer shall determine those Eligible Employees who may participate in the Plan during the subsequent Plan Year. Such determination shall be made in accordance with the requirements set forth in Section 2.2.

Section 2.2 Eligibility Requirements

An Eligible Employee may participate in the Plan if such Eligible Employee is projected to have Excess Compensation in the subsequent Plan Year. In determining whether an Eligible Employee is projected to have Excess Compensation, the Employer shall look to the Eligible Employee's Base Compensation for the then current calendar year and the maximum projected bonus potential payable in the first quarter of the subsequent Plan Year based on the Employee's current grade and salary level. If the sum of the Eligible Employee's Base Compensation and the maximum projected bonus potential exceeds the limitation set forth in Section 401(a)(17) of the Code, the Employee is eligible to participate in the Plan during the subsequent Plan Year.

The Plan is intended to qualify for the exemptions provided under Title I of the Employee Retirement Income Security Act of 1974 for plans that are not tax-qualified and that are maintained primarily to provide deferred compensation for a select group of management or highly compensated employees.

ARTICLE III

PARTICIPATION

Section 3.1 Commencement of Participation

During each Enrollment Period, an Eligible Employee who meets the requirements of Section 2.2 may elect to participate in the Plan by completing the necessary deferral election forms. Such forms shall be provided to each Eligible Employee during the Enrollment Period by the Personnel Department of Schlumberger Limited.

In order to become effective, an Eligible Employee's deferral election must be filed with such employee's Personnel Department on or before the last day of the Enrollment Period. Any election filed after the Enrollment Period shall not become effective.

An Eligible Employee who elects to participate within an Enrollment Period shall become a Participant on the first day of the next following Plan Year.

Section 3.2 Cessation of Participation

A Participant shall cease to be a Participant as of the earliest of: (i) the date on which the Plan terminates; (ii) the date on which the Participant is no longer an Eligible Employee; (iii) the first day of any Plan Year in which the Participant fails to meet the eligibility requirements of Section 2.2; or (iv) the first day of any Plan Year in which the Participant does not elect to participate or fails to enroll within the applicable Enrollment Period.

A Participant who ceases to be a Participant in accordance with (ii), (iii) or (iv) of the preceding paragraph shall become a Former Participant if such Participant retains an Account under the Plan.

Section 3.3 Beneficiary Designation

Subject to the requirements of this Section 3.3, a Participant or Former Participant may designate, in writing, a Beneficiary who is entitled to receive the benefits hereunder in the event of the Participant's or Former Participant's death.

The Beneficiary of a Participant or Former Participant who is married is automatically the Participant's or Former Participant's spouse. A married Participant or Former Participant may designate a Beneficiary other than the spouse only if such spouse consents, in writing, to such designation. In order to be effective, such spousal consent must (i) acknowledge the effect of waiving the benefit such spouse is otherwise entitled to receive; (ii) consent to the designated Beneficiary; (iii) acknowledge that the Beneficiary designation is not valid unless the spouse agrees to such designation and (iv) be witnessed by a notary public or authorized Plan representative.

A Participant or Former Participant who is not married may designate any individual or person as Beneficiary.

A Beneficiary designation shall only become effective upon receipt by the Personnel Department of the Employer. Any Beneficiary designation filed with the Employer shall supersede any prior designation on file upon receipt by the Employer.

In the absence of any Beneficiary designation, payments upon the death of the Participant or Former Participant shall be made to the first named Beneficiary or class of Beneficiaries, of the following successive Beneficiaries who survive the Participant or Former Participant: (1) the surviving spouse, if any; (ii) one share to each child of the Participant or Former Participant, whether or not the child is then living, except that the share of a deceased child of the Participant or Former Participant shall be divided, per stirpes, among the then living descendants of such deceased child; (iii) father and mother, equally, or to the survivor; (iv) surviving brothers and sisters, equally; (v) a duly appointed executor or administrator of the Participant's or Former Participant's estate. For purposes of this paragraph, "child" "children" or "descendants" shall include legally adopted children.

ARTICLE IV
CONTRIBUTIONS

Section 4.1 Elective Deferral Amounts

Except as provided in Section 4.2, an Eligible Employee may irrevocably elect to defer, in any whole percentage, an amount from 1% to 15% of such Eligible Employee's Excess Compensation.

A Participant's Elective Deferral shall go into effect as of the first payroll period in which such Participant receives Excess Compensation and shall remain in effect throughout the Plan Year. A Participant may change an Elective Deferral only as provided in Section 4.3.

Elective Deferrals shall be paid to the Trust as soon as practicable following the payroll period in which such amount would have been payable to the Participant in cash, but for such Participant's election to defer.

Section 4.2 Special Rule for Short Plan Year

Notwithstanding the provisions of Section 4.1, in the event a Participant's Compensation from January 1, 1995 through May 31, 1995 exceeds the limitation of Section 401(a)(17) as of the Effective Date, such Participant may elect to defer up to 15% of Excess Compensation during the initial Plan Year, provided that such amount does not exceed 10% of the Participant's Excess Compensation on an annualized basis for such Plan Year.

Section 4.3 Changing Elective Deferrals

A Participant may increase an Elective Deferral only during the Enrollment Period.

A Participant may decrease or cease an Elective Deferral as of the first day of any calendar quarter by filing written notice of such change with such Participant's Employer. Such change shall only become effective if written notice is received at least 30 days prior to the first day of the calendar quarter in which such change is to occur and the Participant's service giving rise to such Excess Compensation has not yet occurred.

Section 4.4 Matching Contributions

Each Year following the close of the Plan Year, the Employer shall determine the Matching Contribution.

The Matching Contribution shall be equal to 50% of the first 6% of each Participant's Elective Deferrals made during the preceding Plan Year, provided that the Participant continues to be employed by the Employer or an Affiliate on the last day of such Plan Year. Notwithstanding the preceding sentence, in any Plan Year in which the Employer is not profitable, as determined in the sole discretion of the Employer, such Matching Contribution shall be zero.

Matching Contributions shall be paid to the Trust by the Employer as soon as practicable following the determination of such amount on behalf of all Participants who are eligible to receive a Matching Contribution for the Plan Year. Matching Contributions shall be allocated to a Participant's account in accordance with Section 5.2.

ARTICLE V

ALLOCATION OF CONTRIBUTIONS AND INTEREST

Section 5.1 Allocation of Elective Deferrals

As of each calendar quarter, the Employer shall allocate the Elective Deferrals made during such quarter to a Participant's Account. Such amount shall be credited with Interest as of the last day of the calendar quarter following the calendar quarter in which the Elective Deferral was made. Interest shall be allocated in accordance with Section 5.3.

Section 5.2 Allocation of Matching Contributions

As of the end of each Plan Year, the Employer shall allocate the Matching Contribution, if any, among the Accounts of Participants or Former Participants who made Elective Deferrals during the Plan Year, provided that the Participant or Former Participant continues to be an Employee of the Employer or an Affiliate on the last day of the Plan Year.

Matching Contributions shall be credited with Interest for the year in which such contribution was actually made, as if such amount had been paid to the Trust on the first day of such year. Interest shall be allocated in accordance with Section 5.3.

Section 5.3 Allocation of Interest

Interest shall be allocated to a Participant's or Former Participant's Account as of the last day of each calendar quarter. Such amount shall be allocated based on the amount then standing in such Account.

ARTICLE VI

VESTING

Section 6.1 Vesting

Subject to the provisions of Section 6.2, a Participant, or Former Participant shall have a Vested right to benefits in accordance with this Section 6.1:

- (a) A Participant or Former Participant shall be 100% Vested in their Elective Deferrals, plus any Interest thereon, at all times.

(b) A Participant or Former Participant shall have a Vested right to Matching Contributions allocated to such Participant's or Former Participant's Account, plus any Interest thereon, in accordance with the following schedule:

<u>Completed Years of Service</u>	<u>Vested Percentage</u>
Less than 3 years	0%
3 but less than 4	33 1/3%
4 but less than 5	66 2/3%
5 or more	100%

"Service" shall include any period of "Active Service" as such term is defined under the Schlumberger Limited Savings and Profit Sharing Plan.

(c) Notwithstanding the provisions of (b) above, a Participant or Former Participant shall become 100% Vested in the event of death, attainment of age 60, termination of the Plan or a "change in control".

For purposes of this paragraph (c), a "change in control" shall mean a change in the ownership or control of the Employer such that any one person, or more than one person acting as a group, acquires or holds stock representing more than 50 percent of the total fair market value or total voting power of the stock of the Employer.

For purposes of the preceding paragraph, persons will not be considered to be "acting as a group" merely because they happen to purchase or own stock of the Employer at the same time, or as a result of the same public offering. However, persons will be considered to be "acting as a group" if they are owners of an entity that enters into a merger, consolidation, purchase or acquisition of stock, or other similar business transaction with the Employer.

Section 6.2 Violation of Confidential Agreements

Notwithstanding the provisions of Section 6.1, a Participant or Former Participant shall forfeit any Vested right to such Participant's or Former Participant's Account in the event it is determined by the Administrative Committee that such Participant or Former Participant has engaged in a dishonest act injurious to the finances or reputation of the Employer or any of its Affiliates or that such Participant or Former Participant has violated a Patent and Confidential Information Agreement between such individual and the Employer or any of its Affiliates or any other confidential arrangement involving the Employer or any of its Affiliates to which such individual is a party or by which such individual is bound.

Section 6.3 Right to Account in the Event of Bankruptcy

Notwithstanding anything to the contrary contained herein, in the event the Employer is determined to be insolvent or is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, a Vested Participant or Vested Former Participant shall have the same standing as any other general creditor of the Employer and shall be entitled to recover any benefits then standing in such Participant's or Former Participant's Vested Account only to the extent such amount is made available to such individual in accordance with the bankruptcy proceedings as determined by the federal courts. The Employer will be considered "insolvent" for purposes of the Plan if the Employer is unable to pay its debts as they become due.

ARTICLE VII

FORM AND TIMING OF PAYMENT

Section 7.1 Form of Payment

Payment of a Participant's or Former Participant's Account shall be made in a single lump sum cash payment. No other forms of payment are available under the Plan.

Section 7.2 Timing of Benefit Payment

A Participant or Former Participant (or, if applicable, the Beneficiary of such Participant or Former Participant) shall receive a distribution of the Vested portion of his Account in the event such Participant or Former Participant dies, retires, separates from service for any reason or becomes disabled. Payment shall be made as soon as practicable following the close of the calendar quarter immediately following a Participant's or Former Participant's death, retirement, separation from service or disability, whichever occurs first, subject to the requirement of (a) and (b) below.

(a) For purposes of determining whether a Participant or Former Participant has separated from service, a Participant or Former Participant who continues to be paid from the payroll of the Employer, as a result of a continuing contractual agreement to provide services to the Employer or an Affiliate for a specified period of time, shall not be deemed to have separated from service until the termination of such period or, if earlier, until such Participant or Former Participant commences to receive benefit payments under a qualified defined benefit plan sponsored by the Employer or an Affiliate.

(b) Payment to a Participant or Former Participant as a result of disability shall be made in the calendar quarter immediately following the date such individual ceases to be covered under the Employer's, or, if applicable, an Affiliate's, salary continuance program. Salary continuance shall include those programs sponsored by the Employer or an Affiliate that provide for the continuation of salary during a period of short-term disability in which the Employee continues to be carried on the Employer's or Affiliate's payroll.

No payment shall be made from the Plan to a Participant or Former Participant while such Participant or Former Participant is actively employed by the Employer or an Affiliate.

A Participant or Former Participant shall have no right to defer payment of benefits to a date later than the date provided in this Section 7.2.

ARTICLE VIII

MERGER, AMENDMENT AND TERMINATION

Section 8.1 Merger, Consolidation or Acquisition

In the event of a merger, consolidation or acquisition where the Employer is not the surviving corporation, the Plan shall terminate with respect to such Employer and no further Elective Deferrals shall be made to the Plan by any Participant or other Eligible Employee of such Employer. Any amount then standing in a Vested Account shall be paid as soon as practicable following such merger, consolidation or acquisition.

Section 8.2 Amendment and Termination

The Board of Directors may amend, modify or terminate the Plan in whole or in part at any time. In the event the Plan is terminated, any unpaid Vested Accounts shall immediately become due and payable and shall be distributed as soon as practicable following termination of the Plan, but in no event later than the last day of the calendar year in which such termination occurs.

ARTICLE IX

ADMINISTRATION

Section 9.1 Administration

The Plan shall be administered, construed and interpreted by the Administrative Committee. Any determination made by the Administrative Committee, including any determination as to eligibility, the amount of benefits or the interpretation of any Plan provision, shall be conclusive and binding on all persons, including a Participant, a Former Participant, a Beneficiary, the Employer, an Affiliate or an Employee. A member of the Administrative Committee who is also a Participant or Former Participant in the Plan must abstain from voting on any matter relating specifically to such Participant's or Former Participant's own Account under the Plan.

Section 9.2 Expenses

Expenses of the Plan may be paid by the Trust unless otherwise paid by the Employer.

Section 9.3 Indemnification

The members of the Administrative Committee, or any agent appointed by said Committee, shall be indemnified and held harmless by the Employer against and from any and all losses, cost, liability, or expense that may be imposed upon or reasonably incurred by such persons in connection with or resulting from any claim, action, suit or proceeding to which any such person may be party by their reason to act or not act under the Plan and against and from any and all amounts paid by such persons in settlement (with the Employer's written approval) or paid by such persons in satisfaction of a judgment in any such action, suit or proceeding. The provisions of this Section 9.3 shall not apply to any person if such loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

Section 9.4 Non-Alienation of Benefits

Except as provided in Section 6.3, or by mutual agreement between the Employer and any Participant or Former Participant, benefits payable under the Plan shall not be subject, in any manner, to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge,

whether voluntary or involuntary, by operation of law or otherwise, and any attempt at such shall be void; and further provided, that any such benefit shall not in any way be subject to the debts, contract, liabilities, engagements or torts of the person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

ARTICLE X

MISCELLANEOUS

Section 10.1 Applicable Law

The Plan shall be governed and construed in accordance with the laws of the State of New York.

Section 10.2 Plan not an Employment Contract

The Plan is not, nor shall it be construed to be, an employment contract between the Employer or an Affiliate and an Employee. The receipt of benefits hereunder does not give any person the right to be continued in the employ of the Employer or an Affiliate, and all Employees remain subject to change of salary, transfer, change of job, discipline, layoff, discharge (with or without cause) or any other change of employment status.

Section 10.3 Source of Payment

The benefits payable under the Plan are an obligation and liability of the applicable Employer. Amounts paid under the Plan shall be paid in cash from the Trust, but only to the extent the amount then standing in the Trust and allocated to a Participant's or Former Participant's Account has been paid to the Trust. Amounts not paid from the Trust shall be paid from the general assets of the applicable Employer.

No Participant, Former Participant or Beneficiary shall have any right, title or interest whatever in or to any investment reserves, accounts, funds or assets that the Employer may purchase, establish or accumulate to aid in providing the benefits described under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a fiduciary relationship of any kind between the Employer or an Affiliate and a Participant, Former Participant or Beneficiary.

