

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q  
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QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
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For the Quarter ended:  
MARCH 31, 1998  
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Commission file No.:  
1-4601  
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SCHLUMBERGER N.V.  
(SCHLUMBERGER LIMITED)  
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(Exact name of registrant as specified in its charter)

NETHERLANDS ANTILLES  
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52-0684746  
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(State or other jurisdiction of  
INCORPORATION OR ORGANIZATION)

(I.R.S. Employer  
IDENTIFICATION NO.)

277 PARK AVENUE  
NEW YORK, NEW YORK, U.S.A.

10172

42 RUE SAINT-DOMINIQUE  
PARIS, FRANCE

75007

PARKSTRAAT 83  
THE HAGUE,  
THE NETHERLANDS  
-----

2514 JG  
-----

(Addresses of principal executive  
offices)

(Zip Codes)

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

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES

NO   
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class  
-----  
COMMON STOCK, \$0.01 PAR VALUE

Outstanding at April 30, 1998  
-----  
498,800,992

PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

SCHLUMBERGER LIMITED

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

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(Stated in thousands except per share amounts)

	Three Months Ended March 31,	
	1998	1997
REVENUE:		
Operating	\$2,800,134	\$2,402,060
Interest and other income	34,199	18,105
	2,834,333	2,420,165
EXPENSES:		
Cost of goods sold and services	2,035,462	1,782,788
Research & engineering	135,833	117,953
Marketing	81,509	74,633
General	101,051	87,781
Interest	23,246	17,819
Taxes on income	106,500	79,248
	2,483,601	2,160,222
Net Income	\$ 350,732	\$ 259,943
Basic Earnings Per Share	\$ 0.70	\$ 0.53
Diluted Earnings Per Share	\$ 0.68	\$ 0.51
Average shares outstanding	498,273	493,426
Average shares outstanding assuming dilution	518,444	509,219
Dividends declared per share	\$ 0.1875	\$ 0.1875

See notes to consolidated financial statements

SCHLUMBERGER LIMITED

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

CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands)

	Mar. 31, 1998	Dec. 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and short-term investments	\$ 1,704,732	\$ 1,761,077
Receivables less allowance for doubtful accounts (1998 - \$68,452; 1997 - \$60,535)	2,952,583	2,819,898
Inventories	1,171,884	1,094,070
Deferred taxes on income	168,547	175,927
Other current assets	237,909	220,248
	-----	-----
	6,235,655	6,071,220
LONG-TERM INVESTMENTS, HELD TO MATURITY	709,978	742,751
FIXED ASSETS:		
Property, plant and equipment	10,375,901	10,210,105
Less accumulated depreciation	(6,566,879)	(6,441,466)
	-----	-----
	3,809,022	3,768,639
EXCESS OF INVESTMENT OVER NET ASSETS OF COMPANIES PURCHASED less amortization	1,156,833	1,167,624
DEFERRED TAXES ON INCOME	208,828	202,774
OTHER ASSETS	141,695	143,723
	-----	-----
	\$12,262,011	\$12,096,731
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 2,223,989	\$ 2,297,370
Estimated liability for taxes on income	418,119	384,167
Bank loans	660,717	750,303
Dividend payable	93,915	93,821
Long-term debt due within one year	89,861	104,237
	-----	-----
	3,486,601	3,629,898
LONG-TERM DEBT	1,103,479	1,069,056
POSTRETIREMENT BENEFITS	402,577	396,559
OTHER LIABILITIES	311,914	306,294
	-----	-----
	5,304,571	5,401,807
	-----	-----
STOCKHOLDERS' EQUITY:		
Common stock	933,844	931,096
Income retained for use in the business	8,319,034	8,061,731
Treasury stock at cost	(2,240,484)	(2,249,765)
Translation adjustment	(54,954)	(48,138)
	-----	-----
	6,957,440	6,694,924
	-----	-----
	\$12,262,011	\$12,096,731
	=====	=====

