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STOCK TRANSFER AGENTS

First National City Bank
New York City

Bank of the Southwest
Houston, Texas

REGISTRARS

Morgan Guaranty Trust Company
of New York

First City National Bank
Houston, Texas

Cover:

Neptune 7 in the North Sea.

Schlumberger Limited

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Treasurer

To the Shareholders

In 1970 the U.S. economy was shaken by two contradictory forces: inflation—consumer price index rose 6%, the highest increase in 20 years—and recession—Gross National Product in constant dollars declined 0.4%, the worst record in 20 years. These two factors swayed the monetary and securities markets.

Outside the U.S., industrial production indexes remained at high levels in Japan and Western Europe. However, the first months of 1971 show some indication that, with the usual time lag, Western Europe is feeling the impact of the U.S. slowdown. The U.K. economy seems to be the most severely affected.

In this context, Schlumberger had a rather good year. Both revenues and earnings reached a new record. Two significant acquisitions were consummated in 1970: Compagnie des Compteurs and Neptune, an offshore drilling company. In 1962 our European drilling subsidiary, Forex (71% owned at December 31, 1970) created an offshore drilling affiliate, Neptune, with a 50% ownership. To take advantage of expanding oil exploration in the Eastern Hemisphere, particularly offshore, Schlumberger purchased the other 50% interest in Neptune as of April 1, 1970, for \$8.4 million in cash. Return on investment and profit margins of Neptune are good.

Compagnie des Compteurs was acquired effective April 1, 1970. Sales for the full year 1970 were \$181 million. Main products are meters, industrial valves, industrial control devices and electronic instrumentation.

Schlumberger acquired Compteurs for three reasons:

- Compteurs fits our long range strategy to develop a worldwide industrial and marketing position in the field of laboratory instruments and industrial control devices.
- We want to participate in Western European industrial expansion and Compteurs has a leading position in Europe in electricity, gas, and water meters. The meter business is profitable and its growth is related to the economy and the standard of living.
- We believed that the acquisition of Compteurs would contribute to future earnings of Schlumberger and would not dilute earnings per share in 1970.

An acquisition of this size requires immediate and effective action. Schlumberger has taken full responsibility for management, appointing Jérôme Seydoux President of Compteurs.

The acquisition was treated as a purchase and not as a pooling of interests. This means that all assets and liabilities of Compteurs had to be appraised at fair value at the date of acquisition. These opening valuations, together with certain adjustments, resulted in significant changes from previously recorded book amounts.

In Europe the several electronic activities of Schlumberger and Compteurs have been regrouped into two operating units, one in industrial controls and the other in electronic instrumentation.

Initial results of Compteurs in 1970 were encouraging. For nine months, Compteurs' net earnings, after minority interest, were \$3 million. Compteurs did not dilute Schlumberger earnings per share. In fact, assuming full conversion of convertible debentures into Schlumberger common stock, the earnings of each Schlumberger share outstanding were increased \$.03.

The cooperation of the Compteurs personnel at all levels from top management to plant workers in efforts to modernize, improve productivity and develop new products augurs well for the future.

Although costs are increasing in Europe, Compteurs' contribution to Schlumberger earnings should be appreciably higher in 1971.

Electronics and instrumentation results showed some improvement. European operations made significant gains; revenues of \$47 million were up \$8 million. Notably, Solartron increased revenues and profits despite softness in the U.K. economy. In the United States, revenues were down slightly but earnings held even with 1969 as improvements in Weston-Newark compensated for the adverse impact on EMR from cutbacks in military and industrial capital spending. The results also benefited from disposition of loss operations—Wichita, and Hatboro hydraulics in 1969 and Lexington in early 1970.

A softening in the European economy would temper our progress in 1971. However, Heath business has held up well and had a good start for 1971. Overall, our electronics results should show further modest improvements in 1971.

The oil business is receiving wide public attention throughout the world. Crises, fear, emotions sometimes obscure the economic reality.

In the U.S., oil exploration and drilling declined in 1970. Since World War II, domestic U.S. crude oil prices were higher than world prices and were protected through import quotas. Higher crude prices in oil exporting countries and higher tanker rates change the picture; today U.S. crude oil is competitive. Depletion of U.S. oil and gas reserves, easier money, and the constantly growing demand for oil products should induce oil companies and independents to step up U.S. exploration, both on land and offshore. It is not yet happening as the Alaskan pipe line and offshore lease sales are delayed. In the early months of 1971, the industry seems to be in a state of expectancy. A healthy oil business is essential for the U.S. and I am convinced that we will see a change in the public attitude and a more dynamic approach to exploration by oil operators.

Outside the U.S., the search for oil resources has been increasing at a fast pace. It has not been a smooth and easy road. Nationalistic passions, civil disturbances, wars, have marked almost every year; 1970 was no exception. The Middle East crisis, the recent nationalization of foreign interests in Algeria, the negotiations in Libya have made headlines. Yet the geographical distribution of our services in 70 countries has enabled us to show further significant improvement in 1970. Year after year oil companies' capital investment in development and exploration has increased regularly with occasional declines in some countries made up by greater activity elsewhere. The same pattern will continue.

Revenues from oilfield wireline services in the Eastern Hemisphere and South America rose 14% with a significant improvement in earnings.

A turnaround in U.S. oil exploration and the continuing pattern of expansion in the rest of the world should be beneficial to Schlumberger.

March 12, 1971



Jean Riboud, President

In Brief

	1970	1969	1968
Revenues	\$591,770,000	\$434,503,000	\$418,620,000
Net Income	49,449,000	46,274,000	41,045,000
Per share*			
Net Income	\$4.22	\$4.00	\$3.55
Dividends Paid	1.40	1.28	0.95

* Adjusted for three-for-two stock split in May, 1969

Directory of Operations

Oilfield Services

Schlumberger oilfield companies offer technical services primarily related to the measurement of physical properties of underground formations. The company also supplies products to the oil industry. Field operations are being conducted in 70 countries.

Wireline Services

Schlumberger Well Services

Houston, Texas

Schlumberger of Canada

Calgary, Canada

Schlumberger Sureco

Caracas, Venezuela

Société de Prospection Electrique

Schlumberger, Paris, France

Schlumberger Overseas

London, England

Oil well logging, well completion and production logging services

Johnston

Houston, Texas

Mechanical services and tools, well completion equipment

Vector

Houston, Texas

Insulated and armored cables and connectors for geophysical exploration and well logging

Plastic Applicators

Houston, Texas

Anticorrosion plastic coatings for oilfield tubular goods and electrical fittings. Non-destructive testing of pipe

Forex-Neptune

Paris, France

Oil well drilling contractor—land and offshore

Dowell Schlumberger

London, England

(50% owned)

Cementing, acidizing, fracturing, formation testing and related oil well services

Furniture

Daystrom-Virtue

South Boston, Virginia

Household and commercial furniture

Electronics and

Instrumentation

Schlumberger electronics companies produce electronic instruments and systems for consumer, industrial and commercial applications.

U.S.A.

Heath

Benton Harbor, Michigan

Electronic equipment in kit form for home entertainment. Educational, scientific laboratory instruments

EMR

Minneapolis, Minnesota

Scientific digital computers

Sarasota, Florida

Telemetry, data systems

Princeton, New Jersey

Multiplier phototubes and systems

Weston Instruments

Newark, New Jersey

Panel and portable meters, aircraft instruments, scientific instruments

Hatboro, Pennsylvania

Dynamic analysis instrumentation

Weston Components

Archbald, Pennsylvania

Potentiometers, x-ray gages, mechanical and electronic assembly subcontracting

Worcester, Pennsylvania

Servo components and systems

Europe

Instruments and Systems

Solartron

Farnborough, England

Electronic scientific laboratory instruments, data loggers, system simulators

Villacoublay

Villacoublay, France

Electronic scientific laboratory instruments, optical and magnetic recorders, data systems

CRC

Saint-Etienne, France

Oscilloscopes, nuclear instrumentation

Rueil

Rueil Malmaison, France

Professional audio equipment for broadcast studios

Saip

Malakoff, France

Nuclear instrumentation, isotope gages

SOMV

Munich, Germany

Frequency synthesizers

Compteurs

This company, acquired in 1970, (88% owned) produces utility meters for residential and industrial use, and supplies control instrumentation and systems for industrial processes. All facilities are in France except for the International Division's.

Electrical distribution equipment

Montrouge, Poitiers, Gentilly

Meters, relays, transformers, instruments, power grid distribution equipment, circuit breakers

Mechanical

Montrouge, Besançon,

Chateauroux, Amiens,

Massy, Orbey

Metal forming, precision machining, foundry, precision gear trains, threaded fasteners, molded plastic parts, tooling

Industrial Control

Massy, Thiers, Rosheim, Pau

Industrial control instruments and systems, control valves

International

Buenos Aires, Argentina;

Vienna, Austria;

Sao Paulo, Brazil;

Santiago, Chile; The Hague,

Dordrecht, Holland;

Milan, Italy;

Barcelona, Spain

Water, gas and electricity meters, relays, transformers

Water distribution equipment

Montrouge, Reims, Haguenau

Water and other liquid measuring meters

Gas distribution equipment

Montrouge, Reims

Gas meters, gas pressure regulators and controllers

Gasoline distribution equipment

Suresnes, Abbeville

Gasoline pump meters

SERSEG

Franconville, Lyon, Macon, Ruffec

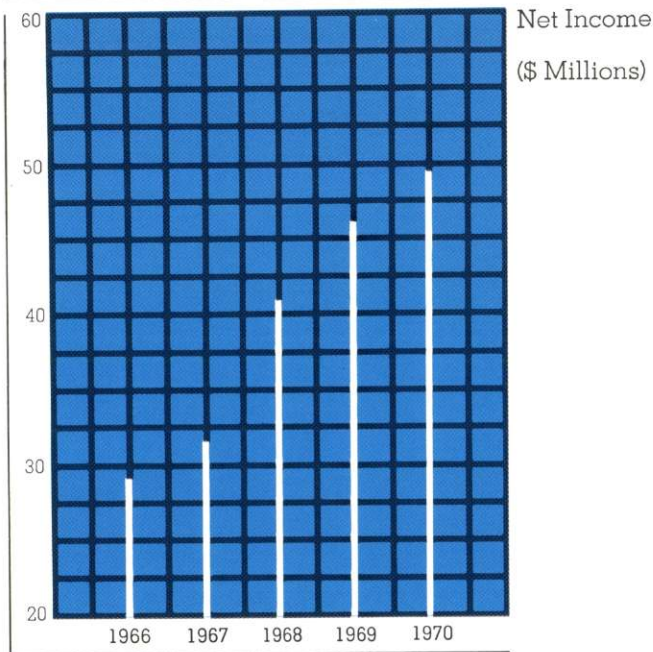
Industrial valves, high pressure steam valves for power distribution

Malbranque

Illies

Valves for the oil industry

Business and Financial Review



Schlumberger set new records for both revenues and earnings in 1970. The rate of gain was lower than in 1969, primarily because of the slowdown in North America oilfield activity. Oilfield revenues and profits outside North America were at record levels, however, and the European electronics and instrumentation companies made significant gains.