A Participant, Former Participant or Beneficiary shall not acquire any interest under the Plan greater than that of an unsecured creditor.

Section 10.4 Tax Withholding

The Employer shall withhold from any payment any federal, state or local taxes required by law to be withheld with respect to such payment and such sums as the Employer may reasonably estimate as necessary to cover any taxes for which the Employer may be liable and which may be assessed with regard to such payment.

Section 10.5 Severability

In the event any provision of the Plan shall be held invalid or illegal, either in whole or in part, for any reason, then any such provision shall be construed and enforced as if such provisions had never been included in the Plan and the Employer shall have the right to correct or remedy any such provision by amendment to the Plan.

IN WITNESS WHEREOF, the Employer has caused this instrument to be executed by its duly authorized officers in multiple copies, each of which shall be deemed an origin but all of which shall constitute one and the same instrument, this __ day of _____, 1996, but effective as of the first day of June, 1995.

SCHLUMBERGER LIMITED

By _____

ATTEST:

[SEAL]

SCHLUMBERGER 1998 STOCK OPTION PLAN
(As Established Effective January 21, 1998,
and conformed to include amendments through January 1, 2009)

1. Purpose of the Plan

This Stock Option Plan (the "Plan") is intended as an incentive to key employees of Schlumberger Limited (the "Company") and its subsidiaries. Its purposes are to retain employees with a high degree of training, experience and ability, to attract new employees whose services are considered unusually valuable, to encourage the sense of proprietorship of such persons and to stimulate the active interest of such persons in the development and financial success of the Company.

2. Administration of the Plan

(a) The Board of Directors shall appoint and maintain a Compensation Committee (the "Committee") which shall consist of at least three (3) members of the Board of Directors, none of whom is an officer or employee of the Company, who shall serve at the pleasure of the Board. The Committee may from time to time grant incentive stock options and non-qualified stock options ("Stock Options") under the Plan to the persons described in Section 3 hereof. No member of such Committee shall be eligible to receive Stock Options under this Plan during his or her tenure on the Committee. Members of the Committee shall be subject to any additional restrictions necessary to satisfy the definition of "Non-Employee Director" as set forth in Rule 16b-3 under the United States Securities Exchange Act of 1934 (the "Act") as it may be amended from time to time.

(b) The Committee shall have full power and authority to interpret the provisions of the Plan and supervise its administration. All decisions and selections made by the Committee pursuant to the provisions of the Plan shall be made by a majority of its members. Any decision reduced to writing and signed by a majority of the members shall be fully effective as if adopted by a majority at a meeting duly held. Subject to the provisions of the Plan, the Committee shall have full and final authority to determine the persons to whom Stock Options hereunder shall be granted, the number of shares to be covered by each Stock Option except that no optionee may be granted options for more than 1,000,000 shares during the life of the Plan, and whether such Stock Option shall be designated an "incentive stock option" or a "non-qualified stock option."

(c) No member of the Committee shall be liable for anything done or omitted to be done by him or by her or any other member of the Committee in connection with the Plan, except for his or her own willful misconduct or as expressly provided by statute.

(d) If the exercise period of an outstanding Stock Option is continued following a holder's termination of employment as provided in Section 5, and the holder engages in "detrimental activity" as described in Section 5, the Committee shall have the authority in its discretion to cause such option to be forfeited and certain option exercises thereunder to be rescinded as provided for in Section 5.

3. Grants of Stock Options

(a) The persons eligible for participation in the Plan as recipients of Stock Options shall include only employees of the Company or its subsidiary corporations as defined in Section 424(f) of the Internal Revenue Code of 1986 as amended from time to time (the "Code"), and hereinafter referred to as "subsidiaries" who are executive, administrative, professional or technical personnel who have responsibilities affecting the management, direction, development and financial success of the Company or its subsidiaries. No Director of the Company who is not also an employee is eligible to participate in the Plan, nor is any employee who owns directly or indirectly stock possessing more than five percent (5%) of the total combined voting power or value of all classes of stock of the Company or any subsidiary. An employee may receive more than one grant of Stock Options at the Committee's discretion including simultaneous grants of different forms of Stock Options.

(b) The Committee in granting Stock Options hereunder shall have discretion to determine the terms and conditions upon which such Stock Options may be exercisable. Each grant of a Stock Option shall be confirmed by an Agreement consistent with this Plan which shall be executed by the Company and by the person to whom such Stock Option is granted. Except in the case of death or disability (as described in Section 5(c)(iv)(B) or 5(c)(v)(B)), no Stock Option shall vest or become exercisable with respect to any portion of the shares of Common Stock thereunder unless and until the recipient remains in the employment of the Company or a subsidiary for a period of at least one (1) year from the date of grant of the option (which provision shall not be construed to impair in any way the right of the Company or subsidiary to terminate such employment). For the avoidance of doubt, in no event shall the provisions of the preceding sentence apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(c) For purposes of this Plan, employment with the Company shall include employment with any subsidiary of the Company, and Stock Options granted under this Plan shall not be affected by an employee's transfer of employment from the Company to a subsidiary, from a subsidiary to the Company or between subsidiaries.

(d) The purchase price of the shares as to which a Stock Option is exercised shall be paid in full at the time of the exercise subject to such rules, procedures and restrictions as the Committee may prescribe from time to time: (i) in cash or by certified check; (ii) by the delivery of shares of Schlumberger Common Stock with a fair market value (as determined according to Section 5(b) of the Plan) at the time of exercise equal to the total option price; or (iii) by a combination of the methods described in (i) and (ii).

4. Shares Subject to the Plan

Subject to adjustment as provided in Section 8 hereof, there shall be subject to the Plan 12,000,000 shares of Common Stock, par value \$0.01 per share, of the Company (the "Shares"). The Shares subject to the Plan shall consist of authorized and unissued shares or previously issued shares reacquired and held by the Company or any subsidiary. Should any Stock Option expire or be terminated prior to its exercise in full and prior to the termination of the Plan, the Shares theretofore subject to such Stock Option shall be available for further grants under the

Plan. Until termination of the Plan, the Company and/or one or more subsidiaries shall at all times make available a sufficient number of Shares to meet the requirements of the Plan. After termination of the Plan, the number of Shares reserved for purposes of the Plan from time to time shall be only such number of Shares as are issuable under then outstanding Stock Options.

5. Terms of Stock Options

(a) Stock Options granted under this Plan which are designated as “incentive stock options” may be granted with respect to any number of Shares, subject to the limitation that the aggregate fair market value of such Shares (determined in accordance with Section 5(b) of the Plan at the time the option is granted) with respect to which such options are exercisable for the first time by an employee during any one calendar year (under all such plans of the Company and any subsidiary of the Company) shall not exceed \$100,000. To the extent that the aggregate fair market value of Shares with respect to which incentive stock options (determined without regard to this subsection) are exercisable for the first time by any employee during any calendar year (under all plans of the employer corporation and its parent and subsidiary corporations) exceeds \$100,000, such options shall be treated as options which are not incentive stock options. No Stock Options shall be granted pursuant to the Plan after January 21, 2008.

(b) The purchase price of each Share subject to a Stock Option shall be determined by the Committee prior to granting a Stock Option. The Committee shall set the purchase price for each Share at either the fair market value (the “Fair Market Value”) of each Share on the date the Stock Option is granted, or at such other price as the Committee in its sole discretion shall determine, but not less than one hundred percent (100%) of such Fair Market Value. After it is granted, no Stock Option may be amended to decrease the purchase price and no Stock Option may be granted in substitution for an outstanding Stock Option with a purchase price lower than the purchase price of an outstanding Stock Option. The Fair Market Value of a Share on a particular date shall be deemed to be the mean between the highest and lowest composite sales price per share of the Common Stock in the New York Stock Exchange Composite Transactions Quotations, as reported for that date, or, if there shall have been no such reported prices for that date, the reported mean price on the last preceding date on which a composite sale or sales were effected on one or more of the exchanges on which the Shares were traded shall be the Fair Market value.

(c) (i) Subject to the requirements of Section 3(b), each Stock Option granted hereunder shall be exercisable in one or more installments (annual or other) on such date or dates as the Committee may in its sole discretion determine and communicate to the optionee in communicating the grant of the option, provided that no Stock Option may be exercised after the expiration of ten (10) years from the date such option is granted (the maximum term established by the Committee with respect to a particular Stock Option is hereinafter referred to as the “Option Period”). For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(i) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(ii) Except as provided in paragraph (e) below, the right to purchase Shares shall be cumulative so that when the right to purchase any Shares has accrued such Shares or any part thereof may be purchased at any time thereafter until the expiration or termination of the Stock Option.

(iii) At any time after the granting of any such Stock Option, the Committee may accelerate the installment exercise dates (subject, however, to any applicable limitations concerning options designated “incentive stock options”).

(iv) Termination of Employment and Subsequent Events.

(A) If the optionee’s employment with the Company is terminated with the consent of the Company and provided such employment is not terminated for cause (of which the Committee shall be the sole judge), the Committee may permit such Stock Option to be exercised by such optionee at any time during the period of three (3) months after such termination or the remainder of the Option Period whichever is less, provided that such option may be exercised only to the extent it was exercisable on the date of such termination.

(B) In the event an optionee dies while in the employ of the Company, any outstanding Stock Option shall automatically become fully vested and exercisable by the person or persons entitled thereto under the optionee’s will or the laws of descent and distribution during the “Post-Death Exercise Period.” The Post-Death Exercise Period shall commence on the date of the optionee’s death and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(C) In the event an optionee dies after termination of employment but prior to the exercise in full of any Stock Option which was exercisable on the date of such termination, such option may be exercised before expiration of its term by the person or persons entitled thereto under the optionee’s will or the laws of descent and distribution during the Post-Death Exercise Period to the extent exercisable by the optionee at the date of death. For purposes of this Section 5(c)(iv)(C), the Post-Death Exercise Period shall commence on the date of the optionee’s termination of employment and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(D) If the optionee’s employment with the Company is terminated without the consent of the Company for any reason other than the death of the optionee, or if the optionee’s employment with the Company is terminated for cause, his or her rights under any then outstanding Stock Option shall terminate immediately. The Committee shall be the sole judge of whether the optionee’s employment is terminated without the consent of the Company or for cause.

(E) Notwithstanding the foregoing, if the optionee engages in “detrimental activity” (as hereinafter defined) within one year after termination of employment for any reason other than retirement or disability, the Committee, in its discretion, may cause the optionee’s right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines

that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within one year following termination of employment for any reason other than retirement or disability, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment and ending three months following such termination. For purposes of this Section 5, "detrimental activity" means activity that is determined by the Committee in its sole and absolute discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where such optionee: (1) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company and any subsidiaries, (2) enters into employment with a competitor under circumstances suggesting that such optionee will be using unique or special knowledge gained as a Company employee to compete with the Company, (3) uses information obtained during the course of his or her prior employment for his or her own purposes, such as for the solicitation of business, (4) is determined to have engaged (whether or not prior to termination) in either gross misconduct or criminal activity harmful to the Company, or (5) takes any action that harms the business interests, reputation, or goodwill of the Company and/or its subsidiaries.

For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(iv) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(v) Retirement, Disability and Subsequent Events.

(A) If the optionee's employment with the Company is terminated due to retirement (within the meaning of any prevailing pension plan in which such optionee is a participant), such Stock Option shall be exercisable by such optionee at any time during the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Retirement Exercise Period"), provided that such option may be exercised after such termination and before expiration only to the extent that it is exercisable on the date of such termination.

(B) If the optionee's employment with the Company is terminated due to disability, such Stock Option shall automatically become fully vested and exercisable. Such optionee may exercise the outstanding Stock Option at any time during (1) in the case of Stock Options intended to be incentive stock options within the meaning of Section 422 of the Code and granted prior to January 17, 2008, the period of three (3) months after such termination or the remainder of the Option Period, whichever is less, or (2) in the case of all other Stock Options, the

period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Disability Exercise Period"). For purposes of this Section 5(c)(v), "disability" shall mean such disability (whether through physical or mental impairment) which totally and permanently incapacitates the optionee from any gainful employment in any field which the optionee is suited by education, training, or experience, as determined by the Committee in its sole and absolute discretion.

(C) In the event an optionee dies during the Retirement Exercise Period or the Disability Exercise Period, such Stock Option may be exercised by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution to the extent exercisable by the optionee at the date of death and to the extent the term of the Option Period has not expired within such Retirement Exercise Period or Disability Exercise Period.

(D) Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as defined in Section 5(c)(iv)(E)) within five years after termination of employment by reason of retirement or disability, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within five years following termination of employment by reason of retirement or disability, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment by retirement or disability and ending one year following such termination.

For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(v) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(vi) Notwithstanding the other provisions of this paragraph (c), in no event may a Stock Option be exercised after the expiration of ten (10) years from the date such Stock Option is granted.

(d) At the time of the grant of a Stock Option, the Committee may determine that the Shares covered by such option shall be restricted as to transferability. If so restricted, such Shares shall not be sold, transferred or disposed of in any manner, and such Shares shall not be pledged or otherwise hypothecated until the restriction expires by its terms. The circumstances under which any such restriction shall expire shall be determined by the Committee and shall be set forth in the Stock Option Agreement covering the grant of the option to purchase such Shares.

(e) The Committee shall designate whether a Stock Option is to be an “incentive stock option” for purposes of Section 422 of the Code.

6. Assignability of Stock Options

Stock Options granted under the Plan shall not be assignable or otherwise transferable by the recipient except by will or the laws of descent and distribution. Otherwise, Stock Options granted under this Plan shall be exercisable during the lifetime of the recipient (except as otherwise provided in the Plan or the applicable Agreement for Stock Options other than “incentive stock options”) only by the recipient for his or her individual account, and no purported assignment or transfer of such Stock Options thereunder, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the purported assignee or transferee any interest or right therein whatsoever but immediately upon any such purported assignment or transfer, or any attempt to make the same, such Stock Options thereunder shall terminate and become of no further effect.

7. Taxes

The Committee may make such provisions and rules as it may deem appropriate for the withholding of taxes in connection with any Stock Options granted under the Plan. An optionee, subject to such rules as the Committee may prescribe from time to time, may elect to satisfy all or any portion of the tax required to be withheld by the Company in connection with the exercise of such option by electing to have the Company withhold a number of shares having a Fair Market Value on the date of exercise equal to or less than the amount required to be withheld. An optionee’s election pursuant to the preceding sentence must be made on or before the date of exercise and must be irrevocable.

8. Reorganizations and Recapitalizations of the Company

(a) The existence of this Plan and Stock Options granted hereunder shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Shares or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) Except as hereinafter provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Stock Options granted hereunder.