See notes to consolidated financial statements

SCHLUMBERGER LIMITED

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	Three Months Ended March 31,	
	1998	1997
	-----	-----
Cash flows from operating activities		
Net income	\$ 350,732	\$ 259,943
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	257,572	231,942
Earnings of companies carried at equity, less dividends received (Dividends: 1998 - \$0; 1997 - \$0)	(1,278)	143
Provision for losses on accounts receivable	10,293	1,496
Other adjustments	(21)	(674)
Change in operating assets and liabilities:		
Increase in receivables	(153,954)	(158,896)
Increase in inventories	(84,921)	(62,910)
Decrease in deferred taxes on income	7,380	4,951
Decrease in accounts payable and accrued liabilities	(59,522)	(93,693)
Increase in estimated liability for taxes on income	34,289	29,475
Other - net	(22,987)	9,056
	-----	-----
Net cash provided by operating activities	337,583	220,833
	-----	-----
Cash flows from investing activities:		
Purchase of fixed assets	(315,935)	(265,530)
Sales/retirements of fixed assets	25,718	19,115
Decrease in investments	93,528	73,422
Decrease in other assets	3,184	2,807
	-----	-----
Net cash used in investing activities	(193,505)	(170,186)
	-----	-----
Cash flows from financing activities:		
Dividends paid	(93,380)	(92,441)
Proceeds from exercise of stock options	12,029	15,821
Proceeds from issuance of long-term debt	239,673	49,959
Payments of principal on long-term debt	(211,974)	(28,700)
Net increase in short-term debt	(85,337)	(21,221)
	-----	-----
Net cash used in financing activities	(138,989)	(76,582)
	-----	-----
Net increase (decrease) in cash	5,089	(25,935)
Cash, beginning of period	116,708	137,259
	-----	-----
Cash, end of period	\$ 121,797	\$ 111,324
	=====	=====

See notes to consolidated financial statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)  
AND SUBSIDIARY COMPANIES

STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock		Retained Income	(Dollars in thousands)	
	Issued	In Treasury		Translation Adjustment	Comprehensive Income
Balance, January 1, 1998	\$931,096	\$(2,249,765)	\$8,061,731	\$(48,138)	\$ -
Net Income			350,732		350,732
Translation adjustment				(6,816)	(6,816)
Dividends declared			(93,429)		
Shares sold to optionees, DSPP and fees	2,748	9,281			
Balance, March 31, 1998	\$933,844	\$(2,240,484)	\$8,319,034	\$(54,954)	\$343,916

See notes to consolidated financial statements

SCHLUMBERGER LIMITED

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

In the opinion of management, all adjustments necessary to present fairly the financial position and the results of operations have been made in the accompanying interim financial statements. The Company's significant accounting policies are summarized in its 1997 Annual Report. These policies have been consistently applied during the interim period presented in this report. The results of operations for the three-month period ended March 31, 1998 are not necessarily indicative of the results of operations that may be expected for the entire year.

EARNINGS PER SHARE

As required by SFAS 128, the Company must report both basic and diluted earnings per share. Basic earnings per share is computed by dividing net income by the average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the average number of common shares outstanding assuming dilution, the calculation of which assumes that all stock options and warrants are exercised at the beginning of the period and the proceeds used, by the Company, to purchase shares at the average market price for the period.

The following is a reconciliation from basic earnings per share to diluted earnings per share for the first quarter of 1998:

(Stated in thousands except per share amounts)

	Net Income	Average Shares Outstanding	Earnings per share
Basic	\$350,732	498,273	\$0.70
Effect of dilution:			
Options		11,196	
Warrants		8,975	
Diluted	\$350,732	518,444	\$0.68

CONTINGENCIES

The Company and its subsidiaries comply with government laws and regulations and responsible management practices for the protection of the environment. The Consolidated Balance Sheet includes accruals for the estimated future costs associated with certain environmental remediation activities related to the past use or disposal of hazardous materials. Substantially all such costs relate to divested operations and to facilities or locations that are no longer in operation. Due to a number of uncertainties, including uncertainty of timing, the scope of remediation, future technology, regulatory changes and other factors, it is possible that the ultimate remediation costs may exceed the amounts estimated. However, in the opinion of management, such additional costs

are not expected to be material relative to consolidated liquidity, financial position or future results of operations.