EARNINGS

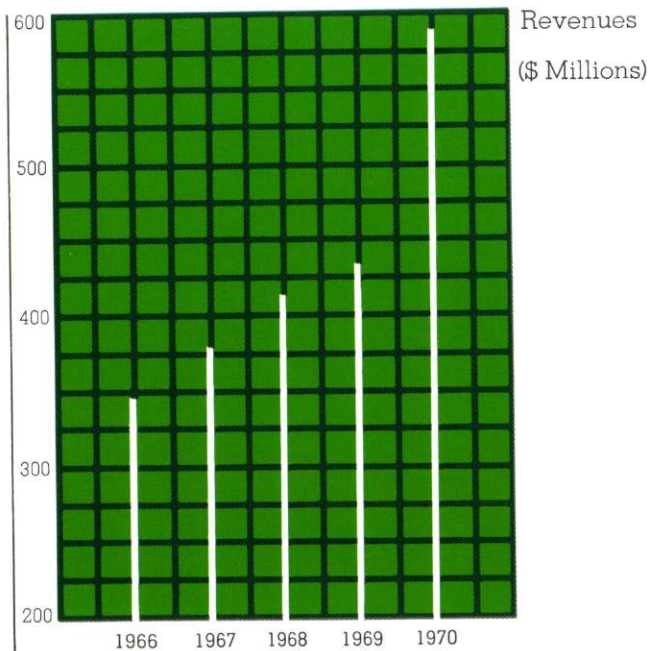
Consolidated net income for 1970 was \$49.4 million compared to \$46.3 million in 1969. Results for 1970 include Schlumberger's share of net income of Compagnie des Compteurs, 88% of which was acquired as of April 1, and Neptune, an offshore drilling contractor, in which majority interest was acquired as of the same date.

To compute 1970 earnings per share, it is necessary to add back to net income \$1.8 million interest on the debentures Schlumberger exchanged for Compteurs stock and to divide the resulting earnings of \$51.2 million by 12,128,000—the average shares outstanding during the year plus shares issuable on conversion of debentures into Schlumberger common stock and on exercise of stock options. Accordingly, 1970 earnings per share were \$4.22 compared to \$4.00 in 1969, when earnings per share were calculated by dividing net income for the year by the average shares outstanding during the year.

REVENUES

Revenues for the year were \$592 million compared to \$435 million in 1969. The total for 1970 includes \$140 million Compagnie des Compteurs operating revenue for the nine months beginning April 1. Excluding these revenues, the increase over 1969 was 4%; for the fourth quarter the increase was 7%.

Following is a summary of revenues by major business categories.



	Millions	
OPERATING REVENUES	1970	1969
Oilfield	\$251	\$236
Electronics & Instrumentation	159	156
Compteurs	140	—
Furniture	29	29
	<u>579</u>	<u>421</u>
INTEREST AND OTHER INCOME	13	14
	<u>\$592</u>	<u>\$435</u>

Oilfield Services

OILFIELD REVENUES REACH NEW PEAK

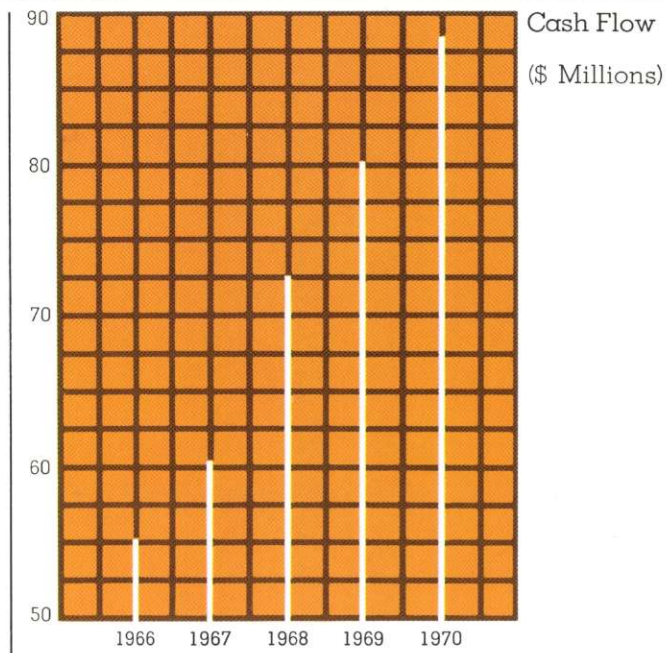
Schlumberger oilfield services and product revenues rose to a record \$251 million compared to \$236 million in 1969. Decreased revenues in the U.S. were more than offset by increased revenues from other areas in the world.

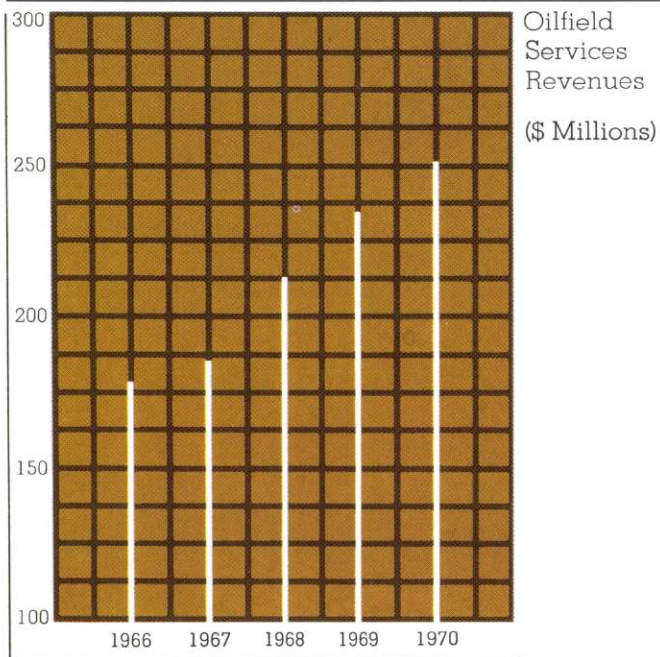
Worldwide consumption of oil averaged 47 million barrels per day in 1970, an increase of 12.8% over 1969. This increase of 5 million barrels per day requires discovery each year of additional new reserves of almost 20 billion barrels, or the equivalent size of the giant Prudhoe Bay oilfield discovery in Alaska.

Middle East oil exporting countries negotiated a five-year contract guaranteeing them more return per barrel of crude oil through higher prices and increased taxes. This has led to price increases and higher taxes by other major oil producing countries, and the most dramatic rise in oil prices of the last 30 years. Increased worldwide exploration will be stimulated by the necessity for finding huge new reserves to meet demand and by higher prices.

U.S. OPERATIONS DECLINE

In spite of record U.S. demand for petroleum products, higher crude oil prices, and increased allowables, drilling declined in the U.S. The total number of wells drilled dropped below 30,000 for the first time in 22 years. Active rotary rigs dropped 14%; both land and offshore were affected. On Alaska's North Slope, an average of five rigs were





working in 1970 against 20 the year before. Despite this marked drop in drilling, Schlumberger wireline revenues declined only 7% in the U.S.

Many factors could have influenced this decline in drilling: tight money, a reduction in depletion allowance, and increasing public concern about the environment which resulted in delays for the approval of the construction of the Alaskan pipeline, and also resulted in the postponement of offshore drilling and lease sales.

Wireline services, confronted with this situation, had a temporary excess of personnel and equipment. By year end both were back in balance with the activity; however, this had an adverse effect on U.S. wireline profits for 1970.

A number of positive factors should stimulate U.S. drilling: an increase of 25 cents per barrel in crude oil prices, easier money in 1971, an offshore lease sale in Louisiana at the end of 1970, and the increase in price of imported oil.

In Canada, revenues increased 8% as Arctic exploration picked up. Future activity should continue to grow owing to the decision allowing more Canadian oil to be imported into the United States, and the potential for large discoveries of gas and oil in northern Canada.

Plastic Applicators had higher sales of inspection services and coated electrical fittings. Revenues from oilfield coatings were unchanged.

As a result of a drastic decline in the sale of geophysical cables, Vector revenues were off 14%. This, coupled with an inventory write-off, resulted in an operating loss.

OILFIELD SERVICE REVENUES HIGH IN EASTERN HEMISPHERE AND SOUTH AMERICA

Eastern Hemisphere wireline revenues increased 13% over 1969; land revenues were up 2%; offshore revenues were up 24%. Offshore revenues now account for 44.5% of the wireline revenues in the Eastern Hemisphere.

The largest expansion took place in the Far East; revenues doubled in Indonesia and Brunei. Substantial increases in revenues also took place in Algeria, Nigeria, and several other African

Left to right:
 In Clamart engineering center, André Landaud checks flowmeter designed for oil well evaluation.
 Wilson Menard setting a bridge plug in a high-pressure well in Louisiana.
 A well-logging unit being airlifted to a jungle swamp location in North Sumatra.

countries. Revenues dropped in Libya and were level in the Middle East. As we have experienced in the past, decreases in drilling in any one country are usually offset by increases in other countries, as the oil companies seek new reserves to keep up with the constantly growing demand.