(c) The Shares with respect to which Stock Options may be granted hereunder are shares of the Common Stock of the Company as presently constituted, but if, and whenever, prior to the delivery by the Company or a subsidiary of all of the Shares which are subject to the

Stock Options or rights granted hereunder, the Company shall effect a subdivision or consolidation of shares or other capital readjustments, the payment of a stock dividend or other increase or reduction of the number of shares of the Common Stock outstanding without receiving compensation therefor in money, services or property, the number of Shares subject to the Plan shall be proportionately adjusted and the number of Shares with respect to which Stock Options granted hereunder may thereafter be exercised shall:

(i) in the event of an increase in the number of outstanding shares, be proportionately increased, and the cash consideration (if any) payable per Share shall be proportionately reduced; and

(ii) in the event of a reduction in the number of outstanding shares, be proportionately reduced, and the cash consideration (if any) payable per Share shall be proportionately increased.

(d) If the Company merges with one or more corporations, or consolidates with one or more corporations and the Company shall be the surviving corporation, thereafter, upon any exercise of Stock Options granted hereunder, the recipient shall, at no additional cost (other than the option price, if any) be entitled to receive (subject to any required action by stockholders) in lieu of the number of Shares as to which such Stock Options shall then be exercisable the number and class of shares of stock or other securities to which the recipient would have been entitled pursuant to the terms of the agreement of merger or consolidation, if immediately prior to such merger or consolidation the recipient had been the holder of record of the number of shares of Common Stock of the Company equal to the number of Shares as to which such Stock Options shall be exercisable. Upon any reorganization, merger or consolidation where the Company is not the surviving corporation or upon liquidation or dissolution of the Company, all outstanding Stock Options shall, unless provisions are made in connection with such reorganization, merger or consolidation for the assumption of such Stock Options, be canceled by the Company as of the effective date of any such reorganization, merger or consolidation, or of any dissolution or liquidation of the Company, by giving notice to each holder thereof or his or her personal representative of its intention to do so and by permitting the exercise during the thirty-day period next preceding such effective date of all Stock Options which are outstanding as of such date, whether or not otherwise exercisable.

9. Registration under Securities Act of 1933 and Exchange Listing

It is intended that the Stock Options and Shares covered by the Plan will be registered under the Securities Act of 1933, as amended. At the time any Shares are issued or transferred to satisfy the exercise of a Stock Option granted under the Plan, such Shares will have been listed (or listed subject to notice of issuance) on the New York Stock Exchange.

10. Reports and Returns

The appropriate officers of the Company shall cause to be filed any reports, returns or other information regarding the Stock Options granted hereunder or any Shares issued pursuant to the exercise thereof or a payment made hereunder, as may be required by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or any other applicable statute, rule or regulation.

11. Plan Term

The Plan shall be effective January 21, 1998, subject to approval within twelve (12) months from the effective date by the holders of a majority of the votes cast at a meeting. In the event the Plan is not so approved, the Plan shall automatically terminate and be of no further force or effect. No Stock Options shall be granted pursuant to this Plan after January 21, 2008.

12. Amendment or Termination

The Board of Directors may amend, alter or discontinue the Plan at any time insofar as permitted by law, but no amendment or alteration shall be made without the approval of the stockholders:

(a) if, except as contemplated by Section 8 of the Plan, the amendment would permit the decrease of the purchase price of a Stock Option after the grant of the Stock Option or grant to the holder of an outstanding Stock Option, a new Stock Option with a lower purchase price in exchange for the outstanding Stock Option; or

(b) if and to the extent such amendment requires stockholder approval under Section 422 of the Code (or any successor provision).

No amendment of the Plan shall alter or impair any of the rights or obligations of any person, without his or her consent, under any option or right theretofore granted under the Plan.

13. Government Regulations

Notwithstanding any of the provisions hereof or of any Stock Option granted hereunder, the obligation of the Company or any subsidiary to sell and deliver Shares under such Stock Option or to make cash payments in respect thereto shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required, and the recipient shall agree that he will not exercise or convert any option granted hereunder, and that the Company or any subsidiary will not be obligated to issue any Shares or make any payments under any such option if the exercise thereof or if the issuance of such Shares or if the payment made shall constitute a violation by the recipient or the Company or any subsidiary of any provision of any applicable law or regulation of any governmental authority.

SCHLUMBERGER 2001 STOCK OPTION PLAN
(As Established Effective February 16, 2001,
and conformed to include amendments through January 1, 2009)

1. Purpose of the Plan

This Stock Option Plan (the "Plan") is intended as an incentive to key employees of Schlumberger Limited (the "Company") and its subsidiaries. Its purposes are to retain employees with a high degree of training, experience and ability, to attract new employees whose services are considered unusually valuable, to encourage the sense of proprietorship of such persons and to stimulate the active interest of such persons in the development and financial success of the Company.

2. Administration of the Plan

(a) The Board of Directors shall appoint and maintain a Compensation Committee (the "Committee") which shall consist of at least three (3) members of the Board of Directors, none of whom is an officer or employee of the Company, who shall serve at the pleasure of the Board. The Committee may from time to time grant incentive stock options and non-qualified stock options ("Stock Options") under the Plan to the persons described in Section 3 hereof. No member of such Committee shall be eligible to receive Stock Options under this Plan during his or her tenure on the Committee. Members of the Committee shall be subject to any additional restrictions necessary to satisfy the definition of "Non-Employee Director" as set forth in Rule 16b-3 under the United States Securities Exchange Act of 1934 (the "Act") as it may be amended from time to time.

(b) The Committee shall have full power and authority to interpret the provisions of the Plan and supervise its administration. All decisions and selections made by the Committee pursuant to the provisions of the Plan shall be made by a majority of its members. Any decision reduced to writing and signed by a majority of the members shall be fully effective as if adopted by a majority at a meeting duly held. Subject to the provisions of the Plan, the Committee shall have full and final authority to determine the persons to whom Stock Options hereunder shall be granted, the number of shares to be covered by each Stock Option except that no optionee may be granted options for more than 500,000 shares during the life of the Plan, and whether such Stock Option shall be designated an "incentive stock option" or a "non-qualified stock option."

(c) No member of the Committee shall be liable for anything done or omitted to be done by him or by her or any other member of the Committee in connection with the Plan, except for his or her own willful misconduct or as expressly provided by statute.

(d) If the exercise period of an outstanding Stock Option is continued following a holder's termination of employment as provided in Section 5, and the holder engages in "detrimental activity" as described in Section 5, the Committee shall have the authority in its discretion to cause such option to be forfeited and certain option exercises thereunder to be rescinded as provided for in Section 5.

3. Grants of Stock Options

(a) The persons eligible for participation in the Plan as recipients of Stock Options shall include only employees of the Company or its subsidiary corporations as defined in Section 424(f) of the Internal Revenue Code of 1986 as amended from time to time (the "Code"), and hereinafter referred to as "subsidiaries" who are executive, administrative, professional or technical personnel who have responsibilities affecting the management, direction, development and financial success of the Company or its subsidiaries. No Director of the Company who is not also an employee is eligible to participate in the Plan, nor is any employee who owns directly or indirectly stock possessing more than five percent (5%) of the total combined voting power or value of all classes of stock of the Company or any subsidiary. An employee may receive more than one grant of Stock Options at the Committee's discretion including simultaneous grants of different forms of Stock Options.

(b) The Committee in granting Stock Options hereunder shall have discretion to determine the terms and conditions upon which such Stock Options may be exercisable. Each grant of a Stock Option shall be confirmed by an Agreement consistent with this Plan which shall be executed by the Company and by the person to whom such Stock Option is granted. Except in the case of death or disability (as described in Section 5(c)(iv)(B) or 5(c)(v)(B)), no Stock Option shall vest or become exercisable with respect to any portion of the shares of Common Stock thereunder unless and until the recipient remains in the employment of the Company or a subsidiary for a period of at least one (1) year from the date of grant of the option (which provision shall not be construed to impair in any way the right of the Company or subsidiary to terminate such employment). For the avoidance of doubt, in no event shall the provisions of this preceding sentence apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(c) For purposes of this Plan, employment with the Company shall include employment with any subsidiary of the Company, and Stock Options granted under this Plan shall not be affected by an employee's transfer of employment from the Company to a subsidiary, from a subsidiary to the Company or between subsidiaries.

(d) The purchase price of the shares as to which a Stock Option is exercised shall be paid in full at the time of the exercise subject to such rules, procedures and restrictions as the Committee may prescribe from time to time: (i) in cash or by certified check; (ii) by the delivery of shares of Schlumberger Common Stock with a fair market value (as determined according to Section 5(b) of the Plan) at the time of exercise equal to the total option price; or (iii) by a combination of the methods described in (i) and (ii).

4. Shares Subject to the Plan

Subject to adjustment as provided in Section 8 hereof, there shall be subject to the Plan 9,000,000 shares of Common Stock, par value \$0.01 per share, of the Company (the "Shares"). The Shares subject to the Plan shall consist of authorized and unissued shares or previously issued shares reacquired and held by the Company or any subsidiary. Should any Stock Option expire or be terminated prior to its exercise in full and prior to the termination of the Plan, the Shares theretofore subject to such Stock Option shall be available for further grants under the

Plan. Until termination of the Plan, the Company and/or one or more subsidiaries shall at all times make available a sufficient number of Shares to meet the requirements of the Plan. After termination of the Plan, the number of Shares reserved for purposes of the Plan from time to time shall be only such number of Shares as are issuable under then outstanding Stock Options.

5. Terms of Stock Options

(a) Stock Options granted under this Plan which are designated as “incentive stock options” may be granted with respect to any number of Shares, subject to the limitation that the aggregate fair market value of such Shares (determined in accordance with Section 5(b) of the Plan at the time the option is granted) with respect to which such options are exercisable for the first time by an employee during any one calendar year (under all such plans of the Company and any subsidiary of the Company) shall not exceed \$100,000. To the extent that the aggregate fair market value of Shares with respect to which incentive stock options (determined without regard to this subsection) are exercisable for the first time by any employee during any calendar year (under all plans of the employer corporation and its parent and subsidiary corporations) exceeds \$100,000, such options shall be treated as options which are not incentive stock options. No Stock Options shall be granted pursuant to the Plan after January 17, 2011.

(b) The purchase price of each Share subject to a Stock Option shall be determined by the Committee prior to granting a Stock Option. The Committee shall set the purchase price for each Share at either the fair market value (the “Fair Market Value”) of each Share on the date the Stock Option is granted, or at such other price as the Committee in its sole discretion shall determine, but not less than one hundred percent (100%) of such Fair Market Value. After it is granted, no Stock Option may be amended to decrease the purchase price and no Stock Option may be granted in substitution for an outstanding Stock Option with a purchase price lower than the purchase price of an outstanding Stock Option. The Fair Market Value of a Share on a particular date shall be deemed to be the mean between the highest and lowest composite sales price per share of the Common Stock in the New York Stock Exchange Composite Transactions Quotations, as reported for that date, or, if there shall have been no such reported prices for that date, the reported mean price on the last preceding date on which a composite sale or sales were effected on one or more of the exchanges on which the Shares were traded shall be the Fair Market value.

(c) (i) Subject to the requirements of Section 3(b), each Stock Option granted hereunder shall be exercisable in one or more installments (annual or other) on such date or dates as the Committee may in its sole discretion determine and communicate to the optionee in communicating the grant of the option, provided that no Stock Option may be exercised after the expiration of ten (10) years from the date such option is granted (the maximum term established by the Committee with respect to a particular Stock Option is hereinafter referred to as the “Option Period”). For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(i) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(ii) Except as provided in paragraph (e) below, the right to purchase Shares shall be cumulative so that when the right to purchase any Shares has accrued such Shares or any part thereof may be purchased at any time thereafter until the expiration or termination of the Stock Option.

(iii) At any time after the granting of any such Stock Option, the Committee may accelerate the installment exercise dates (subject, however, to any applicable limitations concerning options designated “incentive stock options”).

(iv) *Termination of Employment and Subsequent Events.*

(A) If the optionee’s employment with the Company is terminated with the consent of the Company and provided such employment is not terminated for cause (of which the Committee shall be the sole judge), the Committee may permit such Stock Option to be exercised by such optionee at any time during the period of three (3) months after such termination or the remainder of the Option Period whichever is less, provided that such option may be exercised only to the extent it was exercisable on the date of such termination.

(B) In the event an optionee dies while in the employ of the Company, any outstanding Stock Option shall automatically become fully vested and exercisable by the person or persons entitled thereto under the optionee’s will or the laws of descent and distribution during the “Post-Death Exercise Period.” The Post-Death Exercise Period shall commence on the date of the optionee’s death and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(C) In the event an optionee dies after termination of employment but prior to the exercise in full of any Stock Option which was exercisable on the date of such termination, such option may be exercised before expiration of its term by the person or persons entitled thereto under the optionee’s will or the laws of descent and distribution during the Post-Death Exercise Period to the extent exercisable by the optionee at the date of death. For purposes of this Section 5(c)(iv)(C), the Post-Death Exercise Period shall commence on the date of the optionee’s termination of employment and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(D) If the optionee’s employment with the Company is terminated without the consent of the Company for any reason other than the death of the optionee, or if the optionee’s employment with the Company is terminated for cause, his or her rights under any then outstanding Stock Option shall terminate immediately. The Committee shall be the sole judge of whether the optionee’s employment is terminated without the consent of the Company or for cause.

(E) Notwithstanding the foregoing, if the optionee engages in “detrimental activity” (as hereinafter defined) within one year after termination of employment for any reason other than retirement or disability, the Committee, in its discretion, may cause the optionee’s right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines

that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within one year following termination of employment for any reason other than retirement or disability, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment and ending three months following such termination. For purposes of this Section 5, "detrimental activity" means activity that is determined by the Committee in its sole and absolute discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where such optionee: (1) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company and any subsidiaries, (2) enters into employment with a competitor under circumstances suggesting that such optionee will be using unique or special knowledge gained as a Company employee to compete with the Company, (3) uses information obtained during the course of his or her prior employment for his or her own purposes, such as for the solicitation of business, (4) is determined to have engaged (whether or not prior to termination) in either gross misconduct or criminal activity harmful to the Company, or (5) takes any action that harms the business interests, reputation, or goodwill of the Company and/or its subsidiaries.

For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(iv) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(v) Retirement, Disability and Subsequent Events.

(A) If the optionee's employment with the Company is terminated due to retirement, such Stock Option shall be exercisable by such optionee at any time during the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Retirement Exercise Period"), provided that such option may be exercised after such termination and before expiration only to the extent that it is exercisable on the date of such termination. For purposes of this Section 5(c)(v), "retirement" shall mean termination of the optionee's employment with the Company and all affiliates at or after (i) age 55 or (ii) age 50 and completion of at least 10 years of service with the Company and all affiliates.

(B) If the optionee's employment with the Company is terminated due to disability, such Stock Option shall automatically become fully vested and exercisable. Such optionee may exercise the outstanding Stock Option at any time during (1) in the case of Stock Options intended to be incentive stock options within the meaning of Section 422 of the Code and granted prior to January 17,

2008, the period of three (3) months after such termination or the remainder of the Option Period, whichever is less, or (2) in the case of all other Stock Options, the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Disability Exercise Period"). For purposes of this Section 5(c)(v), "disability" shall mean such disability (whether through physical or mental impairment) which totally and permanently incapacitates the optionee from any gainful employment in any field which the optionee is suited by education, training, or experience, as determined by the Committee in its sole and absolute discretion.