In addition, the Company and its subsidiaries are party to various other legal proceedings. Although the ultimate disposition of these proceedings is not presently determinable, in the opinion of the Company any liability that might ensue would not be material in relation to the Consolidated Financial Statements.

#### YEAR 2000 ISSUE

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The "Year 2000 Issue" is the inability of computers and computing technology to recognize correctly the Year 2000 date change. The problem results from a long-standing practice by programmers to save memory space by denoting Years using just two digits instead of four digits. Thus, systems that are not Year 2000 compliant may be unable to read dates correctly after the Year 1999 and can return incorrect or unpredictable results. If not corrected, this could have a significant effect on the Company's business/financial systems as well as products and services.

Schlumberger recognizes that the "Year 2000 Issue" creates a significant uncertainty to its business and that Year 2000 compliance to safeguard operations and minimize business disruption is a key business obligation.

A "Millennium Compliance Program" has been established throughout the Company to ensure that all mission-critical business systems, products and services both in the US and internationally in all business segments are Year 2000 compliant. The Company is also actively working with suppliers, contractors and alliance partners to promote Year 2000 compliance.

In 1994, the Company decided to upgrade its main business systems with compliant programs such as SAP R/3\*\* and QAD MFG/PRO\*\*\*. In 1997, a complete inventory of all business systems took place throughout the Company resulting in an accelerated implementation of compliant programs and the establishment of contracts with third-party vendors for the repair, testing and implementation of nearly 19,500 programs. These repaired programs will be ready for testing and deployment by the end of 1998.

While all business sectors are maintaining deadlines and priorities on the business applications mentioned above, the main focus in 1998 is on products and services. Our business units are actively in the assessment phase of existing products and services with a completion target of June 1998 and we must await the outcome of these assessments to draw a final conclusion as to whether all products/services will be Year 2000 compliant. However, the Company does believe, based on the assessments completed to date, that mission-critical Year 2000 problems can be corrected. To maintain focus and deadlines on the Company's Year 2000 program, Project Teams are being implemented throughout the Company and dedicated Year 2000 business owners are being appointed by business units as required. Deadlines and objectives have been set for the completion of assessment/repair of non-compliant mission-critical products/services by the end of 1998. The main focus in 1999 will be on testing and implementation of repaired programs, products and services and the development of contingency planning as required.

Efforts are being made to protect the Company from being adversely impacted in the Year 2000 by entities not affiliated with the Company (suppliers, financial institutions, etc.). The Company is promoting knowledge-sharing with customers, suppliers and alliance partners to attempt the most efficient Year 2000 solutions.

The Company still expects that the total cost of addressing this issue over the next two years will be \$40 million - \$60 million, but the assessments are not yet complete. This cost estimate does not include the normal upgrading of business and financial systems which would be Year 2000 compliant. Costs incurred in connection with Year 2000 compliance will be treated as period costs and expensed as incurred.

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

of Operations.

First Quarter 1998 Compared to First Quarter 1997

First quarter operating revenue was \$2.8 billion, 17% higher than the same period last year.

Net income of \$351 million and diluted earnings per share of \$0.68 were 35% and 33%, respectively, above first quarter 1997.

Oilfield Services revenue grew 20%, while rig count worldwide grew 9%. Drilling, wireline and testing services contributed strongly to the results. Operating income grew 31%.

Measurement & Systems revenue grew 7%. Strong growth at Automated Test Equipment (ATE) and Smart Cards & Terminals was offset by the decline in Metering activities, particularly in Europe and Asia, and by unfavorable currency exchange rates.