In South America, wireline revenues were 16% higher than in 1969. This was mainly due to intensified exploration in Argentina and Brazil. Discoveries in Ecuador and offshore Trinidad could become significant. Higher U.S. fuel oil prices stimulated a fourth quarter rise in Venezuelan drilling, with a favorable impact on service revenues. This is expected to continue in spite of new legislation asserting Venezuelan power to set reference oil prices unilaterally.

The sharp reduction in Libyan activity had an adverse effect on Dowell Schlumberger. Increased revenues in Nigeria and Indonesia made up for the decline in revenues from Libya. However, profits from these countries, affected by high start-up costs, did not offset lower profits from Libya. As a result, overall profits were lower than in 1969.

Forex revenues were adversely affected by the 50% decline in their drilling operations in Libya and France. This decline was, to some extent, offset by increases in Algeria and Nigeria. In the latter country, a drilling barge designed for swamp operations started work in April 1970. It has proved to be so efficient that a similar barge, the \$4.5 million "Belle Isle", will be completed in 1971 for Nigerian operations.

NEW OILFIELD SERVICES

In wireline services Schlumberger introduced four new combination logging tools; these combine two or more services that previously had to be run on separate trips in the well.

Present day offshore rig costs amount to \$15,000-\$20,000 per day. As a result, the oil companies frequently spend more for standby rig time, while running well logs, than they pay for Schlumberger services. By saving standby time, combination tools permit oil companies to run more logs at less cost to them. Saraband and Coriband, two new

computer programs for synergetic log analysis, were introduced to improve log analysis and provide additional reservoir data.

Scanawall, a continuous pipe wall thickness measuring device, was added to pipe inspection services by Plastic Applicators. Johnston marketed a nitrogen-charged jar booster, designed to increase the efficiency of hydraulic jars.

Electronics and Instrumentation

UP-TREND PACED BY EUROPEAN DIVISION

Electronic earnings improved about \$1.6 million in 1970; sales of \$159 million were up \$3 million over the previous year. For comparative purposes these figures exclude those portions of Compagnie des Compteurs transferred to the electronic group during 1970.

Major gains were achieved in Europe where sales increased 20%; Solartron, our U.K. operation, was profitable and SIS losses in France were significantly reduced—both companies improved net results by more than \$1 million each.

EUROPEAN ELECTRONICS OPERATIONS REGROUPED

During the year European electronics operations were brought under common management.

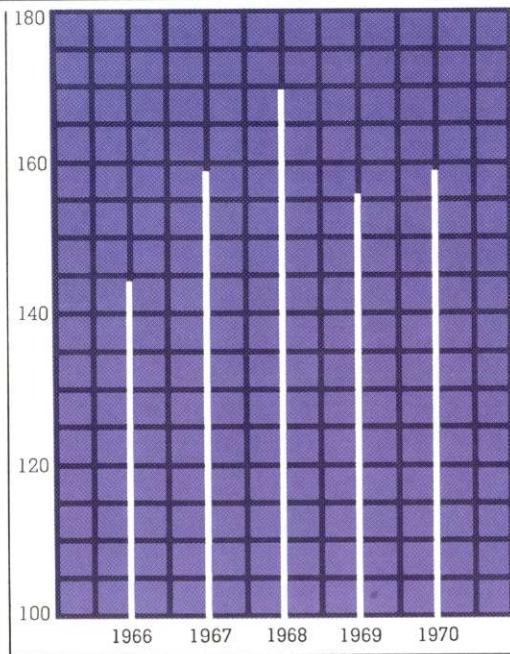
This European electronics entity, now under the direction of a General Manager located in Paris, combines four French, German and U.K. operations with two electronic instrumentation divisions transferred from Compteurs. The European Marketing Division, also reporting to the General Manager of European Electronics, has been reorganized to integrate with marketing of Compteurs electronic products; this coordinated marketing team now sells in Europe electronic products of all the worldwide Schlumberger companies.

Completion of the move of most product lines into the new \$5 million Villacoublay plant near Paris was a major step toward increased efficiency. Plans were made and are now underway to move some Compteurs operations to this plant.

U.S. OPERATING IMPROVEMENTS BALANCE
GOVERNMENT CUTBACKS

U.S. sales were down about 3% due mainly to





Electronics and Instrumentation Revenues (\$ Millions)

reduced government business at EMR where shipments declined \$5 million. Weston Components shipments remained level but at the expense of cutting deeply into order backlog. Weston Instruments sales also held even mainly because increased digital electronics industrial sales replaced lower government volume.

The impact on earnings, however, was pretty much offset by improved operating efficiencies and closing of several unprofitable operations in 1969 and early 1970. Heath managed to equal 1969 record sales of over \$50 million despite the general lag in consumer spending.

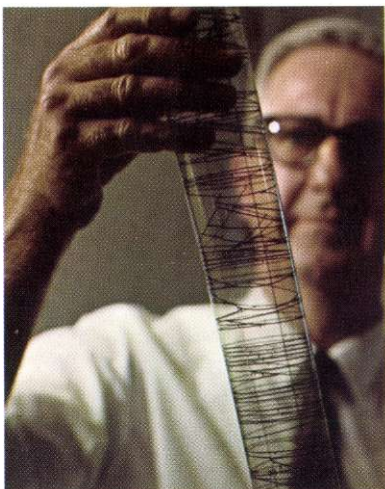
U.S. companies plan to broaden proprietary products and markets to accomplish a better balance between industrial and government business. Notable progress has been made by Weston Instruments in broadening their product base; new digital meters, analog meters and aircraft instruments have received good initial acceptance. EMR is exploring new industrial markets for traditional products and systems with some early success. Commercial products under development at Weston Components will complement their x-ray gages and potentiometers.

ELECTRONIC PRODUCT DEVELOPMENT

Facilities and functions were integrated and steps were taken to share technology among the previously separate operations. This has strengthened our technical team for developing new products; also a number of complementary products from Comptours were added, notably oscilloscopes, dynamic analysis instrumentation and nuclear gages.

To capitalize on the growing strength of European electronic products, dynamic analysis instrumentation which was developed in Europe is now being manufactured and marketed in the U.S. by Weston Instruments. Also, selected U.S. products soon will be built and sold in Europe.

New products introduced in Europe include several recording and measuring instruments. A technically advanced digital pressure sensor will be used for the air inlet control system of a new U.S. high-



performance jet fighter plane. For general scientific and engineering laboratory applications, instruments that gained good acceptance include a 50MHz oscilloscope, a high accuracy digital voltmeter, and a small low-cost optical recorder.

The combining of Compteurs and Schlumberger instrumentation product lines has put the company in a strong position in the European market.

HEATHKIT SALES HOLD

Heathkit sales doubled in the last five years despite no increase in 1970. This was in the face of a two-year drop in consumer demand for electronic entertainment products.

Notable among the many new kits introduced by Heath were: solid-state color TV kits—console and portables, electronic ovens for household use, and an electronic fish spotter.

Heath-assembled scientific instruments are used by educational institutions and research laboratories. Heath's basic instrumentation laboratory for these markets was updated and supplemented by a computer logic training system and several other laboratory instruments.

Nine new retail stores were opened bringing the total to 26 in the U.S. Ten more are planned for 1971.

Compteurs

In 1970 sales in the principal product lines increased about 15% over the previous year largely as a result of the generally strong European economy and especially the French economy. Major factors were the much stronger than average yearly increase in demand for utility meters, higher sales of industrial process control products, substantially improved deliveries of subcontracted machined components and mechanical assemblies, and the growth in sales outside France.

REORGANIZATION

Compteurs management undertook a redefinition of objectives and by mid-year had moved to strengthen those operations in which Compteurs was already industrially strong, successful and competitive. This resulted in an organizational

structure based on the seven principal businesses as follows:

- Electricity meters and related equipment
- Mechanical products and assemblies
- Industrial process control
- International operations centralized for export sales and supervision of subsidiaries outside France
- Water and other liquid meters
- Gas meters and related control equipment
- Gasoline pumps, meters and service

At year end a legal reorganization was also undertaken which would combine all of the above functions in *Compteurs Schlumberger*, a subsidiary of *Compagnie des Compteurs*.

Actions were taken to regroup similar activities of *Schlumberger Instruments and Systems* and *Compteurs*:

Management supervision of the electronic laboratory instrument activities of *Compteurs* was transferred and combined with those of *Schlumberger Instruments and Systems*. These were principally the subsidiaries *CRC* and *SAIP*.

On the other hand, the *Industrial Control Division* of *Schlumberger Instruments and Systems* was combined with the *Industrial Control* unit of *Compteurs Schlumberger*.

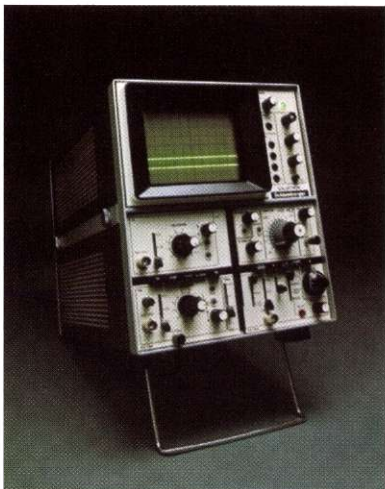
ACQUISITIONS

Early in 1970 the acquisition of *Malbranque* was completed. They are a principal supplier of valves to the French petroleum industry. The activities of a previously acquired and much smaller valve manufacturer, *Dubar & Autier*, were combined with the *Malbranque* operation.

Compagnie des Compteurs had varying degrees of ownership in 92 companies. Action was initiated to acquire outstanding interests in those companies where activities were compatible with the redefined objectives of *Compagnie des Compteurs* and to dispose of interests in companies whose operations were unrelated to these redefined objectives.

Minority interests were eliminated upon the merger of the following companies into *Compagnie des Compteurs*:

— *APC* and *CEREG*, manufacturers of industrial



Left to right:

In Houston, Bill Olson holds a computer produced graph that shows the dip of underground formations.

