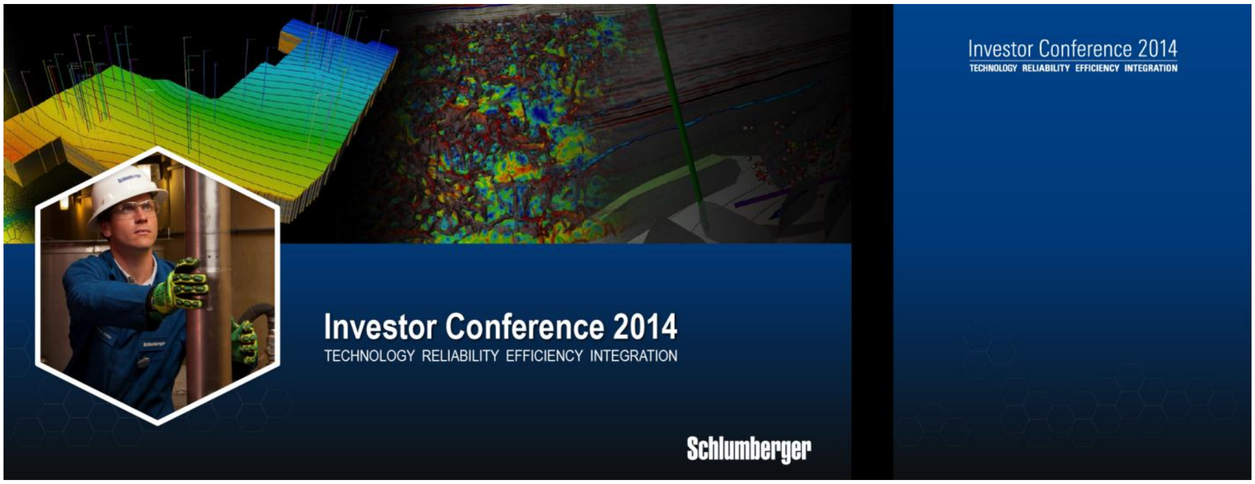
CEO Opening Address, June 24, 2014

Paal Kibsgaard

Chief Executive Officer



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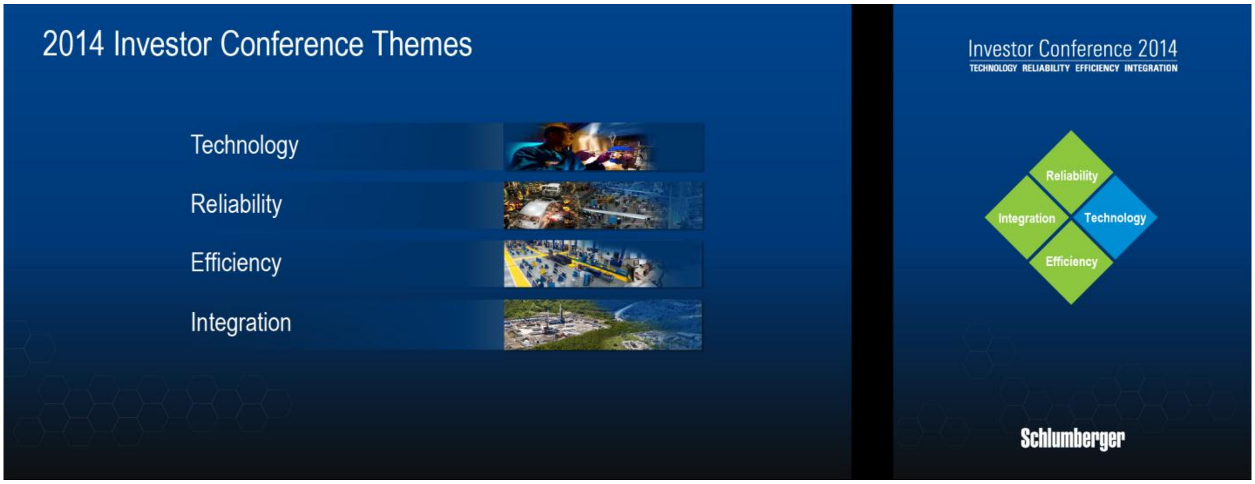


Good afternoon, ladies and gentlemen,

Welcome to New York and our 2014 Investor Conference, where I am joined by the entire Schlumberger senior management team. Today and tomorrow we will give you access to the inner workings of Schlumberger, and we will share with you our plans and aspirations for the future in greater detail than we have ever done before.

It will come as no surprise that technology is central to these plans and we will showcase a number of our latest innovations during the conference. We will also elaborate on our ongoing reliability and efficiency transformations and demonstrate how these programs will set new performance standards for the industry, benefitting both our customers and Schlumberger.

Almost two decades ago, Schlumberger was the first service company in the industry to define a long-term integration strategy based on specific competency building, streamlining of internal and external processes, and overall enablement by both software and hardware technologies. This strategy has produced an unmatched integration capability covering most workflows in the exploration and production (E&P) industry, and we will show you the value this brings to our customers and to Schlumberger through a series of examples.

We have therefore made the main themes of this conference, technology, reliability, efficiency and integration, and we are excited to share with you how we are translating these themes into an extended run of technical and financial outperformance.

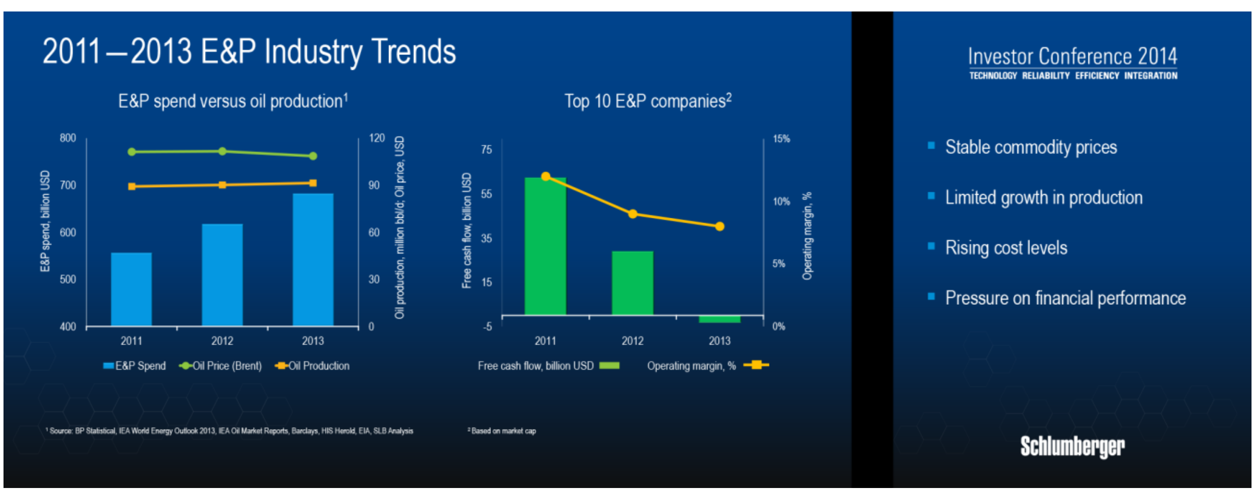
In addition to the main sessions of the conference, which will take place in these great settings, you will also have ample time to interact with the senior management team during the technology sessions this afternoon and the cocktail this evening. This will allow you to witness for yourselves the passion, belief and commitment we all share for the future direction of the company.

In order to first create a common starting point for our view of the future, I will first take a few minutes to review what has happened since we last met in 2011.

From a macro perspective, the global economy over the past three years has shown lower growth rates than anticipated due to challenges in both emerging markets and several OECD countries. On the other hand, none of the main macro risks identified over the past three years has actually materialized as the US fiscal cliff did not lead to another recession, the Eurozone is still intact, and the Chinese real-estate market did not collapse. So while the recovery remains slow and somewhat fragile, the global economy continues to show resilience with lower growth rates potentially indicating a longer and less cyclical recovery trend.

In addition to these macroeconomic challenges, we have seen a series of geopolitical events linked to the Arab Spring and, most recently, the Ukraine crisis impact both global GDP growth as well as the supply side of the E&P industry.

Overall, these macro and geopolitical factors have had fairly equal impact on the supply and demand sides of our industry, leaving oil prices and global spare capacity stable over the past three years.



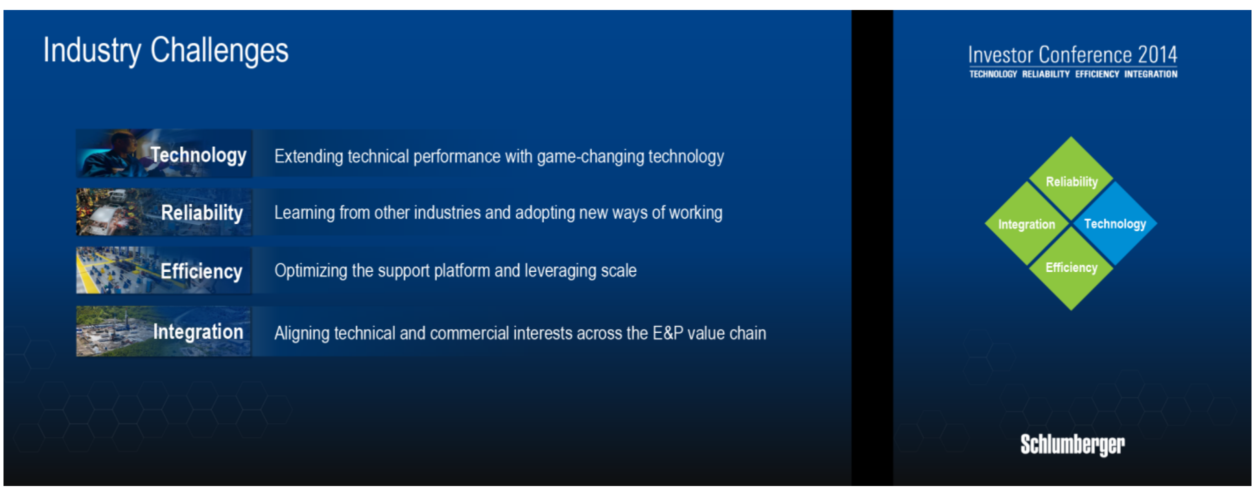
In spite of stable commodity prices, the E&P industry is now facing its own internal challenges. With limited growth in global oil production, range-bound oil prices, rising cost levels, and decline challenges in the aging production base, there is mounting pressure on free cash flow and profitability in parts of the E&P value chain.