(C) In the event an optionee dies during the Retirement Exercise Period or the Disability Exercise Period, such Stock Option may be exercised by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution to the extent exercisable by the optionee at the date of death and to the extent the term of the Option Period has not expired within such Retirement Exercise Period or Disability Exercise Period.

(D) Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as defined in Section 5(c)(iv)(E)) within five years after termination of employment by reason of retirement or disability, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within five years following termination of employment by reason of retirement or disability, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment by retirement or disability and ending one year following such termination.

For the avoidance of doubt, in no event shall the provisions of this Section 5(c)(v) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(vi) Notwithstanding the other provisions of this paragraph (c), in no event may a Stock Option be exercised after the expiration of ten (10) years from the date such Stock Option is granted.

(d) At the time of the grant of a Stock Option, the Committee may determine that the Shares covered by such option shall be restricted as to transferability. If so restricted, such Shares shall not be sold, transferred or disposed of in any manner, and such Shares shall not be pledged or otherwise hypothecated until the restriction expires by its terms. The circumstances under which any such restriction shall expire shall be determined by the Committee and shall be set forth in the Stock Option Agreement covering the grant of the option to purchase such Shares.

(e) The Committee shall designate whether a Stock Option is to be an “incentive stock option” for purposes of Section 422 of the Code.

6. Assignability of Stock Options

Stock Options granted under the Plan shall not be assignable or otherwise transferable by the recipient except by will or the laws of descent and distribution. Otherwise, Stock Options granted under this Plan shall be exercisable during the lifetime of the recipient (except as otherwise provided in the Plan or the applicable Agreement for Stock Options other than “incentive stock options”) only by the recipient for his or her individual account, and no purported assignment or transfer of such Stock Options thereunder, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the purported assignee or transferee any interest or right therein whatsoever but immediately upon any such purported assignment or transfer, or any attempt to make the same, such Stock Options thereunder shall terminate and become of no further effect.

7. Taxes

The Committee may make such provisions and rules as it may deem appropriate for the withholding of taxes in connection with any Stock Options granted under the Plan. An optionee, subject to such rules as the Committee may prescribe from time to time, may elect to satisfy all or any portion of the tax required to be withheld by the Company in connection with the exercise of such option by electing to have the Company withhold a number of shares having a Fair Market Value on the date of exercise equal to or less than the amount required to be withheld. An optionee’s election pursuant to the preceding sentence must be made on or before the date of exercise and must be irrevocable.

8. Reorganizations and Recapitalizations of the Company

(a) The existence of this Plan and Stock Options granted hereunder shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Shares or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) Except as hereinafter provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Stock Options granted hereunder.

(c) The Shares with respect to which Stock Options may be granted hereunder are shares of the Common Stock of the Company as presently constituted, but if, and whenever, prior to the delivery by the Company or a subsidiary of all of the Shares which are subject to the Stock Options or rights granted hereunder, the Company shall effect a subdivision or consolidation of shares or other capital readjustments, the payment of a stock dividend or other increase or reduction of the number of shares of the Common Stock outstanding without receiving compensation therefor in money, services or property, the number of Shares subject to the Plan shall be proportionately adjusted and the number of Shares with respect to which Stock Options granted hereunder may thereafter be exercised shall:

(i) in the event of an increase in the number of outstanding shares, be proportionately increased, and the cash consideration (if any) payable per Share shall be proportionately reduced; and

(ii) in the event of a reduction in the number of outstanding shares, be proportionately reduced, and the cash consideration (if any) payable per Share shall be proportionately increased.

(d) If the Company merges with one or more corporations, or consolidates with one or more corporations and the Company shall be the surviving corporation, thereafter, upon any exercise of Stock Options granted hereunder, the recipient shall, at no additional cost (other than the option price, if any) be entitled to receive (subject to any required action by stockholders) in lieu of the number of Shares as to which such Stock Options shall then be exercisable the number and class of shares of stock or other securities to which the recipient would have been entitled pursuant to the terms of the agreement of merger or consolidation, if immediately prior to such merger or consolidation the recipient had been the holder of record of the number of shares of Common Stock of the Company equal to the number of Shares as to which such Stock Options shall be exercisable. Upon any reorganization, merger or consolidation where the Company is not the surviving corporation or upon liquidation or dissolution of the Company, all outstanding Stock Options shall, unless provisions are made in connection with such reorganization, merger or consolidation for the assumption of such Stock Options, be canceled by the Company as of the effective date of any such reorganization, merger or consolidation, or of any dissolution or liquidation of the Company, by giving notice to each holder thereof or his or her personal representative of its intention to do so and by permitting the exercise during the thirty-day period next preceding such effective date of all Stock Options which are outstanding as of such date, whether or not otherwise exercisable.

9. Registration under Securities Act of 1933 and Exchange Listing

It is intended that the Stock Options and Shares covered by the Plan will be registered under the Securities Act of 1933, as amended. At the time any Shares are issued or transferred to satisfy the exercise of a Stock Option granted under the Plan, such Shares will have been listed (or listed subject to notice of issuance) on the New York Stock Exchange.

10. Reports and Returns

The appropriate officers of the Company shall cause to be filed any reports, returns or other information regarding the Stock Options granted hereunder or any Shares issued pursuant to the exercise thereof or a payment made hereunder, as may be required by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or any other applicable statute, rule or regulation.

11. Plan Term

The Plan shall be effective February 16, 2001, subject to approval within twelve (12) months from the effective date by the holders of a majority of the votes cast at a meeting. In the event the Plan is not so approved, the Plan shall automatically terminate and be of no further force or effect. No Stock Options shall be granted pursuant to this Plan after February 16, 2011.

12. Amendment or Termination

The Board of Directors may amend, alter or discontinue the Plan at any time insofar as permitted by law, but no amendment or alteration shall be made without the approval of the stockholders:

(a) if, except as contemplated by Section 8 of the Plan, the amendment would permit the decrease of the purchase price of a Stock Option after the grant of the Stock Option or grant to the holder of an outstanding Stock Option, a new Stock Option with a lower purchase price in exchange for the outstanding Stock Option; or

(b) if and to the extent such amendment requires stockholder approval under Section 422 of the Code (or any successor provision).

No amendment of the Plan shall alter or impair any of the rights or obligations of any person, without his or her consent, under any option or right theretofore granted under the Plan.

13. Government Regulations

Notwithstanding any of the provisions hereof or of any Stock Option granted hereunder, the obligation of the Company or any subsidiary to sell and deliver Shares under such Stock Option or to make cash payments in respect thereto shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required, and the recipient shall agree that he will not exercise or convert any option granted hereunder, and that the Company or any subsidiary will not be obligated to issue any Shares or make any payments under any such option if the exercise thereof or if the issuance of such Shares or if the payment made shall constitute a violation by the recipient or the Company or any subsidiary of any provision of any applicable law or regulation of any governmental authority.

SCHLUMBERGER 2005 STOCK INCENTIVE PLAN
(As Amended and Restated Effective January 19, 2006,
and conformed to include amendments through January 1, 2009)

1. Purpose of the Plan

This Stock Incentive Plan (the "Plan") is intended as an incentive to key employees of Schlumberger Limited (the "Company") and its subsidiaries. Its purposes are to retain employees with a high degree of training, experience and ability, to attract new employees whose services are considered unusually valuable, to encourage the sense of proprietorship of such persons and to promote the active interest of such persons in the development and financial success of the Company.

2. Administration of the Plan

(a) *Compensation Committee.* The Board of Directors shall appoint and maintain a Compensation Committee (the "Committee") which shall consist of at least three (3) members of the Board of Directors, none of whom is an officer or employee of the Company, who shall serve at the pleasure of the Board. No member of such Committee shall be eligible to receive Awards under this Plan during his or her tenure on the Committee.

(b) *Committee Powers.* The Committee shall have full power and authority to interpret the provisions of the Plan and supervise its administration. All decisions and selections made by the Committee pursuant to the provisions of the Plan shall be made by a majority of its members; provided, however, that the Committee may delegate its authority to grant awards hereunder to the chairperson of the Committee or any other member of the Committee to act in his or her absence, subject to such terms, conditions and limitations as the Committee may prescribe in its discretion. Any decision reduced to writing and signed by a majority of the members shall be fully effective as if adopted by a majority at a meeting duly held. The Committee may from time to time grant incentive stock options and non-qualified stock options ("Stock Options") and restricted stock and restricted stock units ("Stock Awards") under the Plan to the persons described in Section 3 hereof. Subject to the provisions of the Plan, the Committee shall have full and final authority to determine the persons to whom Stock Options and Stock Awards (collectively referred to as "Awards") hereunder shall be granted, the number of shares to be covered by each Award except that no participant may be granted options for more than 1,500,000 shares of common stock (after giving effect to the 2-for-1 stock split ("stock split") announced by the Company on January 19, 2006) during the life of the Plan, whether each Stock Option shall be designated an "incentive stock option" or a "non-qualified stock option," and all other terms of each Award consistent with the provisions of this Plan. If the exercise period of an outstanding Stock Option is continued following a holder's termination of employment as provided in Section 5, and the holder engages in "detrimental activity" as described in Section 5, the Committee shall have the authority in its discretion to cause such option to be forfeited and certain option exercises thereunder to be rescinded as provided for in Section 5.

(c) *Committee Liability.* No member of the Committee shall be liable for anything done or omitted to be done by him or by her or any other member of the Committee in connection with the Plan, except for his or her own willful misconduct or as expressly provided by statute.

3. Grants of Awards

(a) *Eligibility for Awards.* The persons eligible for participation in the Plan as recipients of Awards shall include only employees of the Company or its subsidiary corporations as defined in Section 424(f) of the Internal Revenue Code of 1986 as amended from time to time (the "Code"), and hereinafter referred to as "subsidiaries," who are executive, administrative, professional or technical personnel who have responsibilities affecting the management, direction, development and financial success of the Company or its subsidiaries. No Director of the Company who is not also an employee is eligible to participate in the Plan, nor is any employee who owns directly or indirectly stock possessing more than five percent (5%) of the total combined voting power or value of all classes of stock of the Company or any subsidiary. An employee may receive more than one grant of Awards at the Committee's discretion including simultaneous grants of different forms of Awards.

(b) *Discretion in and Documentation of Awards.* The Committee in granting Awards hereunder shall have discretion to determine the terms and conditions upon which such Awards may vest and become exercisable, subject to and as further described in Section 5 and 6 of this Plan. Each grant of an Award shall

be communicated, in the form and manner decided by the Committee, to the person to whom such Award is granted. In addition, the Committee may require that the grant be confirmed by an agreement, and may require that the optionee execute such agreement.

(c) *Form of Awards.* Awards may be granted in the following forms:

- (i) a Stock Option, in accordance with Section 5, or
- (ii) a Stock Award in accordance with Section 6, or
- (iii) a combination of the foregoing.

(d) *Employment for Plan Purposes.* For purposes of this Plan, employment with the Company shall include employment with any subsidiary of the Company, and Awards granted under this Plan shall not be affected by an employee's transfer of employment from the Company to a subsidiary, from a subsidiary to the Company or between subsidiaries.

(e) *Payment of Purchase Price for Stock Options.* The purchase price of the shares of Common Stock as to which a Stock Option is exercised shall be paid in full at the time of the exercise subject to such rules, procedures and restrictions as the Committee may prescribe from time to time: (i) in cash or by certified check; (ii) by the tender or delivery of shares of Schlumberger common stock with a Fair Market Value (as determined according to Section 5(b) of the Plan) at the time of exercise equal to the total option price; or (iii) by a combination of the methods described in (i) and (ii).

4. Shares of Common Stock Subject to the Plan

Subject to adjustment as provided in Section 8 hereof, there shall be subject to the Plan 18,000,000 shares of common stock (after giving effect to the stock split), par value \$0.01 per share, of the Company ("Common Stock"). All of the shares of Common Stock authorized for issuance may be issued pursuant to Stock Options. No more than 3,000,000 shares of Common Stock (after to giving effect to the stock split) of the shares authorized shall be available for the Stock Awards. The shares of Common Stock subject to the Plan shall consist of authorized and unissued shares or previously issued shares reacquired and held by the Company or any subsidiary. Until termination of the Plan, the Company and/or one or more subsidiaries shall at all times make available a sufficient number of shares of Common Stock to meet the requirements of the Plan. After termination of the Plan, the number of shares of Common Stock reserved for purposes of the Plan from time to time shall be only such number of shares of Common Stock as are issuable under then outstanding Awards.

The number of shares of Common Stock that are the subject of Awards under this Plan that are forfeited or terminated or expire unexercised shall not count against the aggregate plan maximum and shall again immediately become available for grants hereunder. Shares of Common Stock of Common Stock delivered under the Plan in settlement of an award issued or made (a) upon the assumption, substitution, conversion or replacement of outstanding awards under a plan or arrangement of an acquired entity or (b) as a post-transaction grant under such a plan or arrangement of an acquired entity shall not reduce or be counted against the maximum number of shares of Common Stock available for delivery under the Plan, to the extent that the exemption for transactions in connection with mergers and acquisitions from the shareholder approval requirements of the New York Stock Exchange for equity compensation plans applies. The Committee may from time to time adopt and observe such rules and procedures concerning the counting of shares of Common Stock against the Plan maximum as it may deem appropriate, including rules more restrictive than those set forth above to the extent necessary to satisfy the requirements of any national securities exchange on which the Common Stock is listed or any applicable regulatory requirement. The Board of Directors and the appropriate officers of the Company are authorized to take from time to time whatever actions are necessary, and to file any required documents with governmental authorities, stock exchanges and transaction reporting systems to ensure that shares of Common Stock are available for issuance pursuant to the Plan.

5. Terms of Stock Options

(a) *Incentive Stock Options.* The Committee may designate a Stock Option as an "incentive stock option" for purposes of Section 422 of the Code, and any Stock Option that is not so designated shall not be an incentive stock option. Stock Options granted under this Plan which are designated as "incentive stock options" may be granted with respect to any number of shares of Common Stock, up to the full number of shares of Common Stock subject to the Plan, provided that the aggregate Fair Market Value of such shares of

Common Stock (determined in accordance with Section 5(b) of the Plan at the time the option is granted) with respect to which such options are exercisable for the first time by an employee during any one calendar year (under all such plans of the Company and any subsidiary of the Company) shall not exceed \$100,000. To the extent that the aggregate Fair Market Value of shares of Common Stock with respect to which incentive stock options (determined without regard to this subsection) are exercisable for the first time by any employee during any calendar year (under all plans of the employer corporation and its parent and subsidiary corporations) exceeds \$100,000, such options shall be treated as options which are not incentive stock options.