Arun Karle of Johnston with the Mini-grabber, a tool for anchoring tubing in an oil-well

OM4501: 8-track optical recorder from Schlumberger Instruments and Systems.

CD1740: dual-trace 50 MHz oscilloscope from Solartron.

New digital meters from Weston Instruments.

process control equipment.

— Six regional service subsidiaries for gasoline pump maintenance under the management of the manufacturing unit.

DISPOSALS

The following assets which were part of Compteurs upon acquisition were disposed of:

- The 35% controlling interest in CEC, manufacturers of ceramic fixtures and refractory products
- A minority stock interest in Thomson Brandt, a major French company
- Real estate not essential for redefined activities
- Sale of unprofitable product activities:
 - vacuum engineering business
 - space tracking system operation
- Disposal of the 50% participation in three small appliance controls manufacturing ventures.

Net cash realized in the disposal of these assets was in excess of \$13 million.

1971 OUTLOOK AT COMPTEURS

The trend of improvement in operations that took place during the last three quarters of 1970 will continue, with further reduction in expenses and costs, and elimination of inefficient practices. Necessary wage increases similar to 1970 will again take place in 1971. However, unless a much less favorable economic situation comes about in France, we expect to exceed the 1970 net income.

Other Financial Information

FINANCIAL IMPACT OF COMPTEURS ACQUISITION

The acquisition of Compagnie des Compteurs, details of which are set forth in the notes to financial statements, had a significant effect on the year-end 1970 consolidated balance sheet of Schlumberger as set forth in the following condensed statement of assets and liabilities of Compteurs at December 31, 1970:

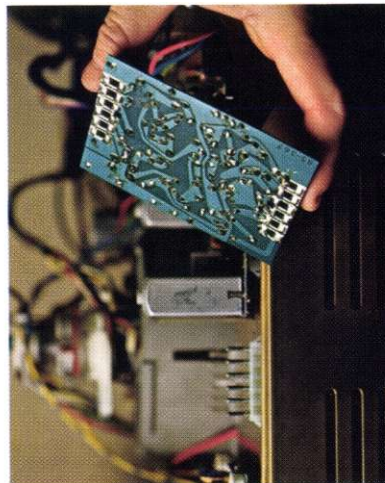
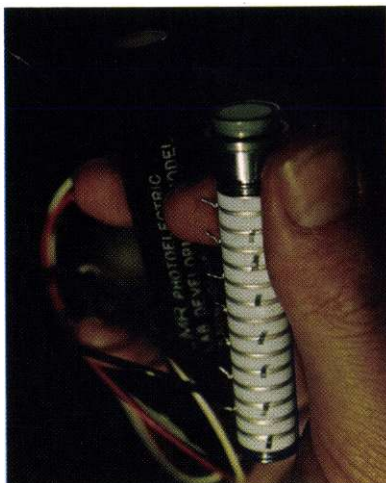
ASSETS	Millions	
Current assets:		
Receivables	\$ 85	
Inventories	69	
Cash, etc.	<u>6</u>	\$160
Long-term investments, advances, etc.		37
Fixed assets		<u>60</u>
Total assets		<u>257</u>
LIABILITIES		
Current liabilities:		
Payables, accruals, etc.	67	
Short-term debt	<u>53</u>	120
Long-term debt		37
Other liabilities		<u>20</u>
Total liabilities		<u>177</u>
NET ASSETS		<u>\$ 80</u>
Schlumberger share (88%)		<u>\$ 71</u>

TAXES ON INCOME

A considerable shift occurred in the geographic sources of Schlumberger revenues and earnings in 1970. Major factors were the U.S. business recession, significantly improved results at the European electronics and instrumentation companies and a shift of oilfield activities away from North America. This shift is shown by the substantial drop in the effective tax rate from 38% in 1969 to 33% in 1970 (excluding Compteurs). The U.S. surtax rate reduction also contributed to the lower overall effective tax rate. Compteurs' effective tax rate was approximately 50%. Accordingly, the Schlumberger effective tax rate for 1970 was 35% on a fully consolidated basis.

CAPITAL EXPENDITURES

Net fixed asset additions in 1970 aggregated \$59 million. Excluding Compteurs' net additions of \$8 million after March 31, 1970, capital expenditures were slightly less than in 1969, primarily due to lower oilfield expenditures in North America, where drilling



was below expectations. Capital expenditures for oilfield equipment were \$36 million while \$15 million was invested in manufacturing plant and equipment.

Depreciation expense in 1970, including \$3.7 million (nine months) applicable to Compteurs, was \$37.7 million compared to \$32 million for 1969.

RESEARCH & ENGINEERING

Research & engineering expense was \$26.7 million for 1970 compared to \$21.1 million for 1969; each figure represents about 5% of operating revenues. Expenditures for 1970 included \$12 million for oilfield activities, \$10 million for electronics and instrumentation, and \$5 million (nine months) for Compteurs.

CAPITAL STOCK AND DIVIDENDS

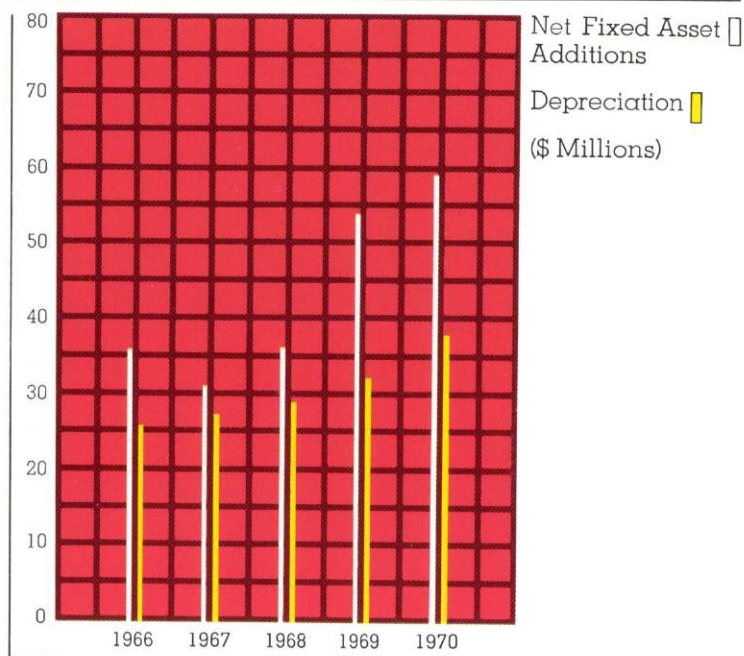
During the year, 167,000 shares of treasury stock were purchased, 129,817 shares were exchanged for 259,634 shares of Compteurs, and 75,761 shares were sold to employees under stock option plans. At year end, 469,116 shares remained in the Treasury. Purchases of treasury stock have been and may continue to be made for general corporate purposes, including sale under employees' stock options and conversion of the debentures issued in connection with the Compteurs acquisition. Cash dividends on common stock were maintained at an annual rate of \$1.40 per share.

INVENTORIES

Inventories of \$169 million at December 31, 1970 increased \$66 million from 1969 because of the acquisition of Compteurs. Otherwise, inventories decreased slightly, despite slower than anticipated growth in North American electronics and oilfield activities, because of prompt action to keep inventories in line with revenues.

SHORT- AND LONG-TERM DEBT

Bank loans and long-term debt, including the portion payable within one year, increased substantially during 1970 primarily because of the inclusion of the debt of Compteurs and Neptune for the first time. Details of long-term debt, including the \$61 million of convertible debentures issued in connection with the Compteurs acquisition, are in the notes to financial statements.



Left to right:

EMR's miniature ceramic multiplier phototube designed for space applications.

Plug-in circuits on Heath's solid-state color TV set simplify repair.

Compteurs' precision differential pressure transducer.

Consolidated Balance Sheet

ASSETS	December 31,	
	1970	1969*
	(Stated in thousands)	
CURRENT ASSETS		
Cash	\$ 17,057	\$ 10,850
Short-term investments, at cost (approximately market)	59,752	80,122
Receivables, less allowance for doubtful accounts (1970 — \$4,600; 1969 — \$1,759)	188,329	93,461
Inventories, at cost or less	168,559	102,157
Other current assets	9,730	4,644
	443,427	291,234
LONG-TERM INVESTMENTS AND RECEIVABLES	50,588	25,180
FIXED ASSETS, at cost less accumulated depreciation	237,221	148,048
INTANGIBLE ASSETS, at cost less amortization	21,894	6,133
OTHER ASSETS	10,719	3,065
	\$763,849	\$473,660

*Certain amounts have been restated for comparative purposes

See notes to financial statements

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31,	
	1970	1969*
	(Stated in thousands)	
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$117,613	\$ 47,325
Estimated liability for taxes on income	31,301	25,592
Bank loans	74,581	33,614
Dividend payable	4,063	4,049
Portion of long-term debt due within one year	9,628	997
	237,186	111,577
CONVERTIBLE DEBENTURES	61,034	—
OTHER LONG-TERM DEBT	46,788	6,334
DEFERRED TAXES AND OTHER LIABILITIES	21,740	5,177
MINORITY INTEREST IN SUBSIDIARIES	20,102	6,294
	386,850	129,382
STOCKHOLDERS' EQUITY		
Common stock	71,619	60,819
Income retained for use in the business	305,380	283,459
	376,999	344,278
	\$763,849	\$473,660

*Certain amounts have been restated for comparative purposes

Consolidated Statement of Income	Year Ended December 31,	
	1970	1969*
	(Stated in thousands)	
REVENUES		
Sales and services	\$578,514	\$420,572
Interest and other income	13,256	13,931
	591,770	434,503
EXPENSES		
Cost of goods sold and services	376,942	268,871
Research and engineering	26,688	21,075
Marketing	46,633	29,205
General	51,255	36,662
Interest	11,839	3,479
Taxes on income	27,776	28,511
Minority interest in net income of subsidiaries	1,188	426
	542,321	388,229
NET INCOME	\$ 49,449	\$ 46,274
NET INCOME PER COMMON SHARE AND COMMON EQUIVALENT SHARE		
	\$4.22	\$4.00**