The traditional E&P reaction to commercial headwinds has always been for operators to moderate their investments by lowering activity levels and by squeezing prices from the supplier industry, and this time is proving to be no exception.

The first well-practiced reaction is to slow down exploration spend as this has limited short-term impact on production. The next target this time around, is to bring elevated deepwater rig rates back in line with the rest of oilfield services pricing levels after several years of significant inflation. And third, activity levels are adjusted with a focus on maximizing production per dollar spent by reducing investments in heavy infrastructure projects and more focus on well-related activity.

While this type of traditional cost cutting has proven successful in the past, the standard measures are all designed to fend off temporary external headwinds linked to falling commodity prices. What is different this time is that commodity prices are stable and could potentially remain range-bound for some time to come.

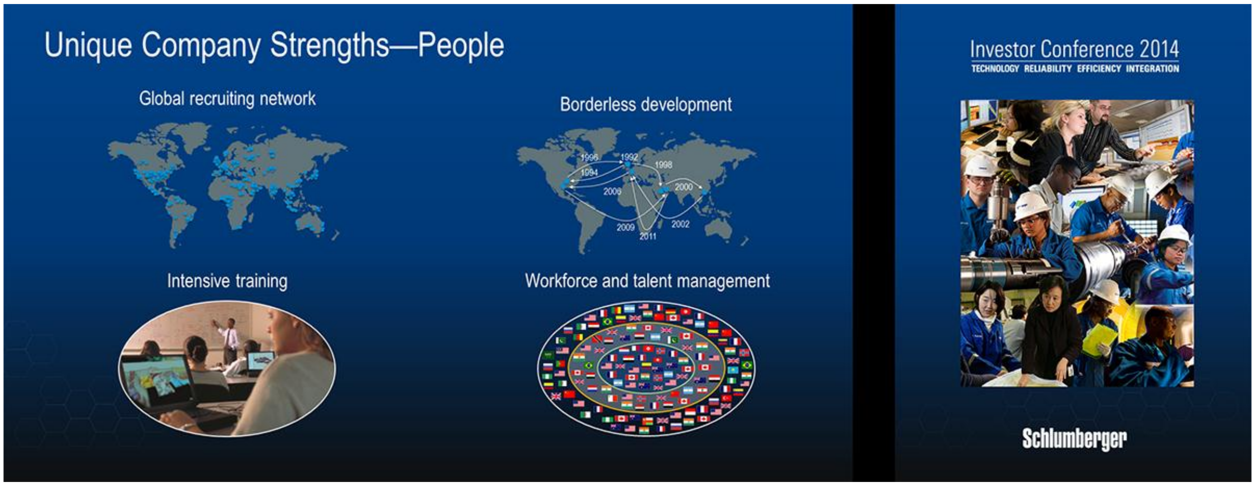
In fact, the current headwinds are entirely internal to the industry and potentially not temporary in nature, which means that the traditional cost-cutting measures may not offer a sustainable solution. It is obvious that exploration activity cannot be scaled back indefinitely. Furthermore, the service industry after years of very competitive bidding is already equally challenged on profitability and free cash flow, and has therefore little to offer in terms of pricing concessions.



The real problem is that the E&P industry has fallen behind in its ability to handle the growing complexity and cost of finding, developing, and producing hydrocarbons. The service industry, which performs most of the infrastructure and well-related work for the operators, has a key role to play in overcoming these challenges.

We therefore find ourselves in a situation where the service companies that are prepared to invest to transform their performance will stand to gain significantly in both market share and financial performance. In Schlumberger, we have seen this business opportunity coming and we are already well underway with our transformation programs focused on the conference themes of technology, reliability, efficiency, and integration.

It is the focus on these themes, coupled with our unique company strengths that will continue to set us apart in the coming years.

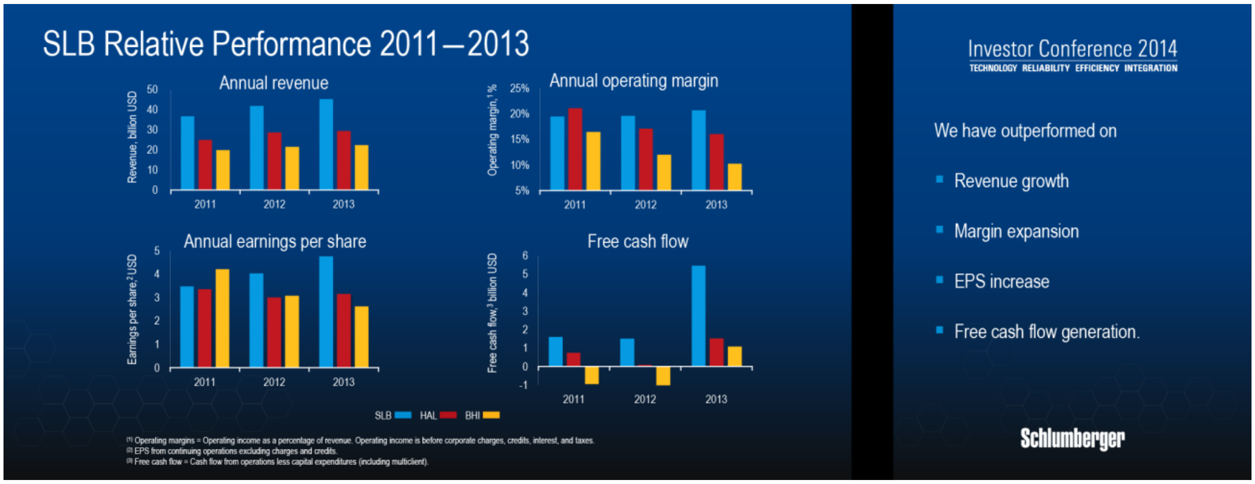


So with this macro and industry backdrop, let me briefly remind you what we promised in our last investor conference and how we have delivered on those promises.

When we met in 2011 we first promised that the then recent $11 billion Smith merger would be accretive to earnings for the full year of 2012. Through active implementation of our well-defined drilling strategy, the transaction was already accretive in the second quarter of 2011.

We also outlined a number of financial promises. These include our intention to grow revenue faster than the market, to maintain our margin leadership in the international market, and to establish margin leadership in North America. They also included our target to grow EPS faster than revenue, to continue to review dividend levels each year, and to return excess cash through our stock buyback program.

I am happy to report that we have delivered on all these promises.

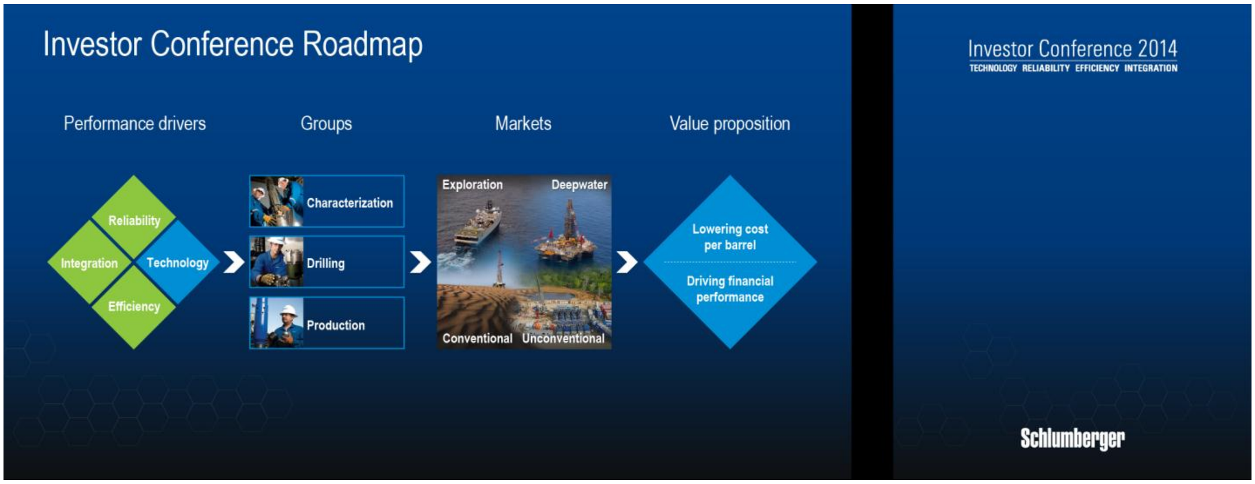


But more importantly, in doing so we have outperformed our competitors in all our main financial indicators. And we have done so while facing the same set of pricing and activity headwinds whether in North America land, Latin America, North Africa or parts of the Middle East, and benefiting from the same tailwinds in Sub-Saharan Africa, Russia, Saudi Arabia, China and Australia.

In terms of revenue, we have outgrown our major competitors in spite of being significantly larger in size by capitalizing on our global footprint, technology leadership, and integration capabilities. In terms of profitability, we are the only company that has managed to improve margins in a period where some of our competitors have seen their margins eroded by as much as 500 basis points. In terms of earnings per share, we have posted consistent double-digit growth over the past three years while our competitors in comparison have either declined or at best stayed flat. And we have also managed to grow our free cash flow significantly allowing us to maintain an active M&A program and ramp-up dividend levels and our stock buyback program while keeping net debt more or less flat.

