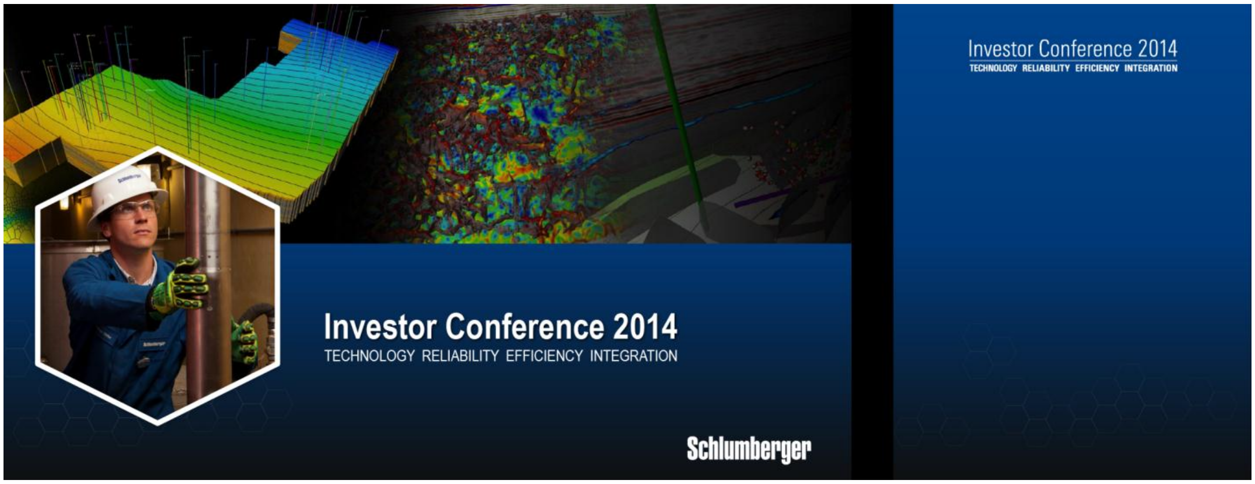

Investor Conference 2014
TECHNOLOGY RELIABILITY EFFICIENCY INTEGRATION
Schlumberger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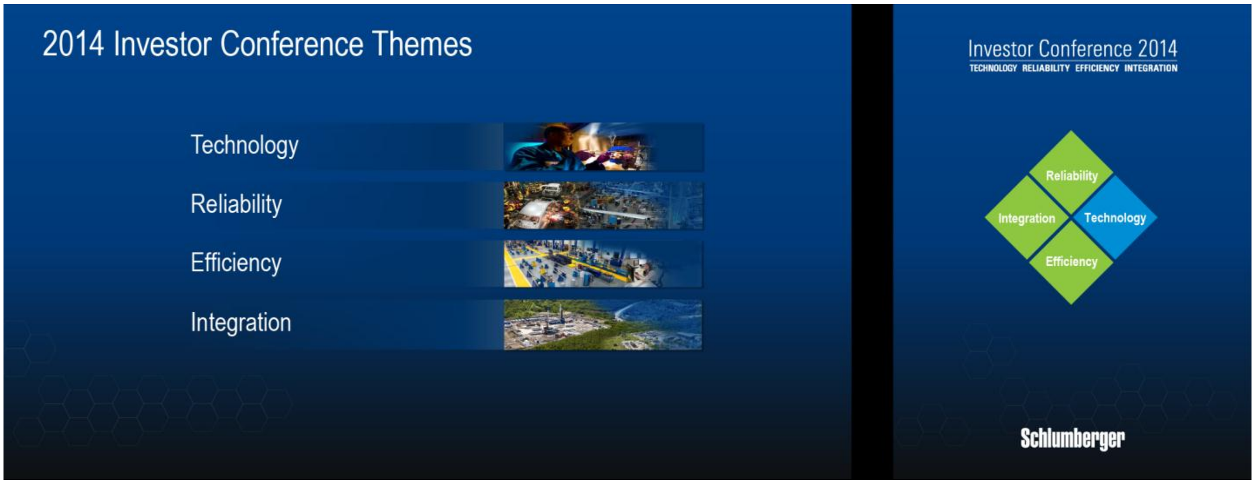


Good afternoon, ladies and gentlemen,

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.