Consolidated Statement of Stockholders' Equity

	Common stock		Income retained for use in the business	
	1970	1969	1970	1969
	(Stated in thousands)		(Stated in thousands)	
BALANCE AT BEGINNING OF YEAR	\$60,819	\$58,857	\$283,459	\$262,459
Cost of shares (1970 — 167,000; 1969 — 110,351**) reacquired	(971)	(596)	(11,269)	(9,263)
Value assigned to 129,817 shares exchanged for shares of Compteurs	9,087			
Proceeds from sale of shares (1970 — 75,761; 1969 — 76,466**) to optionees	2,684	2,558		
Net income			49,449	46,274
Dividends declared (1970 — \$1.40; 1969 — \$1.38** per share)			(16,259)	(16,011)
BALANCE AT END OF YEAR	\$71,619	\$60,819	\$305,380	\$283,459

*Certain amounts have been restated for comparative purposes

** Adjusted for three-for-two stock split in May 1969

Consolidated Statement of Source and Application of Funds

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

	Year Ended December 31,	
	1970	1969*
	(Stated in thousands)	
SOURCE OF FUNDS		
Net income	\$ 49,449	\$ 46,274
Non-cash charges (credits)		
Depreciation	37,657	31,975
Amortization of intangibles	1,649	2,167
Other — net	2,165	(1,283)
Funds provided from operations	90,920	79,133
Issuance of convertible debentures for Compteurs shares	61,034	—
Exchange of treasury stock for Compteurs shares	9,087	—
Increase in other long-term debt	7,896	155
Proceeds from exercise of stock options	2,684	2,558
Total funds provided	171,621	81,846
APPLICATION OF FUNDS		
Acquisition of Compteurs (less net current assets of \$45,314 acquired in 1970)	32,799	1,193
Acquisition of 50% interest in Neptune (less net current assets of \$147 acquired)	8,283	—
Additions to fixed assets, less retirements	59,266	53,581
Investments and long-term receivables	4,429	2,545
Purchases of treasury stock	12,240	9,859
Dividends declared	16,259	16,011
Reduction of long-term debt	6,099	928
Other — net	5,662	1,649
Total funds applied	145,037	85,766
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ 26,584	\$ (3,920)

*Certain amounts have been restated for comparative purposes

Notes to Consolidated Financial Statements

PRINCIPLES OF CONSOLIDATION AND ACQUISITION OF COMPTEURS AND NEPTUNE

The consolidated financial statements include all significant majority-owned subsidiaries, including Compagnie des Compteurs, its continuing subsidiaries and Neptune as from the April 1, 1970 effective date of acquisition of these companies. Companies 50% owned are carried in long-term investments at Schlumberger's share of net assets; one half of the after-tax earnings of these companies is included in "other income." All items recorded in currencies other than United States dollars are translated at current exchange rates except for inventories, fixed assets and long-term investments which are translated generally at historical rates.

An 88% interest in Compagnie des Compteurs (Compteurs) was acquired in 1970 for an aggregate investment of \$79 million consisting of \$61 million of Schlumberger Limited convertible debentures, Schlumberger common stock having a market value of \$9 million, and cash expenditures of \$9 million. This acquisition was accounted for as a purchase, and accordingly, the consolidated assets and liabilities of Compteurs and its subsidiaries at March 31, 1970 were taken up by Schlumberger at their fair values at that date. The excess of cost over fair value of net tangible assets acquired amounted to \$14.4 million at March 31, 1970, which the Company does not intend to amortize unless diminution of value occurs. However, this amount was reduced \$3.0 million by December 31, 1970 as a result of realization during the nine months then ended of contingent tax benefits which existed at acquisition date. Additionally, significant contingent future tax benefits relating to Compteurs, if realized, will also be applied retroactively to increase the acquired net asset values. For the nine months beginning April 1, 1970, Compteurs' total revenues were \$141.2 million and net income was \$3.0 million, before deducting \$1.8 million interest on Schlumberger's convertible debentures.

Schlumberger also acquired as of April 1, 1970 a 50% interest in Neptune for \$8.4 million cash (the other 50% was owned by Forex, a 71%-owned subsidiary) and Neptune was consolidated from date of acquisition. The excess of the \$8.4 million

over equity in fair value of net tangible assets acquired amounted to \$2.8 million which the Company does not intend to amortize unless diminution of value occurs. Neptune's contribution to 1970 consolidated net income was \$3.0 million greater than Schlumberger's 35% equity in Neptune's earnings in 1969.

GEOGRAPHICAL DISTRIBUTION OF REVENUES AND NET ASSETS

The geographical distribution of 1970 revenues and net assets at December 31, 1970 was approximately as follows:

	Revenues 1970	Net Assets 12/31/70
United States and Canada	41%	51%
France	24	11
Other	35	38
	<u>100%</u>	<u>100%</u>

FIXED ASSETS

A summary of fixed assets follows:

	December 31,	
	1970	1969
	(Stated in millions)	
Land	\$ 16.9	\$ 7.4
Buildings and improvements	100.9	69.7
Machinery and equipment	<u>340.6</u>	<u>255.9</u>
Total cost	458.4	333.0
Less — Accumulated depreciation	<u>221.2</u>	<u>185.0</u>
	<u>\$237.2</u>	<u>\$148.0</u>

Depreciation of fixed assets is recorded by straight-line methods over the estimated useful lives of the assets.

TAXES ON INCOME

Since dividends of subsidiaries are generally paid to the parent company out of current earnings, no provision is deemed necessary for income taxes which would be payable if any portion of the retained income of subsidiaries were to be remitted.

Operating loss carryforwards available to certain foreign subsidiaries as deductions from their future income, if earned, amounted to \$21 million at December 31, 1970, excluding those attributable to unrecorded future income tax benefits of Compteurs and its subsidiaries existing at March 31, 1970. Of this amount \$4.6 million expires in 1971, \$0.8 in 1972, \$3.9 in 1973, \$4.2 in 1974 and \$3.3 in 1975. Substantially all of the remainder can be carried forward indefinitely.

LONG-TERM DEBT

The companies' long-term debt at December 31, 1970 (excluding amounts maturing within one year) consisted of the following:

Payable in French francs:	(Stated in millions)
Schlumberger Limited 4%-6% convertible debentures due 1973-1980	\$ 61.0
Compagnie des Compteurs and its subsidiaries:	
Debentures, 5%-6.5% due 1972-1984	\$14.3
Loans from Crédit National, 6%-7.25% due 1972-1979	7.1
Bank loans, 6.5%-8.25% due 1972-1979	7.6
Other loans	7.7
	<u>36.7</u>
Other consolidated companies	3.1
	<u>39.8</u>
Payable in United States dollars	4.8
Payable in other currencies	2.2
	<u>46.8</u>
	<u>\$107.8</u>

The debentures of Schlumberger Limited, which have a par value of 260 francs (\$46.80) each, bear interest at 4% per annum to March 31, 1972 and 6% thereafter. After March 31, 1972 they will be convertible into Schlumberger common stock in the ratio of two debentures for one share of common. Mandatory redemptions are to be made in annual amounts drawn by lot as of March 31, 1973-80 at redemption prices which increase annually from 101.9% to 115.4% of face amount. In addition,

voluntary redemptions may be made on April 1, 1972 at par or at any time thereafter at mandatory redemption prices. Conversions and voluntary redemptions reduce the mandatory redemptions. Debentures amounting to \$3.0 million have been acquired by subsidiaries and deducted in arriving at debentures payable at December 31, 1970.

The other long-term debt will be due \$9.9 million in 1972, \$7.0 in 1973, \$5.4 in 1974 and \$4.9 in 1975.

STOCK OPTIONS

Transactions under stock option plans during 1970 were as follows:

	Number of shares	
	Under option	Available for option
At January 1, 1970	264,749	308,510
Options granted at \$63.82 to \$89.25 per share (100% of market value):		
For five years	50,825	(50,825)
For ten years	11,500	(11,500)
Options exercised at \$26.89 to \$73.50 per share	(75,761)	
Options lapsed or terminated	(6,389)	6,389
At December 31, 1970	<u>244,924</u>	<u>252,574</u>

The 244,924 shares under option at December 31, 1970 were held by 212 officers and key employees at option prices ranging from \$26.89 to \$96.67; options for 91,117 shares were exercisable at that date.

COMMON STOCK

Common stock is carried at the stated value of issued shares increased by proceeds from sales of treasury shares and reduced pro-rata for shares reacquired. Any excess of cost of reacquired shares over the pro-rata amount is treated as a reduction of income retained for use in the business.

At December 31, 1970 and 1969 there were 20,000,000 authorized shares of U.S. \$1 par value. At these respective dates, there were 11,604,379 and 11,565,801 shares outstanding, excluding 469,116

and 434,769 reacquired shares held in treasury. During 1970, 72,925 previously unissued shares were sold upon exercise of stock options.

EARNINGS PER SHARE

Earnings per share for 1970 were computed by dividing net income plus interest on the convertible debentures by the average number of common shares and common equivalent shares outstanding during the year. In computing such average shares, the number of shares outstanding was increased by those issuable after March 31, 1970 on conversion of debentures and assumed exercise of stock options. Earnings per share for 1969 were based on the average shares outstanding during the year.

SUPPLEMENTARY INFORMATION

Short-term investments are collectible mainly in United States dollars. Interest income was \$7.0 million in 1970 and \$7.4 million in 1969.

Inventories are stated primarily at average or standard cost, less allowance for obsolescence. At December 31, 1970, they comprised \$31.3 million of operating materials and supplies for oilfield services, and \$137.3 million applicable to other operations — principally manufacture of electronic equipment and gas, water and electricity meters.

Long-term investments included \$16.6 million representing interest in 50%-owned companies which are carried at Schlumberger's share of net assets. The other long-term investments are stated at cost.