(b) *Purchase Price; Fair Market Value.* The purchase price of each share of Common Stock subject to a Stock Option shall be determined by the Committee prior to granting a Stock Option. The Committee shall set the purchase price for each share of Common Stock at either the fair market value (the "Fair Market Value") of each share of Common Stock on the date the Stock Option is granted, or at such other price as the Committee in its sole discretion shall determine, but not less than one hundred percent (100%) of such Fair Market Value. After it is granted, no Stock Option may be amended to decrease the purchase price and no Stock Option may be granted in substitution for an outstanding Stock Option with a purchase price lower than the purchase price of an outstanding Stock Option. The Fair Market Value of a share of Common Stock on a particular date shall be deemed to be the mean between the highest and lowest composite sales price per share of the Common Stock in the New York Stock Exchange Composite Transactions Quotations, as reported for that date, or, if there shall have been no such reported prices for that date, the reported mean price on the last preceding date on which a composite sale or sales were effected on one or more of the exchanges on which the shares of Common Stock were traded shall be the Fair Market Value.

(c) *Permitted Restriction on Transfer of Option shares of Common Stock.* At the time of the grant of a Stock Option, the Committee may determine that the shares of Common Stock covered by such option shall be restricted as to transferability when and if such shares of Common Stock are delivered upon exercise. If so restricted, such shares of Common Stock shall not be sold, transferred or disposed of in any manner, and such shares of Common Stock shall not be pledged or otherwise hypothecated until the restriction expires by its terms. The circumstances under which any such restriction shall expire shall be determined by the Committee and shall be communicated to the optionee in connection with the grant of the option to purchase such shares of Common Stock.

(d) *Terms Related to Exercise.*

(i) *Exercise Schedule.* Subject to the requirements of paragraphs (A) and (B) below, each Stock Option granted hereunder shall be exercisable in one or more installments (annual or other) on such date or dates as the Committee may in its sole discretion determine and communicate to the optionee in communicating the grant of the option.

(A) No Stock Option may be exercised after the expiration of ten (10) years from the date such option is granted (the maximum term established by the Committee with respect to a particular Stock Option is hereinafter referred to as the "Option Period").

(B) Except in the case of death or disability (as described in Section 5(d)(iv)(B) or 5(d)(v)(B)), no Stock Option shall vest or become exercisable with respect to any portion of the shares of Common Stock thereunder unless and until the recipient remains in the employment of the Company or a subsidiary for a period of at least one (1) year from the date of grant of the option (which provision shall not be construed to impair in any way the right of the Company or subsidiary to terminate such employment).

For the avoidance of doubt, in no event shall the provisions of this Section 5(d)(i) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(ii) *Cumulative Exercise Rights.* The right to purchase shares of Common Stock shall be cumulative so that when the right to purchase any shares of Common Stock has accrued, such shares of Common Stock or any part thereof may be purchased at any time thereafter until the expiration or termination of the Stock Option.

(iii) *Reload.* No Stock Option may include provisions that "reload" the option upon exercise.

(iv) *Termination of Employment and Subsequent Events.*

(A) If the optionee's employment with the Company is terminated with the consent of the Company and provided such employment is not terminated for cause (of which the Committee shall be the sole judge), the Committee may permit such Stock Option to be exercised by such optionee at any time during the period of three (3) months after such termination or the remainder of the Option Period whichever is less, provided that such option may be exercised only to the extent it was exercisable on the date of such termination.

(B) In the event an optionee dies while in the employ of the Company, any outstanding Stock Option shall automatically become fully vested and exercisable by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution during the "Post-Death Exercise Period." The Post-Death Exercise Period shall commence on the date of the optionee's death and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(C) In the event an optionee dies after termination of employment but prior to the exercise in full of any Stock Option which was exercisable on the date of such termination, such option may be exercised before expiration of its term by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution during the Post-Death Exercise Period to the extent exercisable by the optionee at the date of death. For purposes of this Section 5(d)(iv)(C), the Post-Death Exercise Period shall commence on the date of the optionee's termination of employment and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(D) If the optionee's employment with the Company is terminated without the consent of the Company for any reason other than the death of the optionee, or if the optionee's employment with the Company is terminated for cause, his or her rights under any then outstanding Stock Option shall terminate immediately. The Committee shall be the sole judge of whether the optionee's employment is terminated without the consent of the Company or for cause. Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as hereinafter defined) within one year after termination of employment for any reason other than retirement or disability, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within one year following termination of employment for any reason other than retirement or disability, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment and ending three months following such termination. For purposes of this Section 5, "detrimental activity" means activity that is determined by the Committee in its sole and absolute discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where such optionee: (1) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company and any subsidiaries, (2) enters into employment with a competitor under circumstances suggesting that such optionee will be using unique or special knowledge gained as a Company employee to compete with the Company, (3) uses information obtained during the course of his or her prior employment for his or her own purposes, such as for the solicitation of business, (4) is determined to have engaged (whether or not prior to termination) in either gross misconduct or criminal activity harmful to the Company, or (5) takes any action that harms the business interests, reputation, or goodwill of the Company and/or its subsidiaries.

For the avoidance of doubt, in no event shall the provisions of this Section 5(d)(iv) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

(v) *Retirement, Disability and Subsequent Events.*

(A) If the optionee's employment with the Company is terminated due to retirement, such Stock Option shall be exercisable by such optionee at any time during the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Retirement Exercise Period"), provided that such option may be exercised after such termination and before expiration only to the extent that it is exercisable on the date of such termination. For purposes of this Section 5(d)(v), "retirement" shall mean termination of the optionee's employment with the Company and all affiliates at or after (i) age 55 or (ii) age 50 and completion of at least 10 years of service with the Company and all affiliates.

(B) If the optionee's employment with the Company is terminated due to disability, such Stock Option shall automatically become fully vested and exercisable. Such optionee may exercise the outstanding Stock Option at any time during (1) in the case of Stock Options intended to be incentive stock options within the meaning of Section 422 of the Code and granted prior to January 17, 2008, the period of three (3) months after such termination or the remainder of the Option Period, whichever is less, or (2) in the case of all other Stock Options, the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Disability Exercise Period"). For purposes of this Section 5(d)(v), "disability" shall mean such disability (whether through physical or mental impairment) which totally and permanently incapacitates the optionee from any gainful employment in any field which the optionee is suited by education, training, or experience, as determined by the Committee in its sole and absolute discretion.

(C) In the event an optionee dies during the Retirement Exercise Period or the Disability Exercise Period, such Stock Option may be exercised by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution to the extent exercisable by the optionee at the date of death and to the extent the term of the Option Period has not expired within such Retirement Exercise Period or Disability Exercise Period.

(D) Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as defined in Section 5(d)(iv)(D)) within five years after termination of employment by reason of retirement or disability, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within five years following termination of employment by reason of retirement or disability, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment by retirement or disability and ending one year following such termination.

For the avoidance of doubt, in no event shall the provisions of this Section 5(d)(v) apply to any Stock Option held by an optionee whose employment terminated due to death or disability prior to January 17, 2008.

6. Stock Awards

An Award may be in the form of a Stock Award. The terms, conditions and limitations applicable to any Stock Awards granted pursuant to this Plan shall be determined by the Committee, subject to the limitations provided herein. Each Stock Award shall be subject to a vesting schedule, restriction period or holding period, or any combination thereof, totaling at least three years from the date of the Stock Award (the vesting, lapse, or termination of which may be no more rapid in combination than pro rata over three years), provided that the Committee may provide for earlier vesting, lapse of restriction or end of holding period upon a termination of employment by reason of death or disability.

Any Stock Award granted to a person who is an executive officer of the Company at the time of grant shall be performance-based and not eligible for vesting based solely on the passage of time.

Without limiting the type or number of Stock Awards that may be made under the other provisions of this Plan, a Stock Award may be in the form of a performance award. The terms, conditions and limitations applicable to any performance awards granted to participants pursuant to this Plan shall be determined by the Committee, subject to the limitations set forth below. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the amount of performance awards that will be paid out to the participant.

(a) *Nonqualified Performance Awards.* Performance Awards granted to participants that are not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code shall be based on achievement of such goals and be subject to such terms, conditions, and restrictions as the Committee or its delegate shall determine.

(b) *Qualified Performance Awards.* Performance Awards granted to participants under the Plan that are intended to qualify as qualified performance based compensation under Section 162(m) of the Code shall be paid, vested, or otherwise deliverable solely on account of the attainment of one or more pre-established, objective performance goals established by the Committee prior to the earlier to occur of (i) 90 days after the commencement of the period of service to which the performance goal relates and (ii) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain. A performance goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met. Such a performance goal may be based on one or more business criteria that apply to the participant, one or more business units, divisions or sectors of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies. A performance goal may include one or more of the following: revenue measures; Net income measures (including but not limited to income after capital costs and income before or after taxes); Stock price measures (including but not limited to growth measures and total shareholder return); Market share; Earnings per share (actual or targeted growth); Earnings before interest, taxes, depreciation, amortization, and charges and credits; Economic value added (“EVA[®]”); Cash flow measures (including but not limited to net cash flow and net cash flow before financing activities); Return measures (including but not limited to return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors’ capital and return on average equity); Operating measures (including operating income, funds from operations, cash from operations, after-tax operating income and sales volumes); Expense measures (including but not limited to overhead cost and general and administrative expense); Margins; Proceeds from divestitures; Total market value; and Corporate values measures (including ethics compliance, environmental, and safety).

Unless otherwise stated, such a performance goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In interpreting Plan provisions applicable to qualified performance Awards, it is the intent of the Plan to conform with the standards of Section 162(m) of the Code and Treasury Regulation §1.162-27(e)(2)(i), as to grants to those participants whose compensation is, or is likely to be, subject to Section 162(m) of the Code, and the Committee in establishing such goals and interpreting the Plan shall be guided by such provisions. Prior to the payment of any compensation based on the achievement of performance goals for qualified performance Awards, the Committee must certify in writing that applicable performance goals and any of the material terms thereof were, in fact, satisfied. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any qualified performance Awards made pursuant to this Plan shall be determined by the Committee.

7. Assignability

Awards granted under the Plan shall not be assignable or otherwise transferable by the recipient except by will or the laws of descent and distribution. Otherwise, Awards granted under this Plan shall be exercisable during the lifetime of the recipient, to the extent applicable, (except as otherwise provided in the Plan or in the documentation of the grant for Awards other than "incentive stock options") only by the recipient for his or her individual account, and no purported assignment or transfer of such Awards thereunder, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the purported assignee or transferee any interest or right therein whatsoever but immediately upon any such purported assignment or transfer, or any attempt to make the same, such Awards thereunder shall terminate and become of no further effect.

8. Taxes

The Committee may make such provisions and rules as it may deem appropriate for the withholding of taxes in connection with any Awards granted under the Plan. A participant, subject to such rules as the Committee may prescribe from time to time, may elect to satisfy all or any portion of the tax required to be withheld by the Company by transfer to the Company of shares of Common Stock theretofore and by the holder of the Award with respect to which withholding is required. If shares of Common Stock are used to satisfy tax withholding, such shares of Common Stock shall be valued based on the Fair Market Value when the tax withholding is required to be made. An optionee's election pursuant to this section must be made on or before the date of exercise or vesting and must be irrevocable.

9. Reorganizations and Recapitalizations of the Company

(a) The existence of this Plan and Awards granted hereunder shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the shares of Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) Except as hereinafter provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to Awards granted hereunder.

(c) The shares of Common Stock with respect to which Awards may be granted hereunder are shares of the Common Stock of the Company as presently constituted, but if, and whenever, prior to the delivery by the Company or a subsidiary of all of the shares of Common Stock which are subject to the Awards or rights granted hereunder, the Company shall effect a subdivision or consolidation of shares or other capital readjustments, the payment of a stock dividend or other increase or reduction of the number of shares of the Common Stock outstanding without receiving compensation therefore in money, services or property, the number of shares of Common Stock subject to the Plan shall be proportionately adjusted and the number of shares of Common Stock with respect to which outstanding Awards or other property subject to an outstanding Award granted hereunder shall:

(i) in the event of an increase in the number of outstanding shares, be proportionately increased, and the cash consideration (if any) payable per share of Common Stock shall be proportionately reduced; and

(ii) in the event of a reduction in the number of outstanding shares, be proportionately reduced, and the cash consideration (if any) payable per share of Common Stock shall be proportionately increased.

(d) If the Company merges with one or more corporations, or consolidates with one or more corporations and the Company shall be the surviving corporation, thereafter, upon any exercise of Awards granted hereunder, the recipient shall, at no additional cost (other than the option price, if any) be entitled to receive (subject to any required action by stockholders) in lieu of the number of shares of Common Stock as to which such Awards shall then be exercisable or vested the number and class of shares of stock or other securities to

which the recipient would have been entitled pursuant to the terms of the agreement of merger or consolidation, if immediately prior to such merger or consolidation the recipient had been the holder of record of the number of shares of Common Stock of the Company equal to the number of shares of Common Stock as to which such Awards shall be exercisable or vested. Upon any reorganization, merger or consolidation where the Company is not the surviving corporation or upon liquidation or dissolution of the Company, unless provisions are made in connection with such reorganization, merger or consolidation for the assumption of such Awards, all outstanding Awards shall be fully exercisable and vested by the Company and all holders given notice to permit exercise for 30 days prior to cancellation of the Awards as of the effective date of any such reorganization, merger or consolidation, or of any dissolution or liquidation of the Company.

(e) The Committee shall have the authority to determine whether this Section 9 applies to any transaction or event and to determine any adjustment or other action that it deems appropriate under this Section 9.

10. Registration under Securities Act of 1933 and Exchange Listing

It is intended that the Awards and shares of Common Stock covered by the Plan will be registered under the Securities Act of 1933, as amended. At the time any shares of Common Stock are issued or transferred pursuant to an Award, such shares of Common Stock will have been listed (or listed subject to notice of issuance) on the New York Stock Exchange.

11. Plan Term

The Plan shall be effective January 20, 2005 and amended and restated as of January 19, 2006. No Awards shall be granted pursuant to this Plan after January 20, 2015.

12. Amendment or Termination

The Board of Directors may amend, alter, suspend or discontinue the Plan at any time insofar as permitted by law, but no amendment or alteration shall be made without the approval of the stockholders:

(a) if, except as contemplated by Section 9 of the Plan, the amendment would permit the decrease of the purchase price of a Stock Option after the grant of the Stock Option or grant to the holder of an outstanding Stock Option, a new Stock Option with a lower purchase price in exchange for the outstanding Stock Option; or

(b) if the amendment or alteration would constitute a material revision to the Plan requiring stockholder approval under applicable legal requirements or the applicable requirements of the New York Stock Exchange or such other securities exchange on which the Company's Common Stock is listed.

No amendment of the Plan shall alter or impair any of the rights or obligations of any person, without his or her consent, under any option or right theretofore granted under the Plan.

13. Government Regulations

Notwithstanding any of the provisions hereof or of any Award granted hereunder, the obligation of the Company or any subsidiary to sell and deliver shares of Common Stock under such Award to make cash payments in respect thereto shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required, and the recipient shall not exercise or convert any Award granted hereunder, and the Company or any subsidiary will not be obligated to issue any shares of Common Stock or make any payments under any such Award if the exercise thereof or if the issuance of such shares of Common Stock or if the payment made shall constitute a violation by the recipient or the Company or any subsidiary of any provision of any applicable law or regulation of any governmental authority.