These results all stand in stark contrast to the rest of the service industry. So the obvious questions are then, what is driving these results, and is the relative outperformance sustainable?

During the conference we will show you that this outperformance is not a coincidence but directly driven by our unique execution capabilities as well as the early results from our transformation programs. We will also demonstrate that these programs have much more in store, and that our trend of outperformance is very much sustainable.
So now let's look at how we will convey this story through the various conference presentations.



Today we will focus on technology and show you how we, in our various markets, are addressing our customers' challenges with the aim of reducing their cost per barrel and driving our financial performance.

To kick things off, we will review how we over the past six years have completely rebuilt our technology engine. They will also demonstrate how this is starting to impact our rate of innovation, the performance of our products, and the time it takes to bring them to the market.

We will then show you how the Characterization Group keeps extending its technology leadership while at the same time advancing its benchmark financial performance.

We will illustrate how the Drilling Group continues to implement our well-defined drilling strategy and steadily convert drilling from a form of art to become a full-fledged science. In doing this, the Drilling Group is applying the same scientific principles used to created our leadership position in the Characterization Group and, with a clear ambition over time, approach the same benchmark financial performance.

Then we will describe the sizeable opportunity we have in the Production Group. In this largely commoditized market, we are, through a combination of organic and inorganic investments, well on our way to establish the same technology leadership that we have in the two other Groups. Building further on this position, we believe the Production Group can change the game in several of its key markets and, over time, significantly improve its operating margins.

On the second day of the conference, we will first put the spotlight on reliability and efficiency to give you a detailed update on our ongoing transformation programs and demonstrate the future potential they hold for both our customers and for ourselves.

We will then unfold our entire integration story by showing you the range of capabilities and business models we have established, and how these are now becoming key drivers for both our customers' and our own financial performance.

We will close the conference by first outlining our main macro and industry assumptions before defining a set of high-level financial targets for 2017 based on those assumptions. These financial targets will be more specific than those we have given in the past, and there are several factors that give us the confidence to make these promises.

First our performance track record in recent years where, without help from favorable macro or industry trends, we have taken charge of our own destiny and clearly outperformed our surroundings.

Second, that we have the most agile management team and most capable workforce in the industry who all come to work every day with one thing in mind—to make Schlumberger the best performing company in the world.

As we have discussed, our industry is currently facing a number of challenges, which, in our mind can only be overcome by creating a step-change in performance throughout the entire E&P value chain and where we are actively taking the lead. In spite of these challenges, we are still a great industry that solves highly complex technical problems and serves a very important role in the global energy picture.

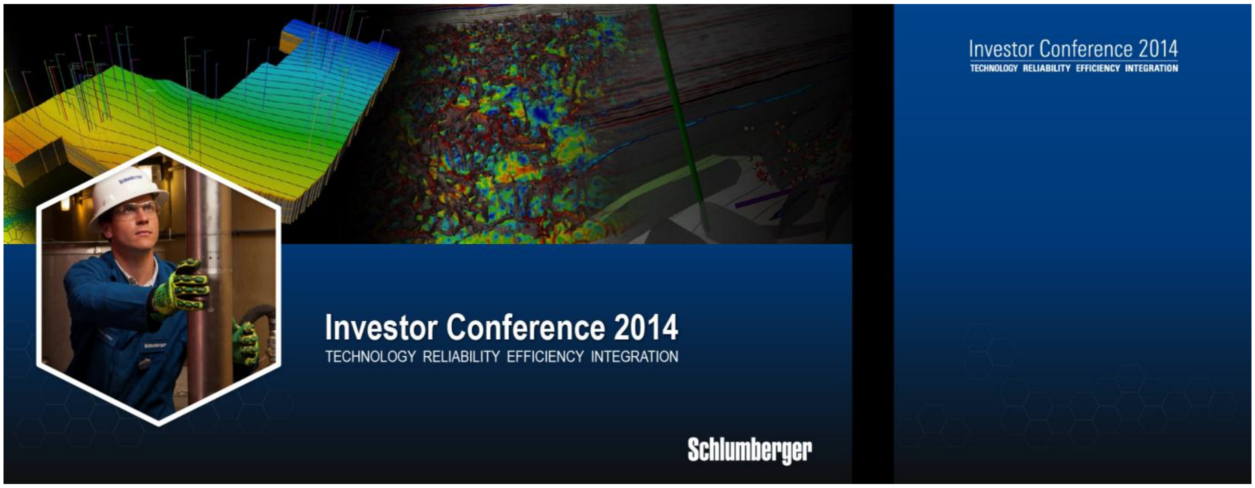
On behalf of the entire Schlumberger team, welcome to the 2014 Investor Conference.

Thank you.

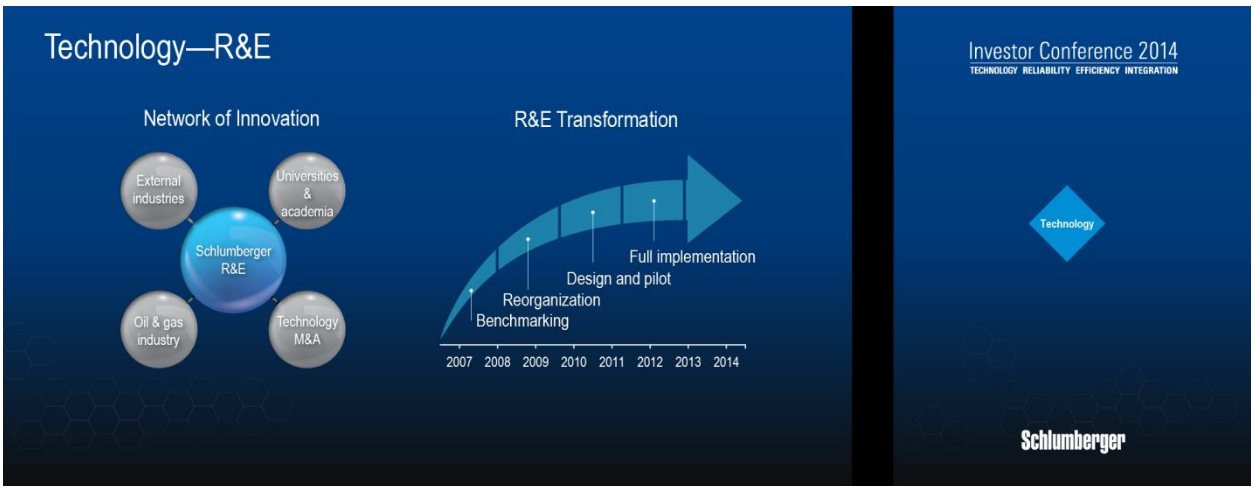
CEO Main Address, June 25, 2014

Paal Kibsgaard

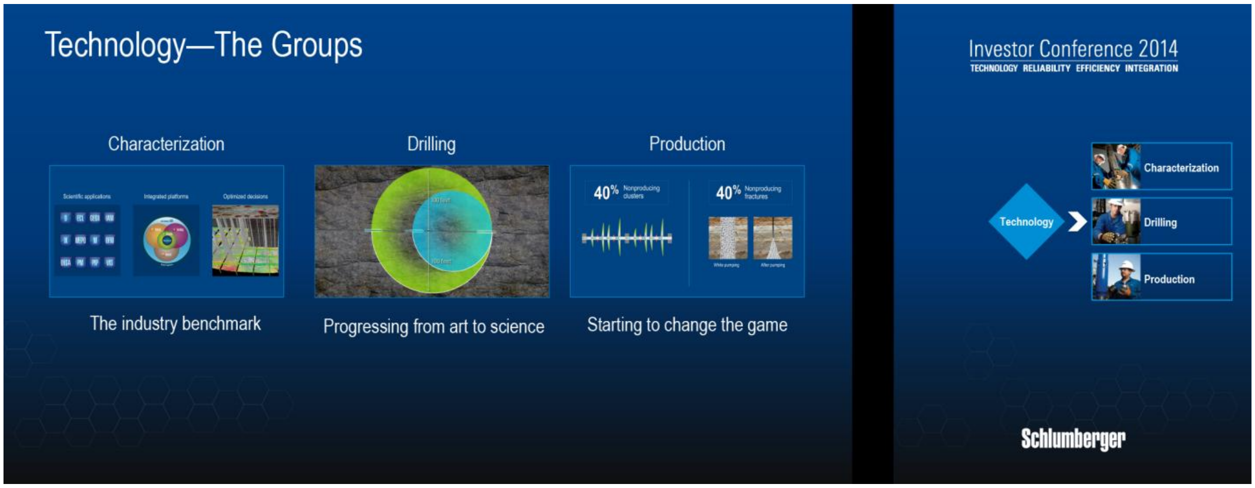
Chief Executive Officer



The time has now come to outline our macro and industry assumptions for the next three years, and then to conclude the conference by defining our 2017 financial targets. But before we do that, let us quickly recap the main messages from what you have seen so far and also review a few of our unique company strengths that are often overlooked.