Intangible assets represent largely the excess of purchase prices over fair values of net tangible assets of businesses acquired. Intangibles related to acquisitions made prior to 1966 are being amortized over ten-year periods; on subsequent acquisitions, intangibles are not amortized unless a diminution in value takes place.

The Company and its subsidiaries have several voluntary pension and other deferred benefit plans covering substantially all officers and employees, including those in countries other than the U.S.A. The expense of such plans was \$7.7 million in 1970 and \$7.3 million in 1969. These plans are fully funded with trustees in respect of past and current services.

In France, the principal pensions, including those for employees of Compteurs, are provided for by union agreements negotiated by all employers within an

industry on a nationwide basis. Rights to future retirement benefits vest currently, but monetary amounts are not assigned to these rights until year of payment. Benefits when paid are not identified with particular employers but are made from funds obtained through concurrent compulsory contributions from all employers within each industry, based on employee salaries. The expense of these plans amounted to \$2.6 million in 1970 (including \$1.6 million for Compteurs) and \$0.9 million in 1969.

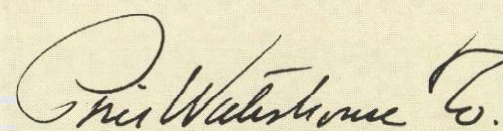
Opinion of Independent Accountants

PRICE WATERHOUSE & CO.

60 Broad Street
New York 10004
March 8, 1971

To the Board of Directors and Stockholders of Schlumberger Limited:

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of income and stockholders' equity and the consolidated statement of source and application of funds present fairly the financial position of Schlumberger Limited and its subsidiaries at December 31, 1970 and 1969, the results of their operations and the supplementary information on source and application of funds for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.



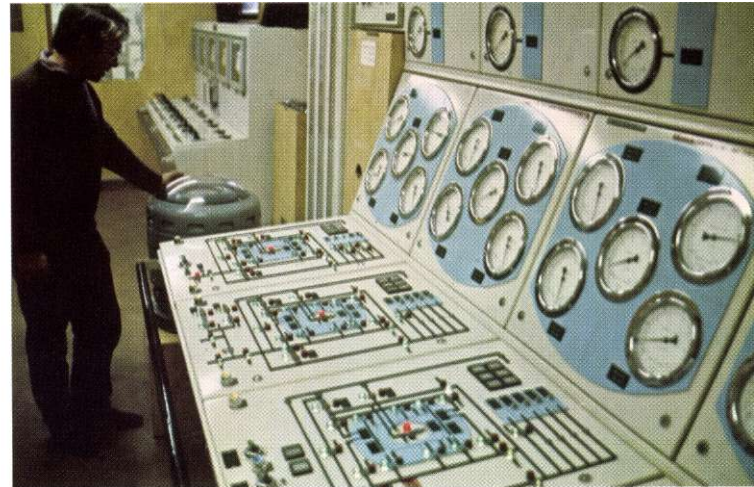
Five-Year Financial Summary

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

	1970	1969	1968	1967	1966
	(Stated in millions)				
FOR THE YEAR —					
Revenues					
Sales and services	\$578.5	\$420.6	\$409.1	\$369.2	\$343.1
Interest and other income	13.3	13.9	9.5	8.0	5.9
	591.8	434.5	418.6	377.2	349.0
Research and engineering	26.7	21.1	20.4	20.6	18.1
Taxes on income	27.7	28.5	27.3	20.5	21.2
Net income	49.4	46.3	41.0	31.5	28.1
Depreciation of fixed assets	37.7	32.0	29.1	26.8	25.4
Amortization of intangible assets	1.6	2.1	2.6	2.5	2.0
Net income plus depreciation and amortization	88.7	80.4	72.7	60.8	55.5
Fixed asset additions, less retirements	59.3	53.6	35.6	30.7	35.1
AT DECEMBER 31 —					
Cash and short-term investments	76.8	91.0	106.8	74.7	76.2
Inventories	168.6	102.2	84.1	77.2	74.5
Working capital	206.2	179.7	183.6	165.6	148.1
Current ratio	1.9	2.6	2.9	3.4	2.9
Fixed assets:					
Cost	458.4	333.0	298.8	275.6	258.1
Accumulated depreciation	221.2	185.0	172.4	155.6	144.2
Cost, less depreciation	237.2	148.0	126.4	120.0	113.9
Stockholders' equity	377.0	344.3	321.3	293.6	266.8
Total assets	763.8	473.7	436.5	384.8	371.7
SHARE DATA* —					
Average shares and equivalent shares outstanding (thousands)	12,128	11,573	11,579	11,486	11,478
Net income per share	\$4.22	\$4.00	\$3.55	\$2.75	\$2.45
Dividends paid per share	\$1.40	\$1.28	\$0.95	\$0.80	\$0.78

*Adjusted for three-for-two stock splits in May, 1969 and March, 1966

Neptune 7 in the North Sea





Neptune owns and operates four offshore drilling rigs: a jack-up rig drilling in the Adriatic and another jack-up in the Amazon delta of Brazil, a tender-assisted rig working offshore Iran, and a semisubmersible drilling platform in the North Sea. Neptune 7, the semisubmersible platform, was launched 18 months ago, and after initially being used in the Bay of Biscay is now operating in the North Sea, 180 miles off the Norwegian coast.

As offshore oil exploration moves into deeper ocean waters, jack-up rigs which stand on legs extended to the sea bottom cannot be used. A semisubmersible doesn't need the sea bottom for support and can operate in much greater water depths. It floats on huge pontoons welded to its legs. The platform is towed to the drilling site where the pontoons are flooded with sea

Above left:
The upper deck of Neptune 7.
On the left, the 4,700 square foot
helicopter pad being painted.
In the middle, the drilling rig, and
the Schlumberger well-logging unit.

Above right:
Under the rig floor the riser is the
connection to the submerged wellhead.

Below left:
Underwater TV allows observation
of the wellhead and blow-out
preventers on the sea bottom.

Below right:
Control room where platform trim and
positioning are adjusted by controlling
ballast and anchorline tension.





water to increase stability when drilling begins. Neptune 7 is moored with 30,000 pound anchors, and automatic winch systems control the tension of cables to the ten anchors holding it over the borehole position.

MAJOR FEATURES

Length, width, height: 332'x318'x276'
Pontoons, each: 81'x53'x25'
Diameter of legs: 31'
Displacement, drilling position: 17,700 tons
Design criteria: 69' waves, 135 mph wind

There are only about 30 of the semisubmersible-type platforms in the world; they cost from \$10 to \$20 million each and Neptune 7 is the only one of five-legged design. Experience so far proves that the pentagonal design provides a more stable platform under extreme weather and rough water conditions, and a consequently greater number of drilling hours in any month, than can be obtained from other type semisubmersibles.

Neptune 7 is a self-contained unit, with sleeping, eating and recreation facilities for up to 76 people. Accommodations are sufficient for both the regular drilling crew and the specialized crews from oilfield service companies.



Above:

Crew member checks the cables of the tensioning system which holds the riser in position.

Left to right:

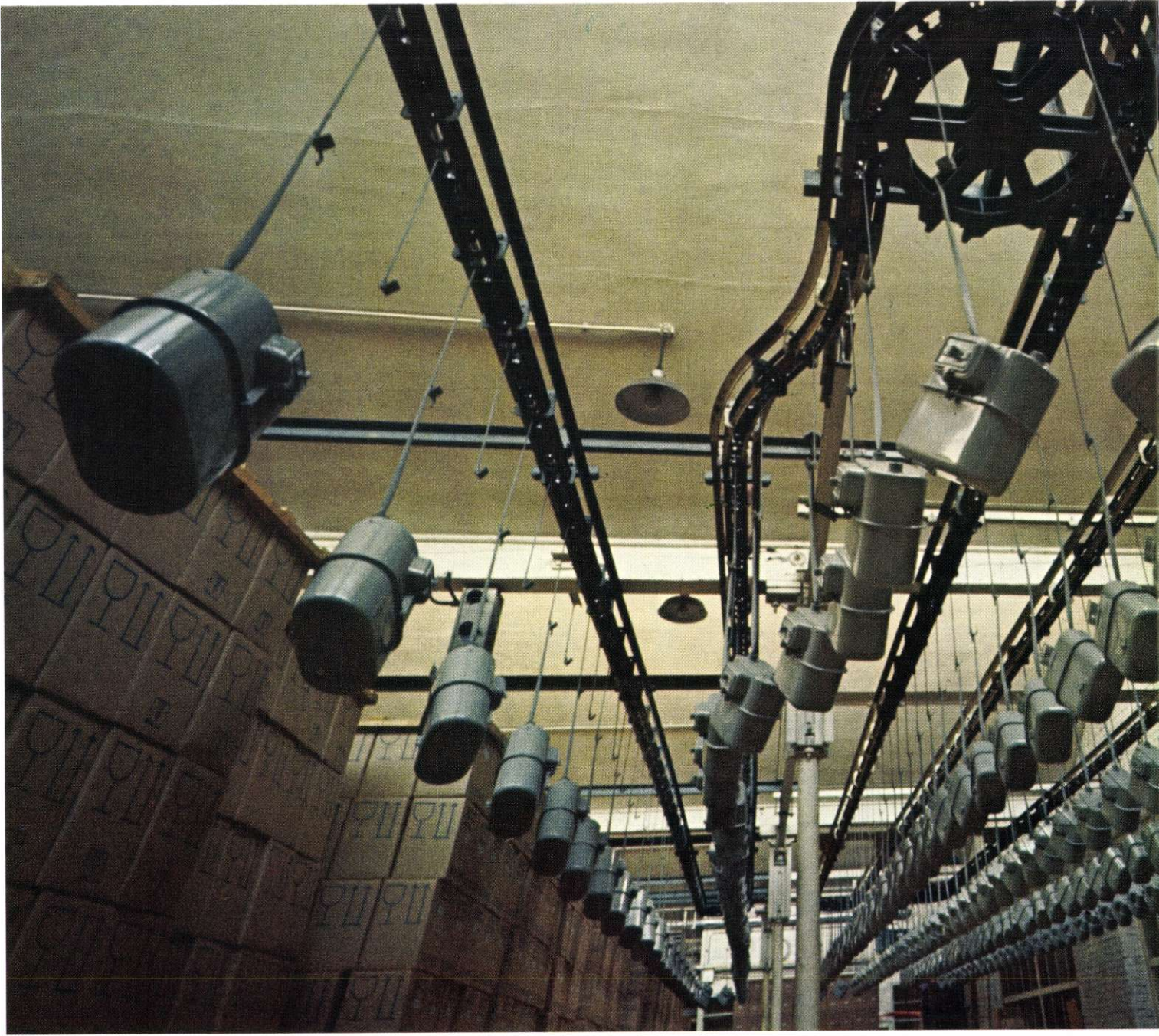
Crew getting ready for work.