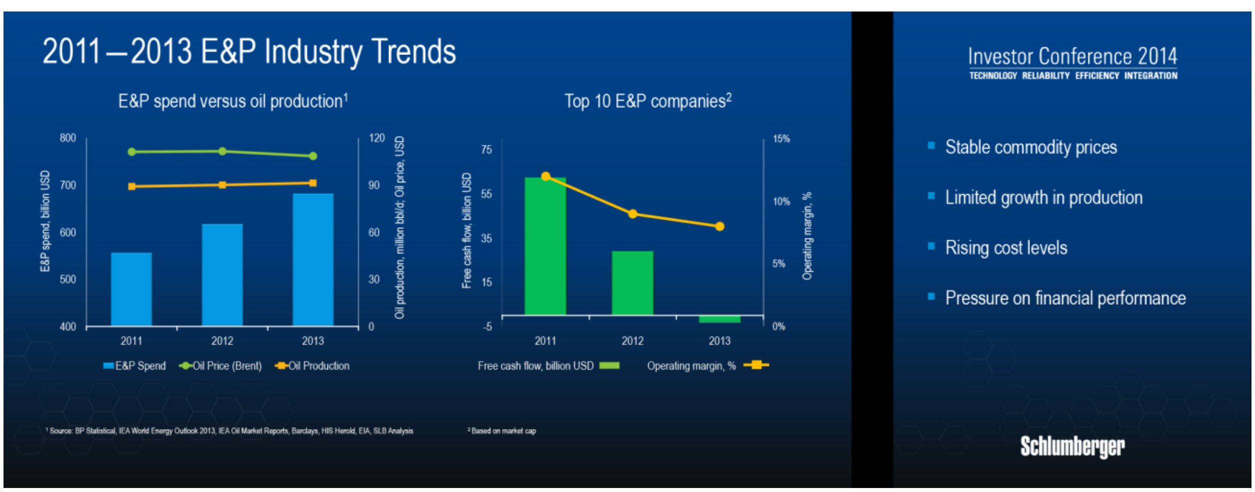
In addition to the main sessions of the conference, which will take place in these great settings, you will also have ample time to interact with the senior management team during the technology sessions this afternoon and the cocktail this evening. This will allow you to witness for yourselves the passion,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



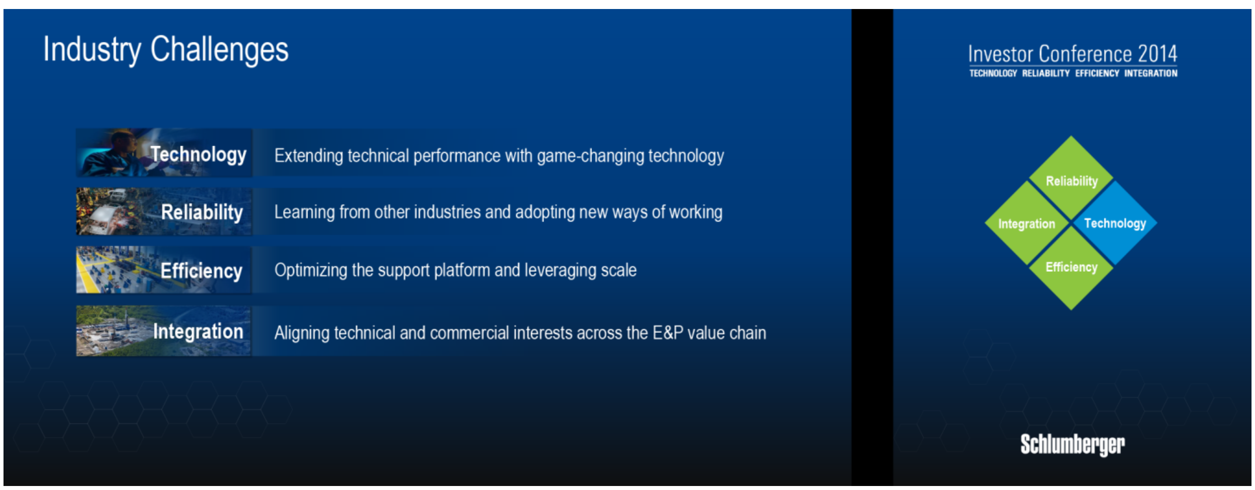
In spite of stable commodity prices, the E&P industry is now facing its own internal challenges. With limited growth in global oil production, range-bound oil prices, rising cost levels, and decline challenges in the aging production base, there is mounting pressure on free cash flow and profitability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