14. Non-United States Participants

The Committee may grant awards to persons outside the United States under such terms and conditions as may, in the judgment of the Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdictions and, to that end, may establish sub-plans, modified option exercise procedures and other terms and procedures. Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, any governing statute, or any other applicable law.

**SCHLUMBERGER LIMITED
2004 STOCK AND DEFERRAL PLAN
FOR NON-EMPLOYEE DIRECTORS**

(As Amended and Restated Effective April 19, 2007,
and conformed to include amendments through January 1, 2009)

ARTICLE I

PURPOSES OF PLAN AND DEFINITIONS

1.1 Purpose. Schlumberger Limited established this 2004 Stock and Deferral Plan for Non-Employee Directors (the "Plan") for the purpose of providing non-employee directors of the Company with regular grants of shares of the common stock of the Company (or units representing such shares) and the opportunity to defer a portion of their compensation, in order to provide greater incentives for those non-employee Directors to attain and maintain the highest standards of performance, to attract and retain non-employee Directors of outstanding competence and ability, to stimulate the active interest of such persons in the development and financial success of the Company, to further the identity of interests of such non-employee Directors with those of the Company's stockholders generally, and to reward such non-employee Directors for outstanding performance. The Plan was originally established effective April 14, 2004 and approved by the stockholders of the Company at the April 2004 annual meeting. Effective April 19, 2007, the Plan is hereby amended and restated to allow non-employee Directors to defer the payment of part or all of his or her Cash Compensation.

1.2 Definitions.

"Annual Director Award Date" means the last day of the calendar month in which occurs the first Board meeting following the regular annual general meeting of the stockholders of the Company

"Board of Directors" or "Board" means the Board of Directors of the Company.

"Cash Compensation" means the total cash compensation which is paid to Eligible Directors for services rendered including any annual retainer fees and any annual fees related to committee membership or services as a committee chair.

"Committee" means such committee as is designated by the Board to administer the Plan in accordance with Article II, or if no such committee is designated, the Board.

"Common Stock" means the Common Stock, par value \$.01 per share, of the Company.

"Company" means Schlumberger Limited, a Netherlands Antilles corporation.

"Deferred Compensation Account" means the bookkeeping account maintained for each Participant to record certain amounts deferred by the Participant in accordance with Article IV hereof.

"Determination Date" means the date on which delivery of a Participant's deferred Stock Awards or Cash Compensation is made or commences, as determined in accordance with Section 5.1.

"Director" means an individual who is serving as a member of the Board.

"Eligible Director" means each Director who is not an employee of the Company or of any of its subsidiaries.

"Money Market Equivalents" means a phantom investment benchmark that is used to measure the return credited to a Participant's Deferred Compensation Account. To the extent Money Market Equivalents are elected,

interest equivalents will be credited to the Participant's Deferred Compensation Account as of the last day of each calendar month based upon the average daily balance in the account for the month and the IMONEY NET First Tier Institutional Index benchmark return for the month as determined from Northern Trust or a similar or equivalent index of money fund assets to be determined by the Committee to be in effect from time to time.

"Participant" means an Eligible Director who is granted Stock Awards pursuant to Article III.

"Stock Award" means an award of shares of Common Stock, restricted Common Stock or restricted Stock Units pursuant to Article III.

"Stock Unit" means a unit which represents the right to receive one share of Common Stock under such terms and conditions as may be prescribed by the Committee and this Plan.

"S&P 500 Index" means a phantom investment benchmark that is used to measure the return credited to a Participant's Deferred Compensation Account. To the extent S&P 500 Equivalents are elected, the earnings (or loss) equivalents will be credited (or debited) to the Participant's Deferred Compensation Account as of the last day of each calendar quarter based upon the balance in the account as of the last day of the quarter and the returns realized by the Standard & Poor's 500 Index for the quarter.

ARTICLE II ADMINISTRATION OF THE PLAN

2.1 Committee. This Plan shall be administered by the Committee.

2.2 Committee's Powers. Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions which are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to interpret this Plan and to adopt such rules, regulations, and guidelines for carrying out this Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of this Plan. The Committee shall also have the full and exclusive power to adopt rules, procedures, guidelines and sub-plans to this Plan relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures in foreign jurisdictions. The Committee may, in its discretion, determine the eligibility of individuals to participate herein, determine the amount of Stock Awards or Cash Compensation a Participant may elect to defer, or waive any restriction or other provision of this Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Committee deems necessary or desirable to carry it into effect.

2.3 Committee Determinations Conclusive. Any decision of the Committee in the interpretation and administration of this Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned.

2.4 Committee Liability. No member of the Committee or officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Section 2.5 of this Plan shall be liable for anything done or omitted to be done by him or her, by any member of the Committee or by an officer of the Company in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.

2.5 Delegation of Authority. The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company its duties under this Plan (other than its granting authority described in Article III) pursuant to such conditions or limitations as the Committee may establish.

**ARTICLE III
STOCK AWARDS**

3.1 Shares Available. There shall be available for Stock Awards during the term of this Plan an aggregate of 300,000 shares of Common Stock (as adjusted to reflect the 2-for-1 stock split effected in 2007 (the "Stock Split")). Shares of Common Stock will be made available from either the Company's authorized but unissued shares or treasury shares that have been issued but reacquired by the Company.

3.2 Annual Grants. On each Annual Director Award Date all Eligible Directors shall be granted a Stock Award with respect to a number of shares of Common Stock in the form of a number of shares of Common Stock, restricted Common Stock or restricted Stock Units, with the form and amount of such Stock Awards to be determined by the Committee; provided however that (1) each such annual Stock Award may not exceed 4,000 shares of Common Stock (as adjusted for the Stock Split), restricted Common Stock or restricted Stock Units, and (2) no more than 60,000 shares of Common Stock (as adjusted for the Stock Split), restricted Common Stock or restricted Stock Units may be awarded in any calendar year. The Stock Award shall be subject to such terms, conditions and restrictions (including vesting) as the Committee may determine in its discretion in connection with such award.

**ARTICLE IV
DEFERRAL ELECTION AND ACCOUNTS**

4.1 Deferral Election. A Director, at the discretion of the Committee, may irrevocably elect to defer the receipt of all or part of a Stock Award and/or Cash Compensation by submitting a Deferral Election in the manner specified by the Committee. The Deferral Election (i) shall specify the number of shares of Common Stock the receipt of which the Participant elects to defer and/or the amount or percentage of Cash Compensation, (ii) shall designate the period of deferral among the choices provided in Section 5.1, and (iii) may not be revoked or modified.

4.2 Timing of Elections. For annual grants of Stock Awards pursuant to Section 3.2, Deferral Elections must be made (i) for Stock Awards, no later than the last day of the calendar year preceding the Annual Director Award Date and (ii) for Cash Compensation, no later than the last day of the calendar year immediately preceding the calendar year in which such payments would have otherwise been paid. Effective beginning in 2008, Deferral Elections may be completed by newly appointed Eligible Directors no later than the date that is 30 days after the date such individual first becomes an Eligible Director; provided that such Deferral Election may apply solely to Stock Awards or Cash Compensation related to services to be performed subsequent to such Deferral Election. The Committee shall be authorized to adopt such other rules and limitations as it shall determine are necessary or appropriate with respect to the timing of elections to defer Stock Awards or Cash Compensation under the Plan.

4.3 Establishment of Accounts. The Company shall also set up an appropriate record (hereinafter called the "Deferred Compensation Account") which will from time to time reflect the name of each Participant and (i) the number of restricted Stock Units and, if applicable, dividend equivalents credited to such Participant pursuant to Section 4.4 and (ii) the Cash Compensation deferred pursuant to Section 4.1 plus earnings or losses credited thereon monthly.

4.4 Crediting of Deferred Stock Awards or Restricted Stock Unit Awards. Any Stock Awards deferred pursuant to a Deferral Election as described in Section 4.1 shall be credited to the Participant's Deferred Compensation Account as of the date the shares would otherwise have been delivered pursuant to Article III in the form of a number of restricted Stock Units equal to the number of shares of Common Stock deferred, and any restricted Stock Units awarded pursuant to Section 3.2 shall also be credited to a Participant's Deferred Compensation Account as of such date. No interest will be credited to a Participant's Deferred Compensation

Account with respect to any restricted Stock Units. In the event that a cash dividend is paid on Common Stock during the period that restricted Stock Units are credited to the Participant's Deferred Compensation Account, an amount equivalent to the amount of the cash dividend will be credited to the Participant's Deferred Compensation Account and the accumulated amount will be paid out without interest at the end of the period of deferral.

4.5 Adjustments.

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

(b) Recapitalizations, Reorganizations and Other Activities. In the event of any subdivision or consolidation of outstanding shares of Common Stock, declaration of a dividend payable in shares of Common Stock or other stock split, then (i) the number of restricted Stock Units relating to such class of Common Stock; (ii) the appropriate fair market value and other price determinations for such restricted Stock Units; (iii) the number of shares reserved for issuance under this Plan in Section 3.1 and (iv) the limitation designated in Section 3.2 of this Plan shall each be proportionately adjusted by the Board to reflect such transaction. In the event of any other recapitalization or capital reorganization of the Company, any consolidation or merger of the Company with another corporation or entity, the adoption by the Company of any plan of exchange affecting any class of Common Stock or any distribution to holders of any class of Common Stock of securities or property (other than normal cash dividends or dividends payable in Common Stock), the Board shall make appropriate adjustments to (i) the number of restricted Stock Units relating to such class of Common Stock; (ii) the appropriate fair market value and other price determinations for such restricted Stock Units; (iii) the number of shares reserved for issuance under this Plan in Section 3.1 and (iv) the limitation designated in Section 3.2 of this Plan to give effect to such transaction; provided that such adjustments shall only be such as are necessary to preserve, without increasing, the value of such items. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Board shall be authorized to issue or assume restricted Stock Units by means of substitution of new restricted Stock Units, as appropriate, for previously issued restricted Stock Units or an assumption of previously issued restricted Stock Units as part of such adjustment.

4.6 Deferred Cash Compensation. Each Participant shall be entitled to direct the manner in which his or her deferred Cash Compensation will be deemed to be invested for the period of deferral and in accordance with such rules, regulations and procedures as the Committee may establish from time to time. Notwithstanding anything to the contrary herein, earnings and losses based on a Participant's investment elections shall begin to accrue as of the date such Participant's deferred Cash Compensation amounts are credited to his or her Deferred Compensation Account and shall end on the Determination Date (as defined in Section 5.1 below). Each Participant may choose to have his or her deferred Cash Compensation deemed to be invested in the Common Stock, Money Market Equivalents or S&P 500 Equivalents. Any amounts deemed to be invested in the Company's Common Stock shall (1) have a purchase price equal to the fair market value (as defined below) of each share of Common Stock on the date the investment is deemed to have occurred, and (2) be credited with dividend equivalents representing cash dividends payable with respect to the Common Stock, if any. For purposes of the Plan, the "fair market value" of Common Stock shall be deemed to equal the closing sales price per share of the Common Stock in the New York Stock Exchange Composite Transactions Quotations, as reported for that date, or if there shall have been no such reported prices for that date, the reported closing sales price on the last preceding date on which a composite sale or sales were effected on one or more of the exchanges on which the shares of Common Stock were traded shall be the fair market value.

**ARTICLE V
DELIVERY OF DEFERRED SHARES OR CASH**

5.1 Period of Deferral. With respect to (a) Stock Awards and/or Cash Compensation deferred pursuant to Section 4.1, a Participant may elect that delivery of deferred Stock Awards and/or Cash Compensation credited to the Participant under the Plan be made or commence at (i) a date that is one year following the date of the termination of the Participant's status as a Director of the Company, or (ii) the date of the termination of the Participant's status as a Director of the Company, and (b) restricted Stock Units granted pursuant to Section 3.2, the Committee shall determine the date or conditions as of which shares represented by such restricted Stock Units will be delivered (the date elected or selected by the Participant or the Committee, as applicable, to be known as the "Determination Date"). Delivery of shares will be made within 60 days after the Determination Date.

5.2 Delivery of Deferred Stock Awards and Deferred Cash Compensation. As of the Determination Date, the aggregate number of restricted Stock Units and, if applicable, dividend equivalents credited to a Participant's Deferred Compensation Account as of such Determination Date shall be calculated. A Participant shall receive delivery of a number of shares of Common Stock equal to the aggregate number of restricted Stock Units and a cash payments equal to the amount of the aggregate dividend equivalents representing cash dividends payable with respect to the Company's Common Stock, if any. As of the Determination Date, a Participant's Cash Compensation deemed to be invested in Money Market Equivalents or S&P 500 Equivalents, plus any amounts credited to Participant's Deferred Compensation Account pursuant to Section 4.6 herein, shall be payable in the form of a cash lump sum. As of the Determination Date, a Participant's Cash Compensation deemed to be invested in shares of the Company's Common Stock shall be payable in the form of shares of the Company's Common Stock plus a cash payments equal to the amount of the aggregate dividend equivalents.

5.3 Death Prior to Payment. In the event that a Participant dies prior to delivery of all shares and funds deliverable pursuant to the Plan, any remaining shares and funds credited to Participant's Deferred Compensation Account shall be delivered to the Participant's estate within 60 days following the Company's notification of the Participant's death.

5.4 Delivery to Incompetents. To the extent allowed under applicable law, should the Participant become incompetent, the Company shall be authorized to deliver shares and funds credited to Participant's Deferred Compensation Account and deliverable pursuant to the Plan to a guardian or legal representative of such incompetent, or directly to such incompetent, whichever manner the Committee shall determine in its sole discretion.

**ARTICLE VI
MISCELLANEOUS**

6.1 Unfunded Plan. Nothing contained herein shall be deemed to create a trust of any kind or create any fiduciary relationship. This Plan shall be unfunded. To the extent that a Participant acquires a right to receive delivery of shares from the Company under the Plan, such right shall not be greater than the right of any unsecured general creditor of the Company and such right shall be an unsecured claim against the general assets of the Company. Although bookkeeping accounts may be established with respect to Participants, any such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets that may at any time be represented by stock or rights thereto, nor shall this Plan be construed as providing for such segregation, nor shall the Company, the Board or the Committee be deemed to be a trustee of any stock or rights thereto to be granted under this Plan. Any liability or obligation of the Company to any Participant with respect to stock or rights thereto under this Plan shall be based solely upon any contractual obligations that may be created by this Plan, and no such liability or obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor

the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

6.2 Title to Funds Remains with Company. Amounts credited to each Participant's Deferred Compensation Account shall not be specifically set aside or otherwise segregated, but will be combined with corporate assets. Title to such amounts will remain with the Company and the Company's only obligation will be to make timely delivery to Participants in accordance with the Plan.

6.3 Statement of Account. A statement will be furnished to each Participant annually on such date as may be determined by the Committee stating the balance of Deferred Compensation Account as of a recent date designated by the Committee.