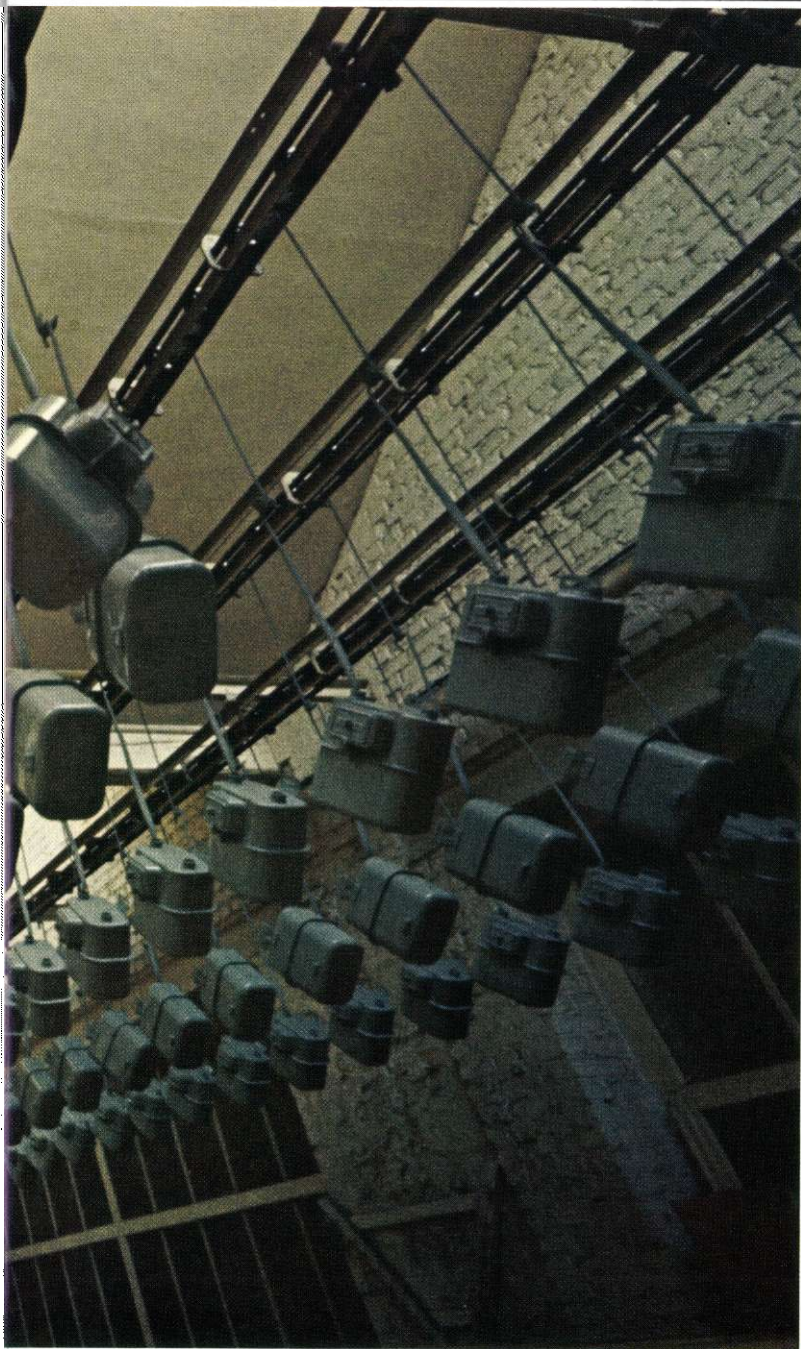
Neptune recreation room.

Personnel work on 12-hour shifts for 14-day periods, then a helicopter flies them to land for several days off.

Schlumberger engineer, Robert Odd, having a snack on the job. Well logging isn't interrupted for meals.

Compteurs Means Meters





In 1872 an inventive tinsmith, Gabriel Chamon, set up a workshop employing 30 men to manufacture gas meters. Within ten years he joined forces with five other companies and together they started manufacturing water and electricity meters. At the turn of the century, Compteurs had a solidly established business manufacturing gas, water, and electricity meters and was exploiting their basic technical position to maintain growth in sales. Today utility meters are still a major portion of the business. Compteurs produces 1,500,000 water meters, 700,000 gas meters, and more than 2,000,000 electricity meters a year. In addition Compagnie des Compteurs, with 20,000 employees, has expanded in related areas of measurement and control.

GAS METERING

At the time Compteurs manufactured its first gas meter, gas manufactured from coal was used for residential and street lighting. It was distributed by gas pipe; metering was becoming a necessity. Previous to this time gas distribution was not geared to mass consumption. Horse-drawn wagons each carrying a huge plastic bag filled with gas were driven to the customers' premises for deliveries in the same manner as for coal or ice. The driver would connect a pipe to the consumer's container, and then would turn a crank to tighten a leather strap forcing gas from the bag.

While gas at first was primarily used for lighting, many factors have contributed to its increasing use for cooking and then for space heating. Likewise, changes have taken place in the source of this form of energy. The discovery of natural gas at Lacq in the south of France and the large gas field at Gröningen in Holland necessitated the construction of pipelines for wider distribution. The introduction of bottled gas (butane and propane) further increased gas consumption in areas not served by pipelines.

All of these factors stimulated the growth of Compteurs' business as it expanded from simply supplying meters to designing and producing gas regulators, expanders, valves, and related control devices for use in the industry.

Of the seven million gas meters installed in

Above:
In the Reims plant overhead
conveyors carry gas meters.

Below:
Water meter assembly (far left),
and testing (left).



France, more than half were manufactured by Compteurs, and the company is supplying substantially more than half of the new meters required each year.

WATER METERING

For centuries, water was collected from public fountains and distributed in small towns by water-carriers. In larger cities, water distribution through pipes or aqueducts dates back to Roman times. To avoid waste, authorities controlled consumption by limiting pipe size. This system basically remained the same until the 19th century.

Now water is distributed to most homes in urban areas and increasingly to those in rural communities, all of which needs to be metered. In addition, as industry and agriculture use greater quantities of

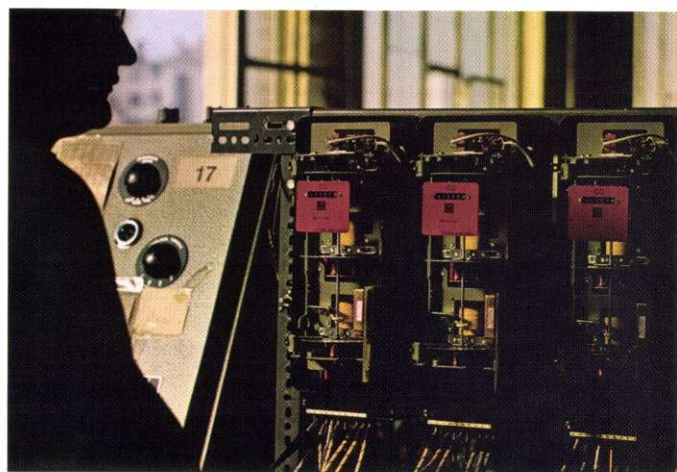
water, the need for meters increases so as to apportion costs. Compteurs over the years has produced 14 million water meters, more than half the meters presently installed in France, and today commands a major share of this still expanding market.

The principles which govern the making of a water meter are the same for metering of other liquids – chemicals, edibles, and oil products. Compteurs has become an important European manufacturer of liquid meters for any use.

METERING ELECTRICAL ENERGY

In the 19th century kerosene and later gas manufactured from coal was used for residential and street lighting. Consumers were not easily convinced to make the transition to electricity.

At first, electric utilities offered free installation



Left:
Production area of the Poitiers plant.
Right above:
Final acceptance testing of electricity meters.
Right below:
Industrial electricity meters being
calibrated in Montrouge.

of an electric bulb per room; soon, the new type of lighting became a status symbol and electrical energy became widely accepted.

In Europe, before 1890, consumers were charged a fee for electrical power based on the number of lamps they had. The impracticality of this became evident as the number of consumers grew. Early electricity meters were unreliable and expensive, so in 1891, the city of Paris held an international competition for the design of a new electric power meter. A simple, rugged meter invented by an American engineer, Elihu Thomson, was selected. Compteurs acquired a license to manufacture.

Although the standardization of the use of this meter established the basic principles, design and construction of meters is in a continuing state of change, brought about by the technology of new



materials and modern production methods.

Electrical energy production has doubled every ten years since first wide-scale use began, and the market for Compteurs electrical products has grown accordingly.

PRODUCTION

In the beginning, at Compteurs, each workman performed all the work involved in making each meter. The care which the individual workman exerted soon gave Compteurs products a high reputation for precision, reliability and sturdiness.