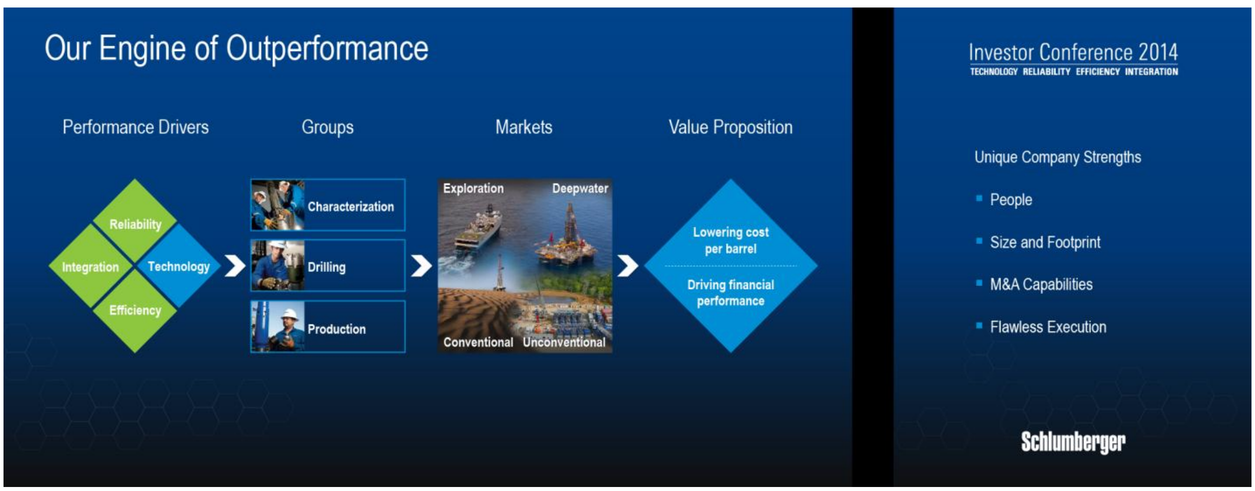
Yesterday afternoon we started off by summarizing how we, over the past 6 years, have invested $350 million to completely transform our approach to R&E learning from the leading companies in the automotive and aerospace industries. The focus of our R&E transformation has been to accelerate the pace of innovation, create a step-change in the performance of our new products, and significantly reduce the time it takes to bring them to the market.



Building on our R&E capabilities and deep understanding of the market challenges, we showed you how our three Product Groups continue to introduce new game-changing technologies that create significant value for our customers as well as for Schlumberger.

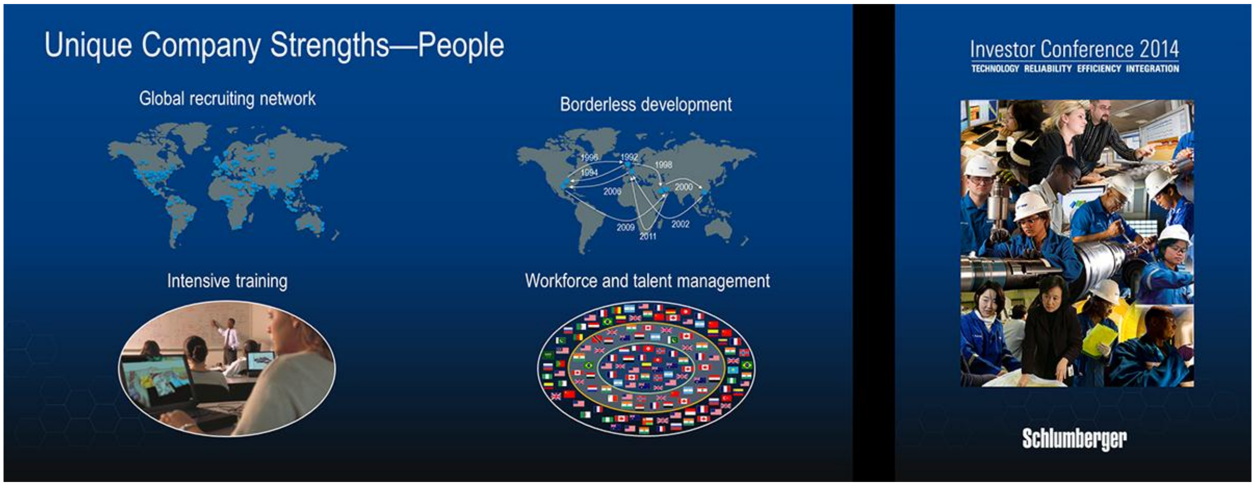
This morning, we demonstrated how our reliability and efficiency transformation programs will further strengthen the competitive position of our product lines by delivering a 10-fold increase in operational reliability, lowering inventory levels by 25%, increasing asset utilization by 100%, achieving a 20% improvement in people productivity, and reducing our unit support cost by 10%.

And finally we laid out our entire integration story showing you how our individual product lines will continue to benefit from additional market access provided by our fast growing integration arm, IPM.



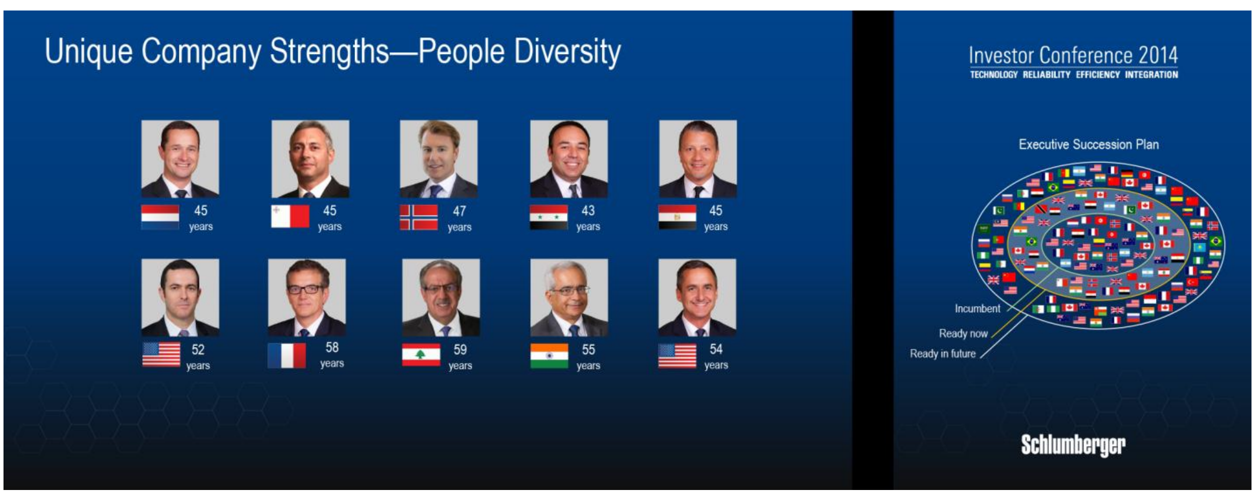
Together, all of these factors are focused on achieving two essential goals—to better serve our customers and lower their cost per barrel, and to continue to outperform our surroundings in terms of financial results.

In addition to the elements of technology, reliability, efficiency and integration, we also have a set of unique company strengths that are essential components of our engine of outperformance, so let's take a closer look at these.



The first of these strengths is our people where, over the past 40 years, we have built the best workforce in the industry through a steadfast commitment to the following principles. The first of these is how we recruit fresh-out graduates from a network of 300 top universities around the world and where the 200,000 applications we receive per year provide us with more or less unlimited access to talent. The second is how we train the fresh-out graduates and over the course of nine months turn them into revenue-generating field engineers allowing us to add capacity with a minimal response time. The third is how we use borderless moves to develop our people after their initial time in our field operations, thereby catering for the individual's ambition to excel and progress, which is a driving force in the company. The last is how we actively manage our workforce through annual performance and potential assessments, combined with detailed succession planning for all positions in the top five levels of the company to create an unprecedented basis for talent identification and promotion.

All of this creates the most capable, driven, and diverse workforce in the industry.



One illustration of this is the broad nationality diversity you find at all levels in the company and which gives us very strong local knowledge both on the ground and at the corporate level. If you look at the nationalities of my nine reports, I have two Americans, and one each from India, France, Syria, The Netherlands, Malta, Egypt and Lebanon.

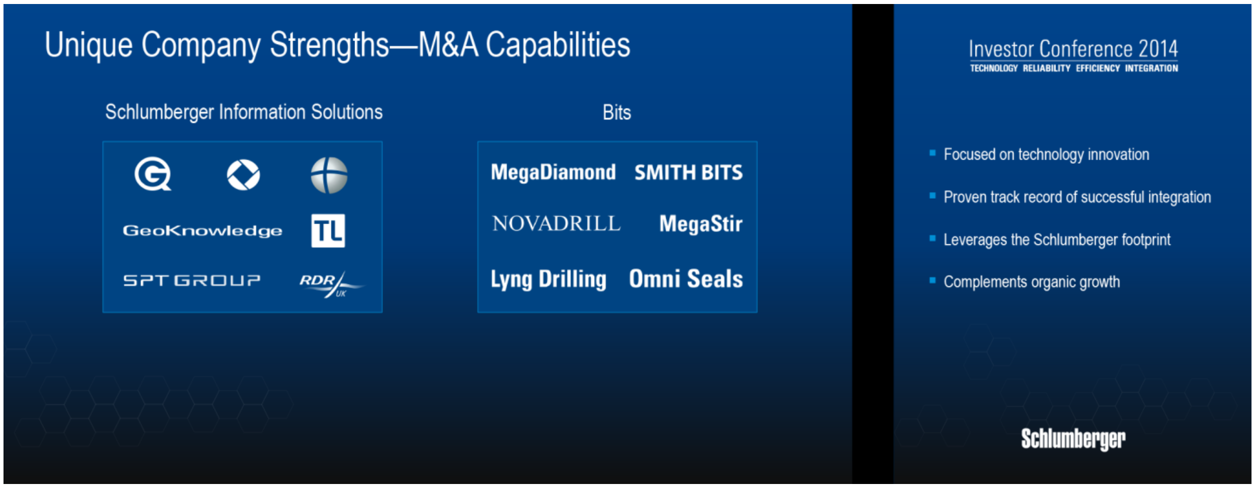
What makes this so powerful and such a competitive advantage is the fact that we all have very different backgrounds and we each bring something unique to the table while at the same time we all understand and unite around the company culture and values.