6.4 Assignability. Except as provided in Section 5.3, no right to receive delivery of shares hereunder shall be transferable or assignable by a Participant except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the U.S. Internal Revenue Code of 1986, as amended (the "Code") or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder. Any attempted assignment of any benefit under this Plan in violation of this Section 6.4 shall be null and void.

6.5 Amendment, Modification, Suspension or Termination. The Board may amend, modify, suspend or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment, modification or termination shall, without the consent of the Participant, impair the rights of any Participant to the number of restricted Stock Units credited to such Participant's Deferred Compensation Account as of the date of such amendment, modification or termination and (ii) no amendment or modification shall be effective prior to its approval by the stockholders of the Company to the extent such approval is required by applicable legal requirements or the requirements of the securities exchange on which the Company's Common Stock is listed. The Board may at any time and from time to time delegate to the Committee any or all of this authority under this Section 6.5.

6.6 Governing Law. This Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by mandatory provisions of the Code or the securities laws of the United States, shall be governed by and construed in accordance with the laws of the State of Texas.

6.7 Tax and Social Insurance. Participants are responsible for any and all tax or social insurance due on Stock Awards or restricted Stock Units under this Plan. Participants shall pay or make arrangements to satisfy all withholding obligations of the Company related to this Plan. The Company has the authority to satisfy any withholding obligations from funds or shares of Common Stock deliverable pursuant to this Plan or other cash compensation due a Participant, if applicable.

6.8 Code Section 409A. To the extent applicable, this Plan is intended to comply with the provisions Code Section 409A and related regulations and United States Department of the Treasury pronouncements ("Section 409A") with respect to amounts deferred or vested on or after January 1, 2005, and shall be interpreted accordingly. To the extent it would not adversely impact the Company, the Company agrees to interpret, apply and administer this Plan in the least restrictive manner necessary to comply with such requirements and without resulting in any diminution in the value of payments or benefits to the Participants. No action taken to comply with Section 409A shall be deemed to adversely affect the Participant's rights under this Plan.

SCHLUMBERGER 2008 STOCK INCENTIVE PLAN
(As Established Effective January 17, 2008,
and conformed to include amendments through January 1, 2009)

1. Purpose of the Plan

This Stock Incentive Plan (the “Plan”) is intended as an incentive to key employees of Schlumberger Limited (the “Company”) and its subsidiaries. Its purposes are to retain employees with a high degree of training, experience and ability, to attract new employees whose services are considered unusually valuable, to encourage the sense of proprietorship of such persons and to promote the active interest of such persons in the development and financial success of the Company.

2. Administration of the Plan

(a) *Compensation Committee.* The Board of Directors shall appoint and maintain a Compensation Committee (the “Committee”) which shall consist of at least three (3) members of the Board of Directors, none of whom is an officer or employee of the Company, who shall serve at the pleasure of the Board. No member of such Committee shall be eligible to receive Awards under this Plan during his or her tenure on the Committee.

(b) *Committee Powers.* The Committee shall have full power and authority to interpret the provisions of the Plan and supervise its administration. All decisions and selections made by the Committee pursuant to the provisions of the Plan shall be made by a majority of its members; provided, however, that the Committee may delegate its authority to grant awards hereunder to the chairperson of the Committee or any other member of the Committee to act in his or her absence, subject to such terms, conditions and limitations as the Committee may prescribe in its discretion. Any decision reduced to writing and signed by a majority of the members shall be fully effective as if adopted by a majority at a meeting duly held. The Committee may from time to time grant incentive stock options and non qualified stock options (“Stock Options”) and restricted stock and restricted stock units (“Stock Awards”) under the Plan to the persons described in Section 3 hereof. Subject to the provisions of the Plan, the Committee shall have full and final authority to determine the persons to whom Stock Options and Stock Awards (collectively referred to as “Awards”) hereunder shall be granted, the number of shares to be covered by each Award except that no participant may be granted Stock Options or Stock Awards more than 750,000 shares of common stock during the life of the Plan, whether each Stock Option shall be designated an “incentive stock option” or a “non qualified stock option,” and all other terms of each Award consistent with the provisions of this Plan. If the exercise period of an outstanding Stock Option is continued following a holder’s termination of employment as provided in Section 5, and the holder engages in “detrimental activity” as described in Section 5, the Committee shall have the authority in its discretion to cause such option to be forfeited and certain option exercises thereunder to be rescinded as provided for in Section 5.

(c) *Committee Liability.* No member of the Committee shall be liable for anything done or omitted to be done by him or by her or any other member of the Committee in connection with the Plan, except for his or her own willful misconduct or as expressly provided by statute.

3. Grants of Awards

(a) *Eligibility for Awards.* The persons eligible for participation in the Plan as recipients of Awards shall include only employees of the Company or its subsidiary corporations as defined in Section 424(f) of the Internal Revenue Code of 1986 as amended from time to time (the “Code”), and hereinafter referred to as “subsidiaries,” who are executive, administrative, professional or technical personnel who have responsibilities affecting the management, direction, development and financial success of the Company or its subsidiaries. No Director of the Company who is not also an employee is eligible to participate in the Plan, nor is any employee who owns directly or indirectly stock possessing more than five percent (5%) of the total combined voting power or value of all classes of stock of the Company or any subsidiary. An employee may receive more than one grant of Awards at the Committee’s discretion including simultaneous grants of different forms of Awards.

(b) *Discretion in and Documentation of Awards.* The Committee in granting Awards hereunder shall have discretion to determine the terms and conditions upon which such Awards may vest and become exercisable, subject to and as further described in Section 5 and 6 of this Plan. Each grant of an Award shall be

communicated, in the form and manner decided by the Committee, to the person to whom such Award is granted. In addition, the Committee may require that the grant be confirmed by an agreement, and may require that the optionee execute such agreement.

(c) *Form of Awards.* Awards may be granted in the following forms:

- (i) a Stock Option, in accordance with Section 5, or
- (ii) a Stock Award in accordance with Section 6, or
- (iii) a combination of the foregoing.

(d) *Employment for Plan Purposes.* For purposes of this Plan, employment with the Company shall include employment with any subsidiary of the Company, and Awards granted under this Plan shall not be affected by an employee's transfer of employment from the Company to a subsidiary, from a subsidiary to the Company or between subsidiaries.

(e) *Payment of Purchase Price for Stock Options.* The purchase price of the shares of Common Stock as to which a Stock Option is exercised shall be paid in full at the time of the exercise subject to such rules, procedures and restrictions as the Committee may prescribe from time to time: (i) in cash or by certified check; (ii) by the tender or delivery of shares of Schlumberger common stock with a Fair Market Value (as determined according to Section 5(b) of the Plan) at the time of exercise equal to the total option price; or (iii) by a combination of the methods described in (i) and (ii).

4. Shares of Common Stock Subject to the Plan

Subject to adjustment as provided in Section 8 hereof, there shall be subject to the Plan 10,000,000 shares of common stock, par value \$0.01 per share, of the Company ("Common Stock"). All of the shares of Common Stock authorized for issuance may be issued pursuant to Stock Options, including "incentive stock options" for purposes of Section 422 of the Code. No more than 1,500,000 shares of Common Stock of the shares authorized shall be available for the Stock Awards. The shares of Common Stock subject to the Plan shall consist of authorized and unissued shares or previously issued shares reacquired and held by the Company or any subsidiary. Until termination of the Plan, the Company and/or one or more subsidiaries shall at all times make available a sufficient number of shares of Common Stock to meet the requirements of the Plan. After termination of the Plan, the number of shares of Common Stock reserved for purposes of the Plan from time to time shall be only such number of shares of Common Stock as are issuable under then outstanding Awards.

The number of shares of Common Stock that are the subject of Awards under this Plan that are forfeited or terminated or expire unexercised shall not count against the aggregate plan maximum and shall again immediately become available for grants hereunder. Shares of Common Stock delivered under the Plan in settlement of an award issued or made (a) upon the assumption, substitution, conversion or replacement of outstanding awards under a plan or arrangement of an acquired entity or (b) as a post-transaction grant under such a plan or arrangement of an acquired entity shall not reduce or be counted against the maximum number of shares of Common Stock available for delivery under the Plan, to the extent that the exemption for transactions in connection with mergers and acquisitions from the shareholder approval requirements of the New York Stock Exchange for equity compensation plans applies. The Committee may from time to time adopt and observe such rules and procedures concerning the counting of shares of Common Stock against the Plan maximum as it may deem appropriate, including rules more restrictive than those set forth above to the extent necessary to satisfy the requirements of any national securities exchange on which the Common Stock is listed or any applicable regulatory requirement. The Board of Directors and the appropriate officers of the Company are authorized to take from time to time whatever actions are necessary, and to file any required documents with governmental authorities, stock exchanges and transaction reporting systems to ensure that shares of Common Stock are available for issuance pursuant to the Plan.

5. Terms of Stock Options

(a) *Incentive Stock Options.* The Committee may designate a Stock Option as an "incentive stock option" for purposes of Section 422 of the Code, and any Stock Option that is not so designated shall not be an incentive stock option. Stock Options granted under this Plan which are designated as "incentive stock

options” may be granted with respect to any number of shares of Common Stock, up to the full number of shares of Common Stock subject to the Plan, provided that the aggregate Fair Market Value of such shares of Common Stock (determined in accordance with Section 5(b) of the Plan at the time the option is granted) with respect to which such options are exercisable for the first time by an employee during any one calendar year (under all such plans of the Company and any subsidiary of the Company) shall not exceed \$100,000. To the extent that the aggregate Fair Market Value of shares of Common Stock with respect to which incentive stock options (determined without regard to this subsection) are exercisable for the first time by any employee during any calendar year (under all plans of the employer corporation and its parent and subsidiary corporations) exceeds \$100,000, such options shall be treated as options which are not incentive stock options.

(b) *Purchase Price; Fair Market Value.* The purchase price of each share of Common Stock subject to a Stock Option shall be determined by the Committee prior to granting a Stock Option. The Committee shall set the purchase price for each share of Common Stock at either the fair market value (the “Fair Market Value”) of each share of Common Stock on the date the Stock Option is granted, or at such other price as the Committee in its sole discretion shall determine, but not less than one hundred percent (100%) of such Fair Market Value. After it is granted, no Stock Option may be amended to decrease the purchase price, no Stock Option may be granted in substitution for an outstanding Stock Option with a purchase price lower than the purchase price of an outstanding Stock Option and no Stock Option may be otherwise repriced directly or indirectly. The Fair Market Value of a share of Common Stock on a particular date shall be deemed to be the mean between the highest and lowest composite sales price per share of the Common Stock in the New York Stock Exchange Composite Transactions Quotations, as reported for that date, or, if there shall have been no such reported prices for that date, the reported mean price on the last preceding date on which a composite sale or sales were effected on one or more of the exchanges on which the shares of Common Stock were traded shall be the Fair Market Value.

(c) *Permitted Restriction on Transfer of Option shares of Common Stock.* At the time of the grant of a Stock Option, the Committee may determine that the shares of Common Stock covered by such option shall be restricted as to transferability when and if such shares of Common Stock are delivered upon exercise. If so restricted, such shares of Common Stock shall not be sold, transferred or disposed of in any manner, and such shares of Common Stock shall not be pledged or otherwise hypothecated until the restriction expires by its terms. The circumstances under which any such restriction shall expire shall be determined by the Committee and shall be communicated to the optionee in connection with the grant of the option to purchase such shares of Common Stock.

(d) *Terms Related to Exercise.*

(i) *Exercise Schedule.* Subject to the requirements of paragraphs (A) and (B) below, each Stock Option granted hereunder shall be exercisable in one or more installments (annual or other) on such date or dates as the Committee may in its sole discretion determine and communicate to the optionee in communicating the grant of the option.

(A) No Stock Option may be exercised after the expiration of ten (10) years from the date such option is granted (the maximum term established by the Committee with respect to a particular Stock Option is hereinafter referred to as the “Option Period”).

(B) Except in the case of death or disability (as described in Section 5(d)(iv)(B) or 5(d)(v)(B)), no Stock Option shall vest or become exercisable with respect to any portion of the shares of Common Stock thereunder unless and until the recipient remains in the employment of the Company or a subsidiary for a period of at least one (1) year from the date of grant of the option (which provision shall not be construed to impair in any way the right of the Company or subsidiary to terminate such employment).

(ii) *Cumulative Exercise Rights.* The right to purchase shares of Common Stock shall be cumulative so that when the right to purchase any shares of Common Stock has accrued, such shares of Common Stock or any part thereof may be purchased at any time thereafter until the expiration or termination of the Stock Option.

(iii) *Reload.* No Stock Option may include provisions that “reload” the option upon exercise.

(iv) *Termination of Employment and Subsequent Events.*

(A) If the optionee's employment with the Company is terminated with the consent of the Company and provided such employment is not terminated for cause (of which the Committee shall be the sole judge), the Committee may permit such Stock Option to be exercised by such optionee at any time during the period of three (3) months after such termination or the remainder of the Option Period whichever is less, provided that such option may be exercised only to the extent it was exercisable on the date of such termination.

(B) In the event an optionee dies while in the employ of the Company, any outstanding Stock Option shall automatically become fully vested and exercisable by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution during the "Post-Death Exercise Period." The Post-Death Exercise Period shall commence on the date of the optionee's death and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(C) In the event an optionee dies after termination of employment but prior to the exercise in full of any Stock Option which was exercisable on the date of such termination, such option may be exercised by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution during the Post-Death Exercise Period but only to the extent exercisable by the optionee at the date of death. For purposes of this Section 5(d)(iv)(C), the Post-Death Exercise Period shall commence on the date of the optionee's termination of employment and shall end sixty (60) months thereafter or the remainder of the Option Period whichever is less.

(D) If the optionee's employment with the Company is terminated without the consent of the Company for any reason other than the death of the optionee, or if the optionee's employment with the Company is terminated for cause, his or her rights under any then outstanding Stock Option shall terminate immediately. The Committee shall be the sole judge of whether the optionee's employment is terminated without the consent of the Company or for cause.

(E) Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as hereinafter defined) within one year after termination of employment for any reason other than retirement or disability, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within one year following termination of employment for any reason other than retirement or disability (which are addressed below in Section 5(d)(v)(D)), the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment and ending three months following such termination. For purposes of this Section 5, "detrimental activity" means activity that is determined by the Committee in its sole and absolute discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where such optionee: (1) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company and any subsidiaries, (2) enters into employment with a competitor under circumstances suggesting that such optionee will be using unique or special knowledge gained as a Company employee to compete with the Company, (3) uses information obtained during the course of his or her prior employment for his or her own purposes, such as for the solicitation of business, (4) is determined to have engaged (whether or not prior to termination) in either gross misconduct or criminal activity harmful to the Company, or (5) takes any action that harms the business interests, reputation, or goodwill of the Company and/or its subsidiaries.

(v) *Retirement, Disability and Subsequent Events.*

(A) If the optionee's employment with the Company is terminated due to retirement, such Stock Option shall be exercisable by such optionee at any time during the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Retirement Exercise Period"), provided that such option may be exercised after such termination and before expiration only to the extent that it is exercisable on the date of such termination. For purposes of this Section 5(d)(v), "retirement" shall mean termination of the optionee's employment with the Company and all affiliates at or after (i) age 55 or (ii) age 50 and completion of at least 10 years of service with the Company and all affiliates.