Business Review

(Stated in millions)

First Quarter	Oilfield Services			Measurement & Systems		
	1998	1997	% change	1998	1997	% change
Operating Revenue	\$2,071	\$1,724	20%	\$730	\$680	7%
Operating Income(1)	\$ 425	\$ 325	31%	\$ 32	\$ 25	25%

(1) Operating income represents income before income taxes, excluding interest expense, interest and other income.

OILFIELD SERVICES

Oilfield Services operating revenue grew 20% over the first quarter of 1997, led by drilling, wireline and testing services and the Latin America and Asia regions.

In response to evolving client needs and employee-identified opportunities, Schlumberger management undertook a reorganization of Oilfield Services into the Solutions Group and the Products Group. The Solutions Group is organized along geographic lines in close proximity to customers to develop, sell and implement all oilfield services as well as customized and integrated solutions to meet specific client needs. The Products Group, formed by utilizing existing service expertise, is responsible for product development across the organization as well as training and technical support for each type of service in the field to ensure the highest standards of service to clients.

North America

In North America, revenue was 20% higher than in the same period last year, representing 21% of Schlumberger consolidated revenue, while operating income grew 15%. Rig count rose 14%.

Wireline services experienced substantial growth in the gas well-related

market and higher demand for MDT\* Modular Formation Dynamics Tester service, due to its new sampling and reservoir characterization techniques, delivering greater operating efficiency. Wireline activity was especially strong in the deep, high-temperature wells of the Gulf of Mexico.

Sand Control growth was fueled by increasing client acceptance of ClearFRAC\* fracturing fluid, the industry's first polymer-free fluid. Demand for this service, which has been shown to improve the productivity of our clients' wells, rose 30% over one year ago.

Software Products and Data Management revenues showed significant growth of 49% and 80%, respectively.

Schlumberger acquired Coastal Management Corporation (CMC), a leading provider of integrated project management services to the North American oil and gas industry. This acquisition will enhance the Schlumberger position as the industry-leading provider of comprehensive project management and services in the areas of field development, drilling and workover operation, and production operations. CMC employs 160 people.

#### Outside North America

Outside North America, revenue increased 21%, representing 53% of consolidated revenue. Operating income rose 33%. Rig count grew 1%. There was a strong upswing in revenue for all businesses, with high activity in Latin America and Asia. Drilling activity showed the highest gain, up 37%, due to increased dayrates in the North Sea and Asia along with improved utilization levels and higher activity. Seismic services improved 27%, and wireline and testing services grew an aggregated 15%.

Indicative of the service company evolution toward complete solutions provision on behalf of clients, Schlumberger signed a ground-breaking strategic alliance with Russia's largest oil company, YUKSI, enabling YUKSI to outsource an agreed level of oilfield services in its vast Russian oil fields over the next five years. Schlumberger will be the sole provider of services on a number of selected fields under development by YUKSI. Furthermore, the alliance makes the latest oilfield expertise and technology available to YUKSI, and gives Schlumberger valuable access to the huge Russian oil service market. In keeping with its long-standing policy, Schlumberger will remain an independent service provider and will not take ownership of reserves or production.

Marine seismic activity was high in the growing four-component (4C) seabed survey market. The new Nessie4C\* MultiWave Array\* system incorporates arrays of sensors, which provide improved data quality compared with other 4C systems, and significantly improves clients' ability to map the location and quantity of oil and gas. Land and Transition Zone revenue declined from last year with a reduction in activity in Venezuela and West Africa.

#### Highlights

Drilling Activity - Revenue from drilling grew 39% over the same quarter last year, reflecting improved dayrates for semisubmersibles and jackups in Asia and the North Sea and higher utilization and activity levels worldwide. Total offshore rig utilization was unchanged at 96%, with semisubmersible and jackup utilization remaining at 100%. Onshore rig

utilization was 97%, compared with 82% a year ago. The fleet numbered 85 at the end of the quarter, with 53 offshore rigs and 32 land rigs, including 14 offshore units under bareboat charter or management contract. During the quarter, the offshore rig Sagar Vijay was added, operating under management contract in India.