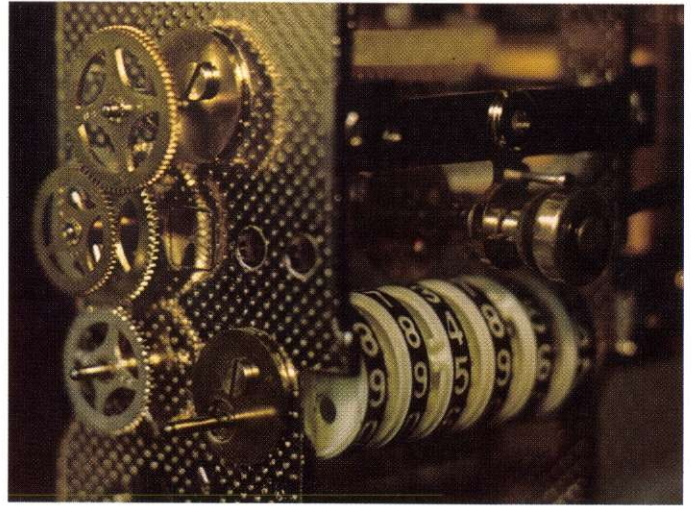
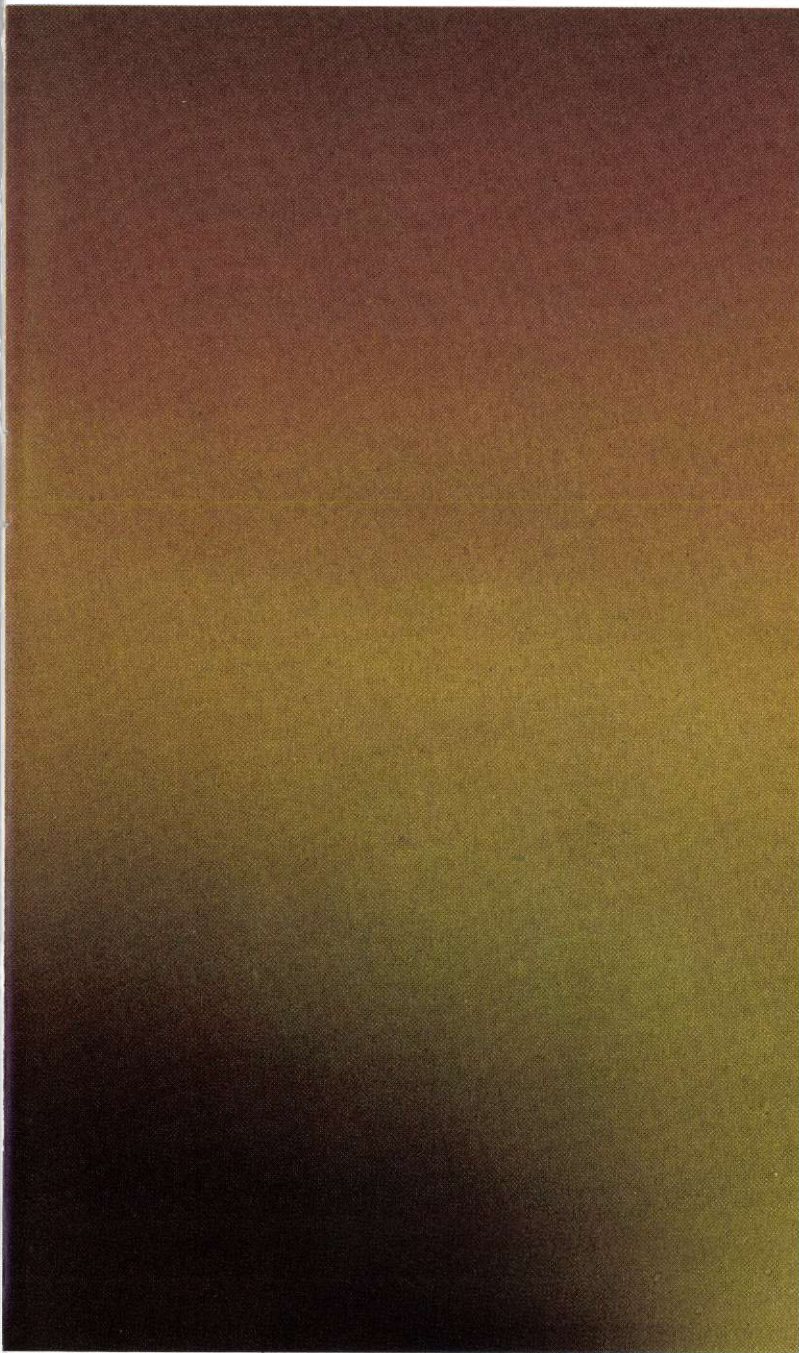
The advent of mass production techniques has resulted in the replacement of the skilled artisan, but Compteurs has retained its reputation for quality.

A plant at Reims produces water and gas meters, another at Poitiers makes electricity meters. The

Reims factory initially had output of 40,000 water meters per month, which subsequently has increased to 100,000 units, a meter every six working seconds. Poitiers, originally planned to produce 600,000 electricity meters a year, has been expanded to produce a million units.

A continuing program for modernizing production facilities has enabled Compteurs to remain competitive. The plants in Reims and Poitiers have incorporated a large amount of automation. Compteurs has designed much of their automatic machinery and employs the most modern techniques.

As early as 1934, Compteurs was the first company to introduce plastic material in the construction of water meters. Today, a subsidiary, Mekanoplastique, produces thousands of plastic parts each month for water, gas, and electricity meters.



Left:
Two-colored plastic counter wheels are made in a single injection molding process.

Above:
Meters incorporate clockwork mechanism manufactured in Besançon.

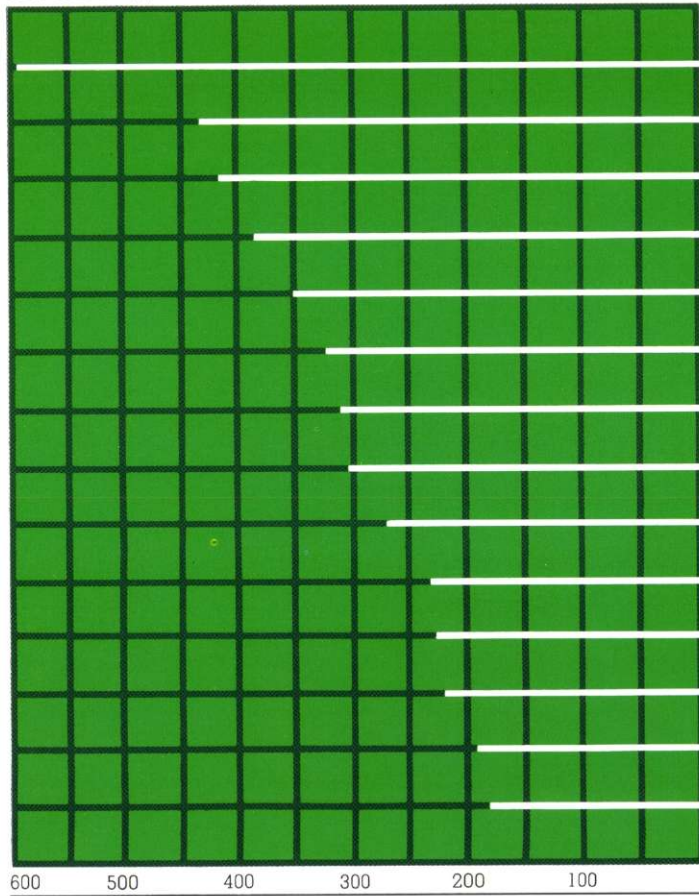
Compteurs expanded outside of France, establishing operations in Switzerland, Italy, Spain and Austria. Besides its own Netherlands factory which produces water meters, Compteurs acquired a company there which produces 100,000 gas meters per year. Factories to produce meters have also been established in Chile, Argentina, and Brazil to meet the growing demand in these countries.

OUTLOOK FOR GROWTH

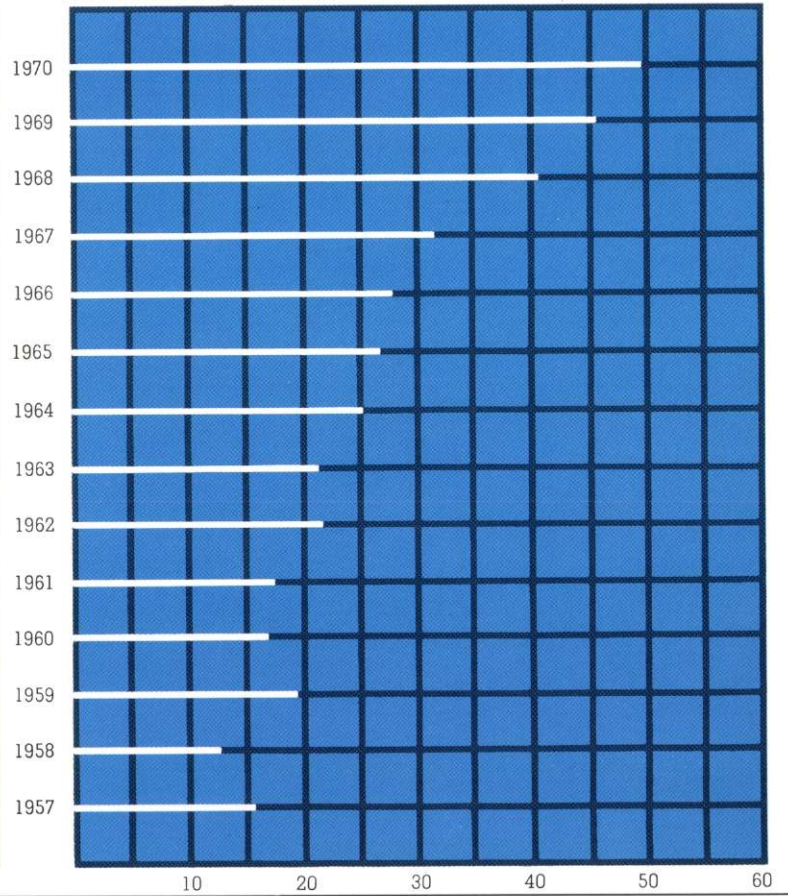
Population growth, annually increasing per capita consumption, and industrial expansion result in increased demand for water, gas and electricity each year. Compteurs, with their established capabilities and products, is an important supplier to meet the increasingly complex requirements of these expanding markets.

Fourteen-Year Financial Review

Revenues (\$ millions)



Net Income (\$ millions)



Credits:

Major photography:
Jay Maisel

Design:
Push Pin Studios