The second significant strength is the scale and footprint of our global operations.

Each month our combined product lines conduct more than one million operating hours to represent a massive reach in terms of understanding and serving our customers as well as in identifying market opportunities. Our resource base includes 150,000 mobile assets and 2,500 operating facilities, and we manage around 80,000 suppliers as well as a massive transportation network and back-office system.

In short, if you want to leverage scale you first need to have it, and we have it in abundance.

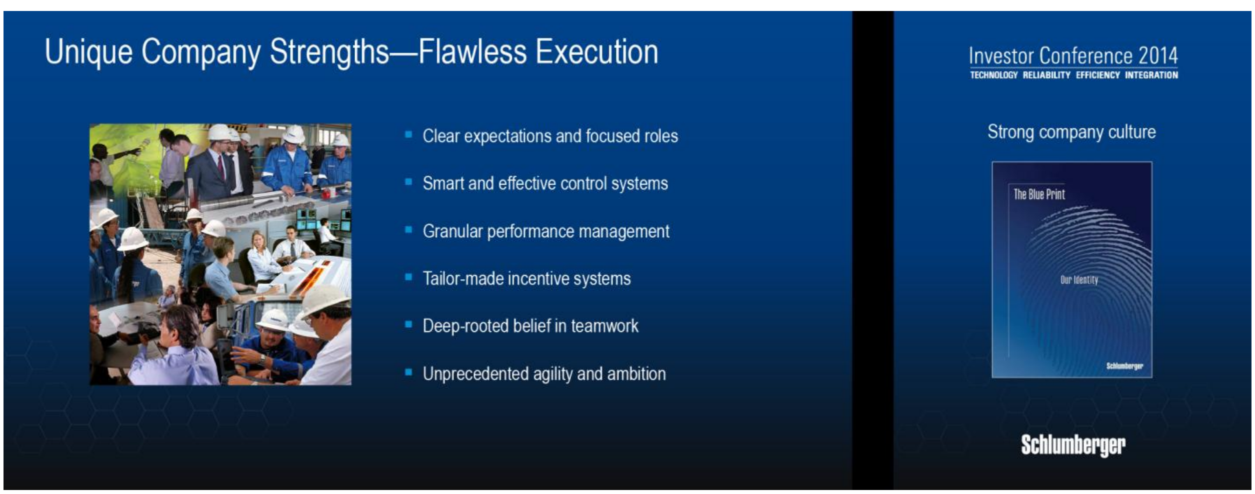
To further illustrate what this means, a 1% improvement in our more than $9 billion quarterly cost base by itself represents an additional 5 cents in quarterly earnings per share, and through our ongoing transformation programs we are looking for multiples of this.



The third significant strength is in mergers and acquisitions (M&A) where we have established a broad capability in terms of identifying the right targets, the timely closing of transactions, and the seamless integration of the new companies into Schlumberger. The breadth of our M&A activity spans all the way from successful mega-acquisitions such as Smith International all the way down to small, early-phase investments in start-up companies.

We have a proven track record of combining small acquisitions with larger businesses to increase technology capabilities and market penetration such as with our drill-bits product line. In the case of software, we have created the industry software platform through the continuous integration of best-in-class companies over a timeline spanning more than two decades.

Given the breadth of our commercial offering, M&A will continue to play a key role in how we drive technology innovation and integration. This augments our already strong organic growth and allows us to leverage the Schlumberger footprint so we will continue to earmark part of our growing free cash flow for these types of investments.



And the fourth unique strength is our unmatched execution capability, which is directly linked to how we organize our people, our information, and our daily tasks.

We have, over the past 15 years, spent significant time and resources on perfecting our matrix structure and our operating systems to provide our highly capable workforce with the means required to continuously improve our operating performance. The starting point is to create the right focus in every corner of the company by setting very clear expectations and priorities as well as having well-defined roles and responsibilities.

In addition, we have established a mindset that has a deep-rooted belief in teamwork, and systems that include smart and effective controls, granular performance management, and financial incentives that leverage the unprecedented agility and ambition of our people.

These four unique strengths—people, size, M&A, and execution—are impossible to replicate overnight, and should not be underestimated when assessing our relative performance potential.

Let us then turn to our macro and industry assumptions, which combined with our specific technology and transformation plans, lead directly to our 2017 financial targets.

For assumptions, we have taken a realistic approach assuming that the operating environment in the coming three years will not be largely different from what we are seeing today, or have seen in the past three years.

As already demonstrated, we perform very well in this environment and we remain very confident in our ability to continue to drive our financial performance independent of significant macro or industry tailwinds. We realize that there could be upside to some of our assumptions and were these to materialize, there should be an equivalent upside to our financial targets.

So let's take a closer look at the assumptions starting off with the global economy.

For the next three years, we are assuming an annual growth in the global economy of 3-4%, just barely up from current levels as stronger recovery rates in developed countries are partly offset by somewhat lower growth in the emerging world. In this scenario, we still see oil demand increasing between 1 - 1½% per year, supported by resilient OECD demand and continued increase in demand from the emerging markets.

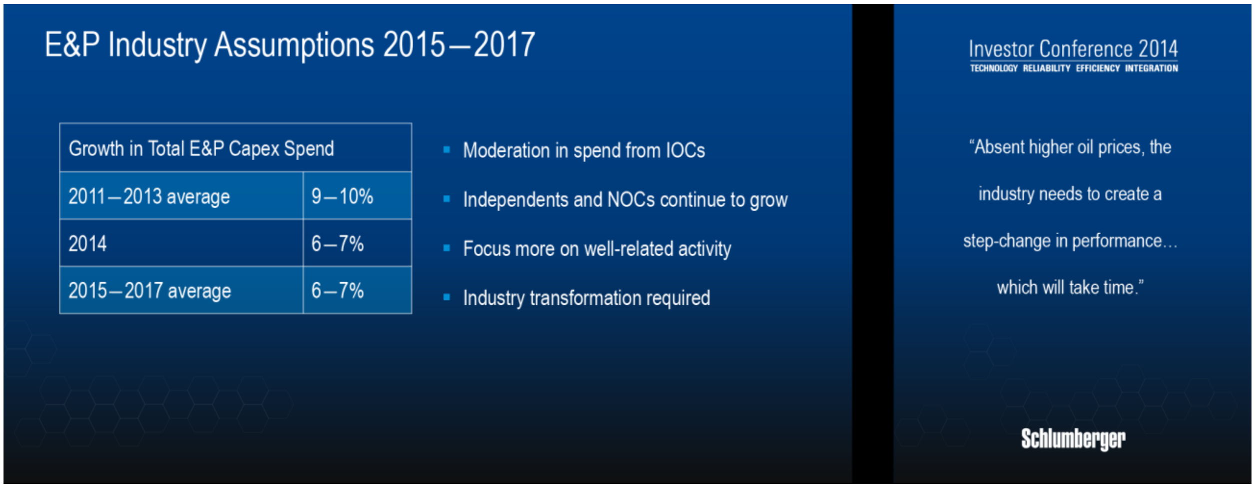
On the supply side, we are assuming continued production growth from North America shale liquids, although we are cautious in extrapolating current growth rates for the longer-term. The reason for this is that several of the North America liquids basins see first-year decline rates in excess of 50% and that around 80% of all the new wells added in these basins only serve to maintain current production levels. As long as drilling activity is increasing, new acreage with good production potential available, and free cash flow and balance sheet leverage permits, the pace of the system can be maintained. However, this will likely level off at some stage with a corresponding impact on production.

Outside North America we are assuming that oil production growth will continue to be dampened by decline rates in the mature basins and by similar levels of project delays and geopolitical supply disruptions as those we have seen in the past three years.

These assumptions together should result in a well-balanced oil market with spare capacity around current levels and, as a minimum, support Brent oil prices in the range of $100 per barrel.

Turning to North America natural gas, we are assuming that there will be no significant rebound in dry gas drilling activity due to resilience in the existing production base and due to limited demand impact from LNG exports by 2017. Overseas, we foresee gas markets to remain relatively tight with strong demand growth in Asia set to absorb most of the new LNG capacity coming on stream in the coming years.

There are plausible supply and demand scenarios that could lead to a tightening of the global oil market as well as the North America gas market with a corresponding impact on commodity prices and investment levels, but we have chosen not to factor this upside into our 2017 targets.

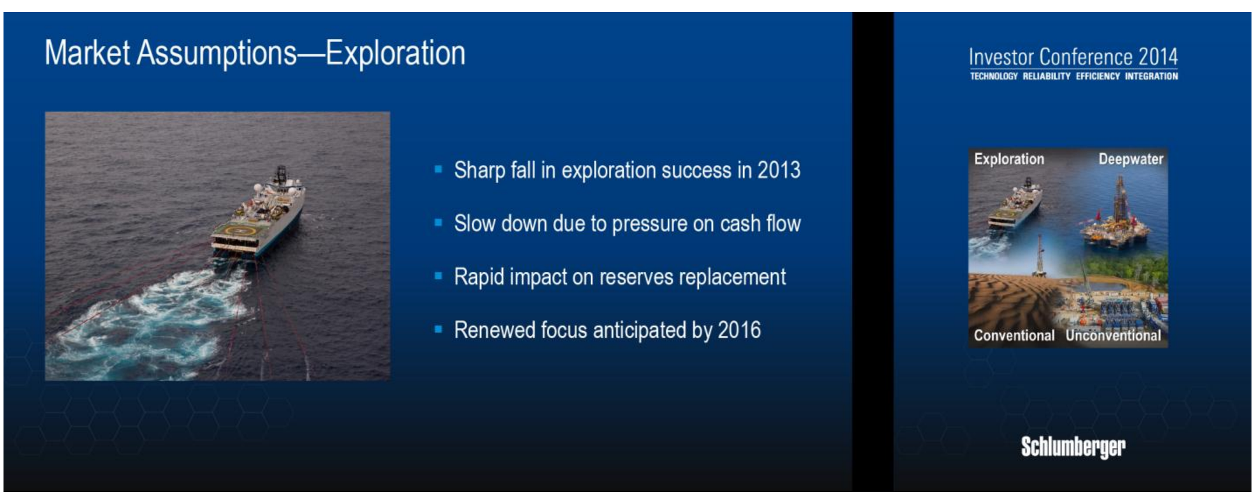


Moving then to our industry, where we, in the years between 2011 and 2013, saw an average increase in total E&P capex spend of 9-10%. In 2014, this growth rate has been reduced to 6-7% driven by lower spending levels from the international oil companies as they focus on improving returns and cash flow, while spend increases from the independent operators and national oil companies are more or less in line with previous years. In the absence of higher oil prices, the only permanent solution to our industry's current financial problems is to create a step-change in the technical performance of the entire E&P value chain, which is not done overnight.