Technology - The worldwide introduction of the VISION475\* MWD/LWD system for small-diameter wells has been highly successful, resulting in 50% growth compared with the fourth quarter of 1997. This application gives clients improved confidence in evaluating the growing number of horizontal and highly deviated wells, and reentry wells. The use of key acoustic velocity information during drilling has significantly increased following the introduction of the slimmer 6.75-inch ISONIC\* logging-while-drilling tool.

The PLATFORM EXPRESS\* service continues its market penetration as clients increasingly perceive the added value of high-resolution answers. The new CMR-200\* combinable magnetic resonance technology is gaining recognition for its superior measurement of hydrocarbon type and quantity.

Marine seismic activity continued to experience strong growth, up 32%, compared with last year, driven primarily by increased streamer capacity, higher non-exclusive data sales and optimal positioning of the fleet. Ongoing vessel upgrades, based on the new Nessie\*4 ultrathin streamers, have raised the number of vessels with eight-streamer capacity to ten. Schlumberger now offers a complete range of networked seismic services, including onboard processing, onshore processing and the new SeisConnect\* data communication service. The SeisConnect service combines the convenience of an oil company's in-house processing operation with the massive computing power of our seismic processing hub.

#### MEASUREMENT & SYSTEMS

Measurement & Systems revenue increased 7%, versus the first quarter of 1997, despite adverse exchange rate effects. Automated Test Equipment (ATE) and Smart Cards & Terminals experienced high growth, with added strong activity in Asia. Operating income rose 25%.

During the quarter, revenue for ATE rose 59% compared with last year, reflecting a 115% rise in sales of 200-MHz and 400-MHz high-end logic testers. Automated Systems increased 33%, highlighted by the delivery of test handlers, which doubled, compared to the prior year. Revenue in North America increased 70%, and shipments in the Asia region nearly tripled. Orders were up by 36% for the quarter, due to continued strong demand for high-end logic products. Smart Cards & Terminals revenue rose 36%. Strong card growth, up 41%, resulted from increased demand for subscriber identity module (SIM) cards, higher shipments of microprocessor cards for financial applications and larger memory card shipments for prepaid phone applications. Banking terminal shipments more than doubled, driven by the success of the MagIC\* 9000 portable handheld electronic payment terminal and shipments of Delta\* 21 terminals to Turkey and South Africa. Orders increased 22% as card requirements grew 41% and demand for Retail Petroleum Systems dispensers and systems increased.

In the Metering business, revenue was down 9% from last year, of which

two-thirds was due to the adverse exchange rate impact. The most significant falloff in Europe was in Italy due to lack of orders from ENEL, the national utility, which were suspended last year and resumed during the quarter. Germany suffered from lower sales of residential gas meters and regulators, while the decline in the UK gas business reflected reduced deliveries and weaker service business after the completion of large projects in 1997. North America decreased by 4% due to weak US electricity business, which suffered from low demand in the residential networking market and reduced residential meter changeouts. These declines were offset by improvement in South America related to further expansion of single-phase SL16\* electricity meter business in Argentina and stronger activity in Chile and Colombia. Activity in the CIS also increased with higher sales across the region. Orders were up 13%, due to an order of \$120 million for a radio-frequency fixed network for Illinois Power in the US and despite the negative currency effect of 7% and delayed orders for electricity meters in North America resulting from industry deregulation.

Interest and other income increased \$16 million from the first quarter of 1997 due primarily to a \$14 million increase in interest income (higher average investment balances). Gross margin increased from 26% to 27%. Research and engineering expense increased 15% from last year but remained constant at 4.9% of operating revenue. Marketing expense was up 9%. General expense, expressed as a percentage of operating revenue, decreased from 3.7% to 3.6%. Interest expense increased \$5 million from the first quarter last year mainly due to higher average debt. The effective tax rate of 23% was unchanged from last year.