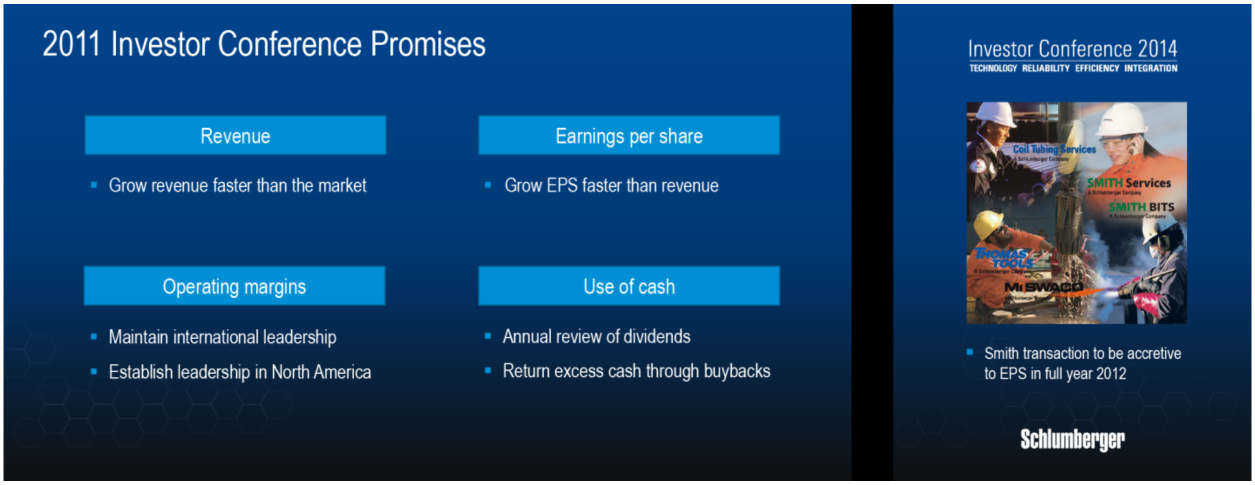
In fact, the current headwinds are entirely internal to the industry and potentially not temporary in nature, which means that the traditional cost-cutting measures may not offer a sustainable solution. It is obvious that exploration activity cannot be scaled back indefinitely. Furthermore, the service 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.