We have therefore based our 2017 targets on an average annual growth in total E&P spend which is in line with the 2014 level of 6-7%.

It is worthwhile to note that we derive our revenue almost entirely from the well-related part of the E&P spend, which today makes up around 30% of the total, and due to its proximity to cash flow, is generally expected to grow somewhat faster than the total E&P spend.

Next let us look at how we see these investments translating into our main markets, starting off with exploration.



Following a significant drop in 2009, exploration activity saw consistent growth up to 2012. The increase in exploration activity over this period was accompanied by good success rates in both mature and frontier basins and an industry reserve replacement ratio well north of 100%. In 2013, the exploration success rate fell sharply with fewer and smaller discoveries made, and where the industry for the first time in over 20 years failed to find a new giant with reserves over 1 billion barrels.

These disappointing results, together with pressure on returns and cash flow, have led to a slowdown in activity over the past 12 months to where we, in 2014, now expect a slight drop in exploration driven by lower seismic activity. While this is a completely normal reaction for our industry, it has an immediate impact on reserves replacement and hence is not a sustainable situation over any length of time.

We still expect exploration spend in 2015 to remain subdued as the industry focuses on cash flow and carefully evaluates new prospects. However from 2016 and onward, we believe there will be a renewed industry focus on exploration with corresponding growth in activity levels.

The deepwater market continues to gain importance in our industry, making up more than 50% of the conventional discoveries in each of the last four years, and now represents around 10% of global reserves.

Deepwater field developments today represent the most complex and capital-intensive projects undertaken by the industry with a unique set of challenges linked to drilling and infrastructure cost as well as recovery rates. Given the significance of this resource base, we believe that the industry through innovation and transformational efforts will establish development solutions that yield better returns going forward, thereby supporting continued growth in deepwater activity.

In the short term, operators are focused on reducing deepwater rig rates and, as new commercial terms are agreed, we expect some impact on utilization and activity. Still, even in this environment, 2014 deepwater drilling activity outside Brazil is set to post solid growth while, as expected, activity in Brazil will be down more than 20% versus last year.

Going forward, we expect solid growth in the deepwater market as Brazil gradually starts ramping-up again, and as activity continues to grow in Sub-Saharan Africa, the US Gulf of Mexico, and several of the frontier basins.

Over the past 10 years, unconventional resources have become a major part of our industry with shale being the primary focus area.

Going forward, we still see North America shale liquids as the main activity driver while we expect pockets of good growth in international shale plays led by Argentina, Saudi Arabia, and China.

In spite of a strong activity outlook for North America shale liquids, we are assuming only limited improvements in operating margins from basic service pricing for several reasons. First, while we see modest traction in basic service pricing in some areas of North America land today, this is still limited to newer basins with lack of available service capacity or to contracts where we still operate at very low margins. Second, the limited pricing increases are generally margin neutral due to cost inflation in the rest of the E&P value chain—in particular for labor, sand, and transportation. Third, the largely commoditized North American service industry still generates negative free cash flow even after the service industry helped E&P companies drive down well costs by creating a step-change in drilling and completion efficiency and made significant pricing concession in the process.

As a result the service industry feels underappreciated.

Unfortunately, we do not believe North American operators can carry significant cost inflation. The reason is that the top 50 E&P companies in North America land are still generating negative free cash flow in spite of the significant reductions in well costs seen in recent years. So while there could be pockets of short-lived increases in basic service pricing, this will likely be followed either by a correction in activity levels, or by an influx of additional capacity from a very agile service industry.

In our 2017 targets we are therefore assuming no significant margin improvement from basic service pricing in North America land activity. With that said, we are quite optimistic about our prospects of improving both market share and operating margin in North America land by leveraging our market-leading operating efficiency, and by further penetrating the market with our unique technologies and workflows. While the industry in recent years has managed to significantly lower the cost per well, the fact remains that average production per well is more or less flat even after doubling the horizontal length as well as the number of stages per well. As the cost per well now starts to level off, and as acreage outside the core areas is developed, we believe there will be a shift in industry focus towards improving production per well.

In this environment the ability to optimize reservoir completion and fracturing performance will be critical, and where we, as we have shown you, are firmly in the driver's seat.

The largest part of our business continues to come from conventional fields which still make up 70% of global oil production.

Conventional land fields represent the lion's share of this with 45 million bbl/d of crude oil production, making them essential for global supply. Due to the aging resource base, conventional fields continue to face decline challenges with a significant amount of new capacity needing to be added each year just to maintain current production levels. At the same time, the technical complexity of reservoir characterization, drilling and production keeps increasing in mature basins, which also creates new field and reservoir management challenges.

Based on this, we expect solid growth in drilling and rigless activity in the main conventional basins driven by Russia, China and the Middle East, with increasing demand for our high-end technology and integration capabilities, which now also include land rigs.

So in summary, our 2017 financial targets are based on a set of macro and industry assumptions that are not dramatically different from what we see today, or from what we have seen in the past three years.

While we can discuss upsides and downsides to this list, the most important function of these assumptions is to provide context and perspective to our 2017 financial targets as well as a basis for comparison with targets from other companies.

We have in the past three years steadily improved our financial performance in a macro and industry setting that has seen a mix of headwinds and tailwinds, and going forward, we do not see this mix changing dramatically. And frankly we don't need it to, as we perform very well in the current environment.

So with that let us then turn to our financial outlook for 2017 where I will provide you with three specific targets.

First, earnings per share, where we grew EPS at a CAGR of 17% between 2011 and 2013 through a combination of top-line growth, margin expansion, and a limited reduction in share count.
For 2017, we aim to deliver between $9 and 10 per share which, from the level of $4.75 in 2013, represents a CAGR of 17 to 20%.

As we will elaborate in a minute, we believe we can achieve this target through a range of combinations of top-line growth, margin expansion, and share buybacks, which give us further confidence in our ability to deliver on the promise.

Second, return on capital employed, where in 2017 we aim to exceed 20%. This is up from the current level of 16%, and this will be driven by steady improvement in net income, lower consumption of working capital, and further improvement in capital efficiency.

And third, we aim to convert 75% of our earnings into free cash flow, which will allow us to continue to return significant amounts of cash to our shareholders, while at the same time provide us with the flexibility to pursue strategic opportunities.

We are confident in our ability to deliver on these financial targets as they are based on a very reasonable set of assumptions, a comprehensive transformation plan involving the entire company, and our proven execution track record.

With that, we will now provide further details of our financial outlook.

Financials, June 25, 2014

Simon Ayat

Chief Financial Officer

Ladies and gentlemen, good afternoon.

Schlumberger has consistently outperformed the oilfield services market sector. Our ability to continue to outperform is built on technology, reliability, efficiency, and integration—with technology and integration driving growth and reliability and efficiency improving financial performance.

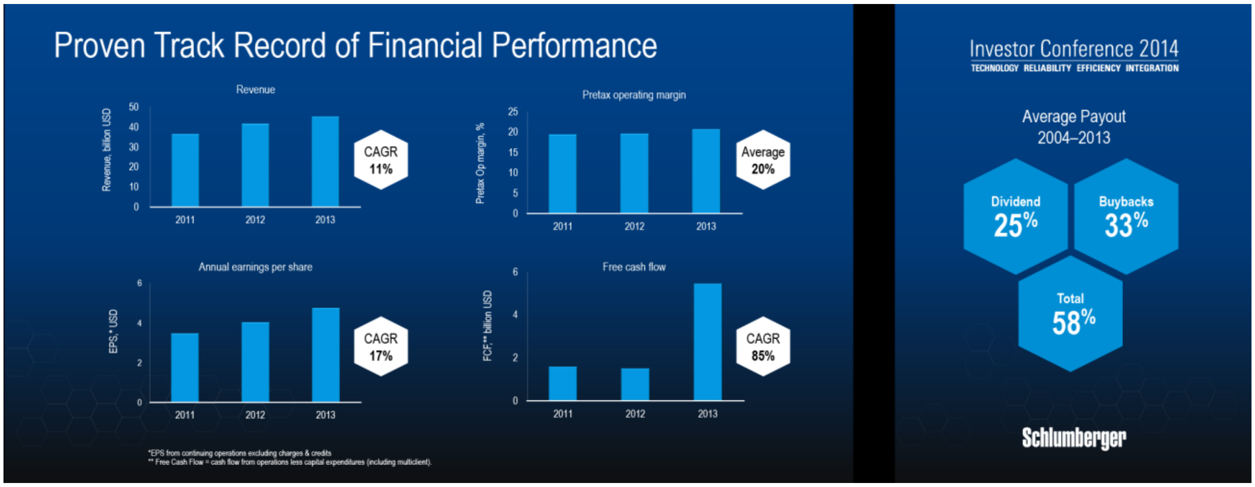
We are very confident in being able to deliver on the targets, and I'll take just 10 minutes to show you why.