\* Mark of Schlumberger

\*\* SAP and R/3 are registered trademarks of SAP AG

\*\*\* MFG/PRO is a registered trademark of QAD

PART II. OTHER INFORMATION

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

a) The Annual General Meeting of Stockholders of the Registrant ("the Meeting") was held on April 8, 1998.

b) At the Meeting, the number of Directors was fixed at 12 and the following-named 12 individuals were elected to comprise the entire Board of Directors of the Registrant, each to hold office until the next Annual General Meeting of Stockholders and until a director's successor is elected and qualified or until a director's death, resignation or removal. All of the nominees, except Victor E. Grijalva, were directors who were previously elected by the stockholders.

Don E. Ackerman  
D. Euan Baird  
John Deutch  
Victor E. Grijalva  
Denys Henderson  
Andre Levy-Lang  
William T. McCormick, Jr.  
Didier Primat  
Nicolas Seydoux  
Linda Gillespie Stuntz  
Sven Ullring  
Yoshihiko Wakumoto

c) The Meeting also voted (i) to approve the Company's Consolidated Balance Sheet as at December 31, 1997, its Consolidated Statement of Income for the year ended December 31, 1997, and the declaration of dividends reflected in the Company's 1997 Annual Report to Stockholders; (ii) to approve the appointment of Price Waterhouse LLP as independent public accountants to audit the accounts of the Company for the year 1998; (iii) to amend the Schlumberger Discounted Stock Purchase Plan, a copy of which is filed as Exhibit A; (iv) to adopt the Schlumberger 1998 Stock Option Plan, a copy of which is filed as Exhibit B.

The votes cast for the election of directors, for the approval of financial statements and dividends, for the approval of the appointment of Price Waterhouse LLP, to amend the Schlumberger Discounted Stock Purchase Plan, and to adopt the Schlumberger 1998 Stock Option Plan were as follows:

	For	Withheld
	-----	-----
Don E. Ackerman	418,800,603	1,479,600
D. Euan Baird	418,903,293	1,376,910
John Deutch	418,870,609	1,409,594
Victor E. Grijalva	418,912,501	1,367,702
Denys Henderson	418,848,797	1,431,406
Andre Levy-Lang	418,846,067	1,434,136
William T. McCormick, Jr.	418,900,125	1,380,078
Didier Primat	418,914,114	1,366,089
Nicolas Seydoux	418,858,139	1,422,064
Linda Gillespie Stuntz	418,908,012	1,372,191
Sven Ullring	418,881,936	1,398,267
Yoshihiko Wakumoto	414,209,375	6,070,828

	For	Against	Abstain	Non-vote
	---	-----	-----	-----
Financials: -----	418,873,438	315,064	1,091,701	0
Price Waterhouse: -----	419,136,886	324,991	818,326	0
Amendment to Schlumberger Discounted Stock Purchase Plan: -----	395,801,943	22,189,610	2,284,049	4,601
Adoption of Schlumberger 1998 Stock Option Plan: -----	359,364,963	54,485,807	2,429,433	0

Abstentions and non-votes are counted for quorum only.

Item 6: Exhibits and Reports on Form 8-K  
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(a) Exhibits: Exhibit A	Amendment to Schlumberger Discounted Stock Purchase Plan
Exhibit B	Schlumberger 1998 Stock Option Plan
(b) Reports on Form 8-K:	None

SIGNATURE

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized and in his capacity as principal financial officer.