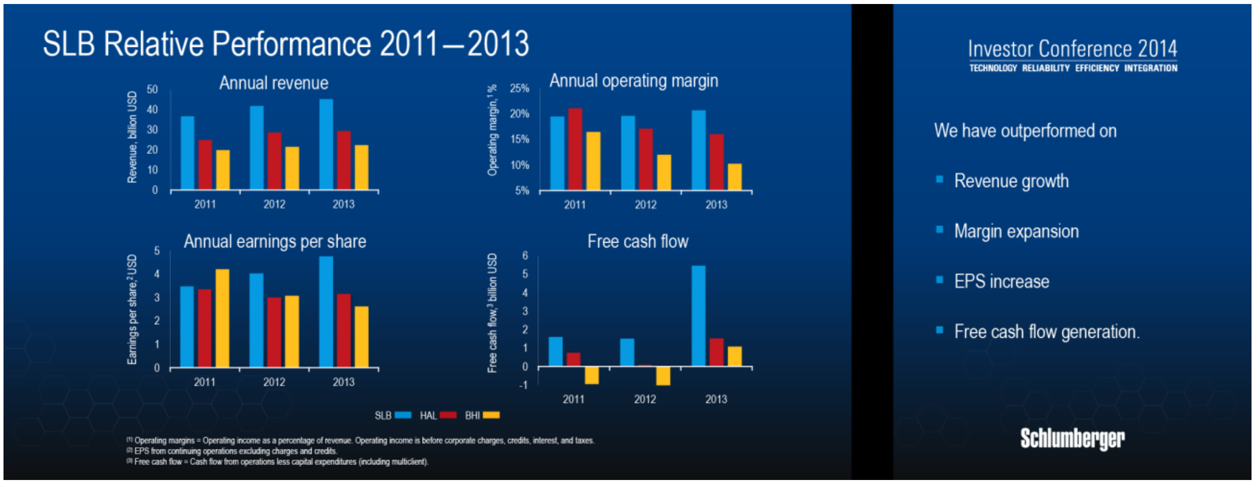


So with this macro and industry backdrop, let me briefly remind you what we promised in our last investor conference and how we have delivered on those promises.

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.



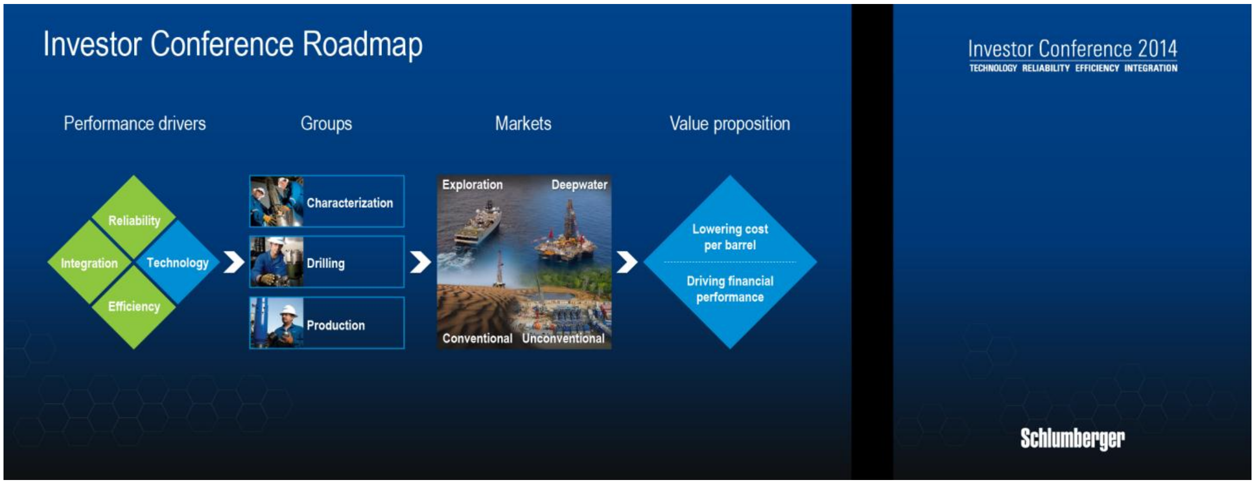
But more importantly, in doing so we have outperformed our competitors in all our main financial indicators. And we have done so while facing the same set of pricing and activity headwinds whether in North America land, Latin America, North Africa or parts of the Middle East, and benefiting from the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