(B) If the optionee's employment with the Company is terminated due to disability, such Stock Option shall automatically become fully vested and exercisable. Such optionee may exercise the outstanding Stock Option at any time during the period of sixty (60) months after such termination or the remainder of the Option Period, whichever is less (the "Disability Exercise Period"). For purposes of this Section 5(d)(v), "disability" shall mean such disability (whether through physical or mental impairment) which totally and permanently incapacitates the Optionee from any gainful employment in any field which the Optionee is suited by education, training, or experience, as determined by the Committee in its sole and absolute discretion.

(C) In the event an optionee dies during the Retirement Exercise Period or the Disability Exercise Period, such Stock Option may be exercised by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution to the extent exercisable by the optionee at the date of death and to the extent the term of the Option Period has not expired within such Retirement Exercise Period or Disability Exercise Period.

(D) Notwithstanding the foregoing, if the optionee engages in "detrimental activity" (as defined in Section 5(d)(iv)(E)) within five years after termination of employment by reason of retirement or disability, the Committee, in its discretion, may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time after the Committee determines that the optionee has engaged in detrimental activity and prior to the actual delivery of all shares of Common Stock subject to the option pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the Committee, in its discretion, may suspend the exercisability of the optionee's options for up to two months to permit the investigation of such allegation. In addition, if the optionee engages in detrimental activity within five years following termination of employment by reason of retirement or disability, the Committee, in its discretion, may rescind any option exercise made within the period commencing six months preceding the date of the optionee's termination of employment by retirement and ending one year following such termination.

6. Stock Awards

An Award may be in the form of a Stock Award. The terms, conditions and limitations applicable to any Stock Awards granted pursuant to this Plan shall be determined by the Committee, subject to the limitations provided herein. Each Stock Award shall be subject to a vesting schedule, restriction period or holding period, or any combination thereof, totaling at least three years from the date of the Stock Award, provided that the Committee may provide for earlier vesting, lapse of restriction or end of holding period upon a termination of employment by reason of death or disability.

Any Stock Award granted to a person who is an executive officer of the Company at the time of grant shall be performance-based and not eligible for vesting based solely on the passage of time.

Without limiting the type or number of Stock Awards that may be made under the other provisions of this Plan, a Stock Award may be in the form of a performance award. The terms, conditions and limitations applicable to any performance awards granted to participants pursuant to this Plan shall be determined by the Committee, subject to the limitations set forth below. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the amount of performance awards that will be paid out to the participant.

(a) *Nonqualified Performance Awards.* Performance Awards granted to participants that are not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code shall be based on achievement of such goals and be subject to such terms, conditions, and restrictions as the Committee or its delegate shall determine.

(b) *Qualified Performance Awards.* Performance Awards granted to participants under the Plan that are intended to qualify as qualified performance based compensation under Section 162(m) of the Code shall be paid, vested, or otherwise deliverable solely on account of the attainment of one or more pre-established, objective performance goals established by the Committee prior to the earlier to occur of (i) 90 days after the commencement of the period of service to which the performance goal relates and (ii) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain. A performance goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met. Such a performance goal may be based on one or more business criteria that apply to the participant, one or more business units, divisions or sectors of the Company,

or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies. A performance goal may include one or more of the following: Increased revenue; Net income measures (including but not limited to income after capital costs and income before or after taxes); Stock price measures (including but not limited to growth measures and total shareholder return); Market share; Earnings per share (actual or targeted growth); Earnings before interest, taxes, depreciation, and amortization (“EBITDA”); Economic value added (“EVA[®]”); Cash flow measures (including but not limited to net cash flow and net cash flow before financing activities); Return measures (including but not limited to return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors’ capital and return on average equity); Operating measures (including operating income, funds from operations, cash from operations, after-tax operating income and sales volumes); Expense measures (including but not limited to finding and development costs, overhead cost and general and administrative expense); Margins; Proceeds from dispositions; Total market value; and Corporate values measures (including ethics compliance, environmental, and safety).

Unless otherwise stated, such a performance goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In interpreting Plan provisions applicable to qualified performance Awards, it is the intent of the Plan to conform with the standards of Section 162(m) of the Code and Treasury Regulation §1.162-27(e)(2)(i), as to grants to those participants whose compensation is, or is likely to be, subject to Section 162(m) of the Code, and the Committee in establishing such goals and interpreting the Plan shall be guided by such provisions. Prior to the payment of any compensation based on the achievement of performance goals for qualified performance Awards, the Committee must certify in writing that applicable performance goals and any of the material terms thereof were, in fact, satisfied. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any qualified performance Awards made pursuant to this Plan shall be determined by the Committee.

7. Assignability

Awards granted under the Plan shall not be assignable or otherwise transferable by the recipient except by will or the laws of descent and distribution. Otherwise, Awards granted under this Plan shall be exercisable during the lifetime of the recipient, to the extent applicable, (except as otherwise provided in the Plan or in the documentation of the grant for Awards other than “incentive stock options”) only by the recipient for his or her individual account, and no purported assignment or transfer of such Awards thereunder, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the purported assignee or transferee any interest or right therein whatsoever but immediately upon any such purported assignment or transfer, or any attempt to make the same, such Awards thereunder shall terminate and become of no further effect.

8. Taxes

The Committee may make such provisions and rules as it may deem appropriate for the withholding of taxes in connection with any Awards granted under the Plan. A participant, subject to such rules as the Committee may prescribe from time to time, may elect to satisfy all or any portion of the tax required to be withheld by the Company by transfer to the Company of shares of Common Stock theretofore and by the holder of the Award with respect to which withholding is required. If shares of Common Stock are used to satisfy tax withholding, such shares of Common Stock shall be valued based on the Fair Market Value when the tax withholding is required to be made. An optionee’s election pursuant to this section must be made on or before the date of exercise or vesting and must be irrevocable.

9. Reorganizations and Recapitalizations of the Company

(a) The existence of this Plan and Awards granted hereunder shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or

consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the shares of Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) Except as hereinafter provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to Awards granted hereunder.

(c) The shares of Common Stock with respect to which Awards may be granted hereunder are shares of the Common Stock of the Company as presently constituted, but if, and whenever, prior to the delivery by the Company or a subsidiary of all of the shares of Common Stock which are subject to the Awards or rights granted hereunder, the Company shall effect a subdivision or consolidation of shares or other capital readjustments, the payment of a stock dividend or other increase or reduction of the number of shares of the Common Stock outstanding without receiving compensation therefore in money, services or property, the number of shares of Common Stock subject to the Plan shall be proportionately adjusted and the number of shares of Common Stock with respect to which outstanding Awards or other property subject to an outstanding Award granted hereunder shall:

(i) in the event of an increase in the number of outstanding shares, be proportionately increased, and the cash consideration (if any) payable per share of Common Stock shall be proportionately reduced; and

(ii) in the event of a reduction in the number of outstanding shares, be proportionately reduced, and the cash consideration (if any) payable per share of Common Stock shall be proportionately increased.

(d) If the Company merges with one or more corporations, or consolidates with one or more corporations and the Company shall be the surviving corporation, thereafter, upon any exercise of Awards granted hereunder, the recipient shall, at no additional cost (other than the option price, if any) be entitled to receive (subject to any required action by stockholders) in lieu of the number of shares of Common Stock as to which such Awards shall then be exercisable or vested the number and class of shares of stock or other securities to which the recipient would have been entitled pursuant to the terms of the agreement of merger or consolidation, if immediately prior to such merger or consolidation the recipient had been the holder of record of the number of shares of Common Stock of the Company equal to the number of shares of Common Stock as to which such Awards shall be exercisable or vested. Upon any reorganization, merger or consolidation where the Company is not the surviving corporation or upon liquidation or dissolution of the Company, unless provisions are made in connection with such reorganization, merger or consolidation for the assumption of such Awards, all outstanding Awards shall be fully exercisable and vested by the Company and all holders given notice to permit exercise for 30 days prior to cancellation of the Awards as of the effective date of any such reorganization, merger or consolidation, or of any dissolution or liquidation of the Company.

(e) The Committee shall have the authority to determine whether this Section 9 applies to any transaction or event and to determine any adjustment or other action that it deems appropriate under this Section 9.

10. Registration under Securities Act of 1933 and Exchange Listing

It is intended that the Awards and shares of Common Stock covered by the Plan will be registered under the Securities Act of 1933, as amended. At the time any shares of Common Stock are issued or transferred pursuant to an Award, such shares of Common Stock will have been listed (or listed subject to notice of issuance) on the New York Stock Exchange.

11. Plan Term

The Plan shall be effective January 17, 2008, subject to stockholder approval at the next annual meeting of stockholders. No Awards shall be granted pursuant to this Plan after January 17, 2018.

12. Amendment or Termination

The Board of Directors may amend, alter, suspend or discontinue the Plan at any time insofar as permitted by law, but no amendment or alteration shall be made without the approval of the stockholders:

(a) if, except as contemplated by Section 9 of the Plan, the amendment would permit the decrease of the purchase price of a Stock Option after the grant of the Stock Option or grant to the holder of an outstanding Stock Option, a new Stock Option with a lower purchase price in exchange for the outstanding Stock Option; or

(b) if the amendment or alteration would constitute a material revision to the Plan requiring stockholder approval under applicable legal requirements or the applicable requirements of the New York Stock Exchange or such other securities exchange on which the Company's Common Stock is listed.

No amendment of the Plan shall alter or impair any of the rights or obligations of any person, without his or her consent, under any option or right theretofore granted under the Plan.

13. Government Regulations

Notwithstanding any of the provisions hereof or of any Award granted hereunder, the obligation of the Company or any subsidiary to sell and deliver shares of Common Stock under such Award to make cash payments in respect thereto shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required, and the recipient shall not exercise or convert any Award granted hereunder, and the Company or any subsidiary will not be obligated to issue any shares of Common Stock or make any payments under any such Award if the exercise thereof or if the issuance of such shares of Common Stock or if the payment made shall constitute a violation by the recipient or the Company or any subsidiary of any provision of any applicable law or regulation of any governmental authority.

14. Non-United States Participants

The Committee may grant awards to persons outside the United States under such terms and conditions as may, in the judgment of the Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdictions and, to that end, may establish sub-plans, modified option exercise procedures and other terms and procedures. Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, any governing statute, or any other applicable law.

Significant Subsidiaries

Listed below are the significant first tier subsidiaries of the Registrant, along with the total number of active subsidiaries directly or indirectly owned by each as of January 1, 2009. Certain second and third tier subsidiaries, though included in the numbers, are also shown by name. Ownership is 100% unless otherwise indicated. The business activities of the subsidiaries have been keyed as follows: (a) Oilfield Services, (b) WesternGeco, (c) General/Multiple Segments.

	U.S.	Non-U.S.
Schlumberger B.V., Netherlands (c)	1	55(a) ₁ 21(b) ₂ 4(c)
Schlumberger Canada Limited, Ontario (c)		
Schlumberger SA, France (a)		
Services Petroliers Schlumberger, France (a)		
Schlumberger Norge AS (c)		
Schlumberger Antilles N.V., Netherlands Antilles (a)		2(a)
Schlumberger Oilfield Holdings Limited, BVI (c)	1(a)	135(a) ₃ 27(b) ₄ 8(c)
Schlumberger Holdings Limited, BVI (a)		
Dowell Schlumberger Corporation, BVI (a)		
Schlumberger Middle East S.A., Panama (a)		
Schlumberger Offshore Services Limited, BVI (a)		
Schlumberger Overseas, S.A., Panama (a)		
Schlumberger Seaco, Inc., Panama (a)		
Schlumberger Surencos, S.A., Panama (a)		
Schlumberger Plc, UK (c)		
Schlumberger Oilfield UK Plc, UK (a)		
WesternGeco Limited, UK (b)		
WesternGeco Seismic Holdings Limited, BVI (b)		
Schlumberger Technology Corporation, Texas (c)	7(a) ₅ 3(b) 4(c)	1(b)
WesternGeco L.L.C., Delaware (b)		

¹ Includes eight majority-owned subsidiaries and one 50%-owned subsidiary.

² Includes one majority-owned subsidiary and one 50%-owned subsidiary.

³ Includes three majority-owned subsidiaries and three 50%-owned subsidiaries.

⁴ Includes two majority-owned subsidiaries.

⁵ Includes one majority-owned subsidiary and one 50%-owned subsidiary.

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-86424; 333-62545; 333-36366; 333-36364; 333-67330; 333-104225; 333-115277; 333-124534; and 333-151920), on Form S-3 (No. 333-108730) and on Form S-4 (No. 333-97899) of Schlumberger Limited of our report dated February 11, 2009 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Houston, Texas
February 11, 2009

Power of Attorney

Each of the undersigned, in the capacity or capacities set forth below his or her signature as a member of the Board of Directors and/or an officer of Schlumberger Limited ("the Corporation"), a Netherlands Antilles corporation, hereby appoints Simon Ayat, Howard Guild and Ellen Summer, and each of them, the attorney or attorneys of the undersigned, with full power of substitution and revocation, for and in the name, place and stead of the undersigned to execute and file with the Securities and Exchange Commission the Form 10-K Annual Report under the Securities Exchange Act of 1934 for the year ending 2008, and any amendment or amendments to any such Form 10-K Annual Report, and any agreements, consents or waivers relative thereto, and to take any and all such other action for and in the name and place and stead of the undersigned as may be necessary or desirable in connection with any such Form 10-K Annual Report.

/s/ Philippe Camus

/s/ Michael E. Marks

 Philippe Camus
 Director

 Michael E. Marks
 Director

/s/ Jamie S. Gorelick

/s/ Leo Rafael Reif

 Jamie S. Gorelick
 Director

 Leo Rafael Reif
 Director

/s/ Andrew Gould

/s/ Tore Sandvold

 Andrew Gould
 Director
 Chairman and Chief Executive Officer

 Tore Sandvold
 Director

/s/ Tony Isaac

/s/ Nicolas Seydoux

 Tony Isaac
 Director

 Nicolas Seydoux
 Director

/s/ Nikolay Kudryavtsev

/s/ Linda G. Stuntz

 Nikolay Kudryavtsev
 Director

 Linda G. Stuntz
 Director

/s/ Adrian Lajous

 Adrian Lajous
 Director

Date: January 22, 2009

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Andrew Gould, certify that:

1. I have reviewed this Annual Report on Form 10-K of Schlumberger Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2009

/s/ Andrew Gould

Andrew Gould
Chairman and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Simon Ayat, certify that:

1. I have reviewed this Annual Report on Form 10-K of Schlumberger Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2009

/s/ Simon Ayat

Simon Ayat
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Schlumberger N.V. (Schlumberger Limited) (the "Company") for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew Gould, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 11, 2009

/s/ Andrew Gould

Andrew Gould
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Schlumberger N.V. (Schlumberger Limited) (the "Company") for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon Ayat, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 11, 2009

/s/ Simon Ayat

Simon Ayat
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.