Here are the numbers once again.

The earnings-per-share (EPS) target of $ 9-10 represents the continuation of the strong financial performance we have demonstrated since 2011, and will be fueled by the drivers that make up our engine of outperformance.

Our return on capital employed (ROCE) will return to more than 20%; representing an improvement of at least 400 basis points from current levels. This will be achieved by growth in net income, greater efficiency of working capital, and stringent capital discipline.

Lastly, we will continue to further improve our cash flow generation by delivering free cash flow equivalent to at least 75% of earnings. This will allow us to maintain our consistency in returning capital to our shareholders, through substantial dividends and share buybacks.



Now, before I elaborate on how we will reach these targets, let me remind you of our financial track record as I think our history provides excellent context for understanding our 2017 targets.

At Schlumberger we measure ourselves against our industry and the broader market using five key financial metrics.

First, in terms of top line revenue, our CAGR has been 11% from 2011 to 2013.

Second, for the same period, earnings per share grew at a compounded rate of 17%, reaching our historical high of $4.75 per share in 2013.

Third, we improved margin to 20.6% in 2013, with an average over the three year period of 19.8%.

And fourth, our cash flow from operations reached a record high of $10 billion in 2013, while our free cash flow was $5.5 billion. As a percentage of earnings, we delivered more than 80% in free cash flow in 2013, and an average of 50% from 2011 to 2013.

In terms of return of capital to our shareholders, we have raised our dividend in each of the last 4 years, and 8 times in the past 10 years. During this time our dividend payout ratio has averaged 25% of our earnings. We have made share buybacks of one third of our earnings.

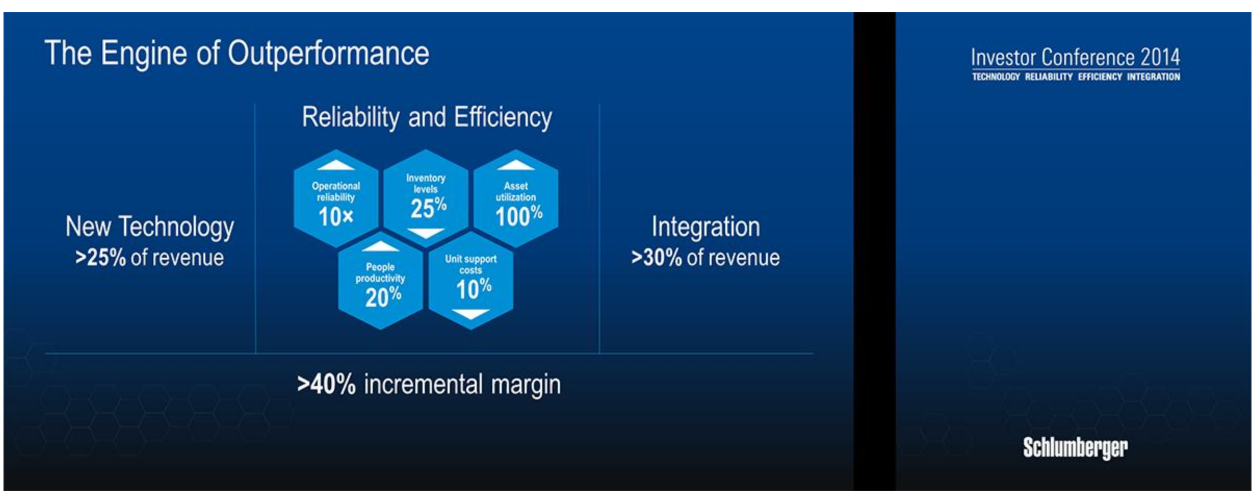
Overall, we have returned more than $23 billion to shareholders—representing 58% of our earnings.

Our overall financial performance has been the best in our industry, and it also compares favorably to best-in-class companies in other industries, as I will demonstrate later.

To manage and drive performance, we leverage our strengths by focusing sharply on our mindset ambitions for growth, returns, integrity, and engagement.

In addition, Schlumberger has always practiced sound financial management. Today, this is based on a four-point philosophy that is balanced—between revenue, margins and cash flow; absolute—through progression in line with our transformational goals; relative—by outperforming our competitors; and granular—in our belief that every business unit and profit and loss line item counts.

This philosophy is reflected in our management incentive system that was introduced in 2011 and which covers operations management all the way to the corporate level. In order to create a stronger link between corporate and the field, the relative performance incentive (RPI) was introduced. This compares our results to those of our main competitors in terms of both revenue growth and margin expansion. The RPI serves to evaluate management effectiveness against our competitors so that performance is not skewed by general economic trends.



Three main factors will drive our performance in meeting 2017 targets. They are new technology sales, integrated services, and our transformation programs.

We expect new technologies to contribute more than 25% of our revenue by 2017, activities with some element of integration to exceed 30% of revenue, and the transformation programs to lower the cost of service and product delivery.

The combination of these factors will generate incremental margins in excess of 40%.

Because our new technologies are clearly differentiated, they are premium-priced, and attract higher margins that will aid in achieving our 40% incremental margin.

The demand for integrated offerings is generating new business models that showcase our proven capabilities. SPM, for example, offers a favorable revenue mix and a longer-term revenue backlog. And as integration maximizes the value of technology and the effects of reliability and efficiency, integration will be accretive to both margin and return and help support our incremental margin target.

Our multiyear reliability and efficiency transformation programs have already begun to generate positive results, and will continue gradually to reduce the cost of service delivery and the cost of asset ownership.

We arrived at our EPS target range of $9-10 per share by modeling a number of potential combinations of revenue growth and margin expansion. Our plausible scenario involves a revenue growth of 7-8% and incremental margin in excess of 40%.

There are other realistic scenarios that will also allow us to achieve this EPS target. It is the availability of these that gives us confidence in our ability to deliver these results.

Our transformation programs will reduce capex intensity to less than 10% of revenue as well as improve working capital levels. As a result, we aim to produce free cash flow in excess of 75% of earnings.

In terms of returning excess cash to shareholders, we aim to return approximately 60% of earnings through dividends and stock buybacks. Maintaining payout at this level will allow us to be able to continue to reinvest in the business to drive growth. We do this through capex, R&E and investment in future revenue streams, such as multiclient seismic and SPM projects.

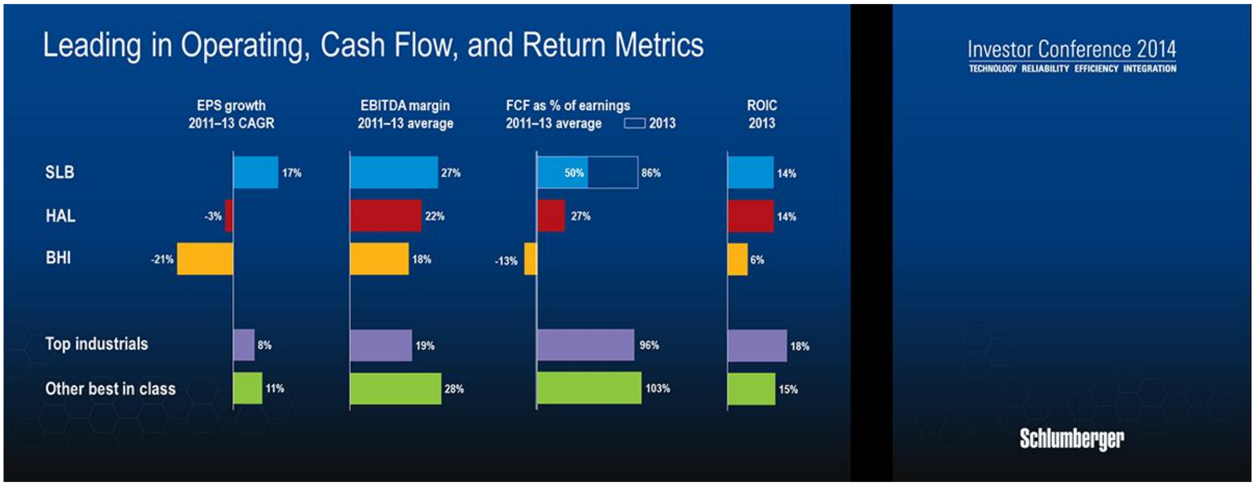
We will also review our dividend annually and we will be opportunistic with stock buybacks.

Let me just say a quick word here about our SPM business. This has performed well and provides us with a longer backlog than our usual oilfield services. The investments in this business have now reached a point where, starting in the second quarter, we will report them separately in our cash flow statement, similarly to our capex spend and multiclient surveys. While this change in classification will have no impact on our free cash flow, it will result in an increase in the amount of cash flow from operations that we report.

We are extremely competitive, and committed to maintaining our leadership position. We measure our performance against our primary competitors, and factor this into management compensation. But our benchmarking is not limited to our sector. We also compare ourselves to other best-in-class leaders in other industries.

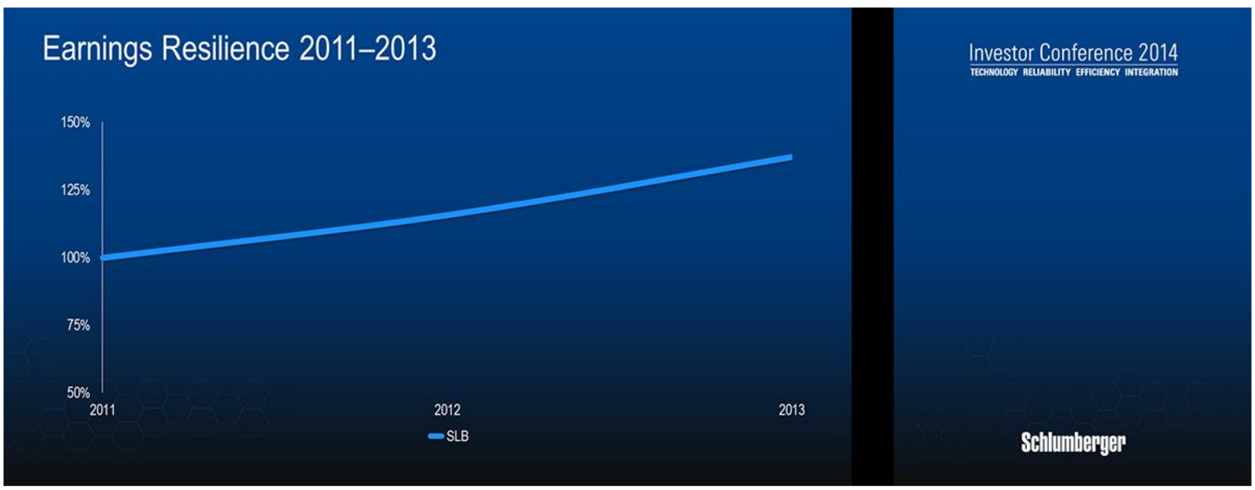
To do this, we made comparisons of financial metrics for the period 2011 to 2013 compared to Halliburton and Baker Hughes. Then we looked at the top 10 companies comprising the S&P 500 industrial index in terms of market capitalization.

Lastly, we also looked at a group of best-in-class companies comprised of non-financial mega-cap companies with expected earnings growth of more than 15% and dividend yields in excess of 1%.



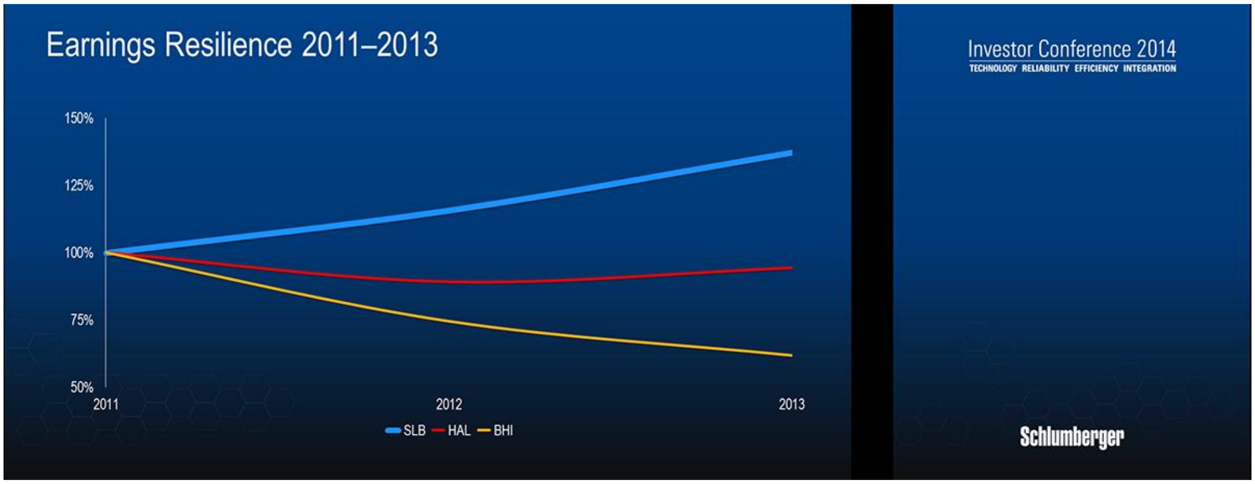
Our comparison looked beyond the nature of businesses or sectors, to see how we fare against them in terms of operating metrics, cash-flow strength, financial flexibility, and return on invested capital.

Not only have we outperformed our competitors, but we also compared favorably with top industrials and other best-in-class industry leaders.

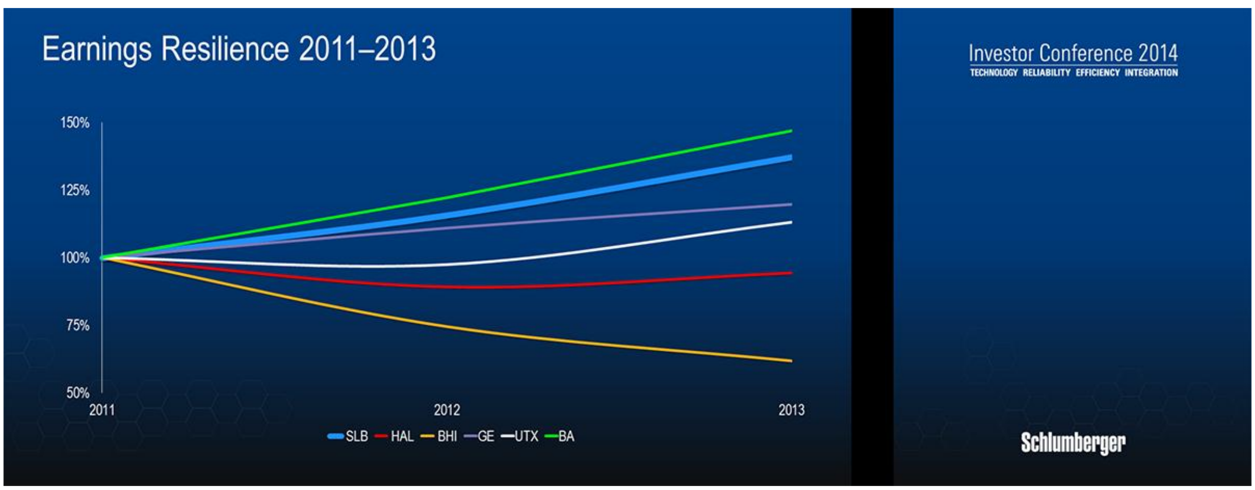


Now let's talk a bit about the external factors that can affect us. While we are happy to see these affect us favorably, this is not always the case. Throughout the years we have learned to watch for positive and negative signs of change and to quickly react and adjust our cost structure and investment plans accordingly.

During this conference we have identified four drivers that make up our engine of outperformance—technology, reliability, efficiency, and integration. These enable us to outperform in spite of the challenges brought by both the market and the industry.



Our outperformance is even more evident when you look at our earnings resilience during the period from 2011 to 2013. Despite the cycle in North America, political unrest in the Middle East, and changes in the business environment in Latin America, our earnings steadily grew during that period while our competitors experienced earnings decline.

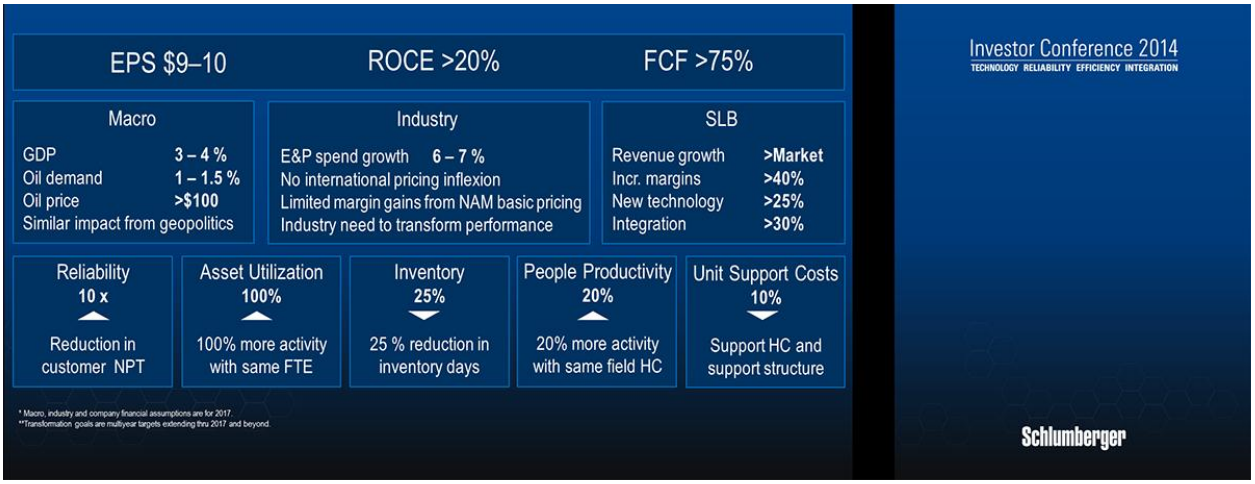


Our earnings profile on the other hand behaved similarly or even better than those of macro- or GDP-driven companies.

Ladies and gentlemen, I have shown you that we have the financial strength and a proven track record. We have presented what we believe to be a solid roadmap for our future growth and returns.

As we execute our plans, we will continue to lead our sector, and as our track record indicates, we will deliver our targets for 2017.

Thank you very much.


EPS $9–10
ROCE >20%
FCF >75%
Macro
GDP 3 – 4 %
Oil demand 1 – 1.5 %
Oil price >$100
Similar impact from geopolitics
Industry
E&P spend growth 6 – 7 %
No international pricing inflexion
Limited margin gains from NAM basic pricing
Industry need to transform performance
SLB
Revenue growth >Market
Incr. margins >40%
New technology >25%
Integration >30%
Reliability
10 x
Reduction in customer NPT
Asset Utilization
100%
100% more activity with same FTE
Inventory
25%
25 % reduction in inventory days
People Productivity
20%
20% more activity with same field HC
Unit Support Costs
10%
Support HC and support structure
* Macro, industry and company financial assumptions are for 2017.
**Transformation goals are multiyear targets extending thru 2017 and beyond.
Investor Conference 2014
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