Schlumberger Limited  
(Registrant)

Date: May 15, 1998

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/s/ Arthur Lindenauer

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Arthur Lindenauer  
Executive Vice President  
and Chief Financial Officer

INDEX TO EXHIBITS

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Exhibit B	Schlumberger 1998 Stock Option Plan	27

SCHLUMBERGER DISCOUNTED STOCK PURCHASE PLAN  
(As Amended and Restated January 21, 1998)

1. PURPOSE

The Schlumberger Discounted Stock Purchase Plan (the "Plan") is designed to encourage and assist all employees of Schlumberger Limited, a Netherlands Antilles corporation, and Subsidiaries (hereinafter collectively referred to as the "Company"), where permitted by applicable laws and regulations, to acquire an equity interest in Schlumberger Limited through the purchase of shares of Common Stock, par value \$0.01 per share, of Schlumberger Limited ("Common Stock"). It is intended that this Plan shall constitute an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended (the "Code").

2. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Stock Purchase Plan Committee (the "Committee") appointed by the Board of Directors of Schlumberger Limited (the "Board"), which Committee shall consist of at least three (3) persons. The Committee shall supervise the administration and enforcement of the Plan according to its terms and provisions and shall have all powers necessary to accomplish these purposes and discharge its duties hereunder including, but not by way of limitation, the power to (i) employ and compensate agents of the Committee for the purpose of administering the accounts of participating employees; (ii) construe or interpret the Plan; (iii) determine all questions of eligibility; and (iv) compute the amount and determine the manner and time of payment of all benefits according to the Plan hereunder.

The Committee may act by unanimous decision of its members at a regular or special meeting of the Committee or by decision reduced to writing and signed by all members of the Committee without holding a formal meeting. Vacancies in the membership of the Committee arising from death, resignation or other inability to serve shall be filled by appointment of the Board.

3. NATURE AND NUMBER OF SHARES

The Common Stock subject to issuance under the terms of the Plan shall be shares of Schlumberger Limited's authorized but unissued shares or previously issued shares reacquired and held by Schlumberger Limited. Except as provided in Section 20 hereof, the aggregate number of shares which may be issued under the Plan and authorized by this amendment shall not exceed the sum of (i) the 8,000,000 shares of Common Stock authorized by the 1992 Amendment and restatement of the Plan as adjusted for the 1997 stock split and (ii) 12,000,000 shares of Common

Stock. All shares purchased under the Plan, regardless of source, shall be counted against this share limitation.

#### 4. ELIGIBILITY REQUIREMENTS

Each "Employee" (as hereinafter defined), except as described in the next following paragraph, shall become eligible to participate in the Plan in accordance with Section 5 on the first "Enrollment Date" (as hereinafter defined) following employment by the Company. Participation in the Plan is voluntary.

The following Employees are not eligible to participate in the Plan:

(i) Employees who would, immediately upon enrollment in the Plan, own directly or indirectly, or hold options or rights to acquire, an aggregate of 5% or more of the total combined voting power or value of all outstanding shares of all classes of the Company or any subsidiary;

(ii) Employees who are customarily employed by the Company less than twenty (20) hours per week or less than five (5) months in any calendar year;

(iii) Employees who are prohibited by the laws and regulations of the nation of their residence or employment from participating in the Plan as determined by the Committee; and

(iv) Employees who have not completed at least six (6) months of service with the Company as of an Enrollment Date.

"Employee" shall mean any individual employed by Schlumberger Limited or any Subsidiary (as hereinafter defined). "Subsidiary" shall mean any corporation in existence as of the "Effective Date" (as hereinafter defined) of this Plan in an unbroken chain of corporations beginning with Schlumberger Limited if, as of the Effective Date, each of the corporations other than the last corporation in the chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain. Any corporation which may become a Subsidiary (as defined herein) after the Effective Date shall automatically be deemed to be a participating Subsidiary under this Plan effective as of the following Enrollment Date unless the Committee takes action to exclude such corporation and its employees from participation herein.

#### 5. ENROLLMENT

Each eligible Employee of Schlumberger Limited or any Subsidiary as of July 1, 1988 (the "Effective Date" herein) may enroll in the Plan as of the Effective Date. Each other eligible Employee of Schlumberger Limited or a participating Subsidiary who thereafter becomes eligible to participate may enroll in the Plan on the first July 1 following the date he or she first meets the eligibility requirements of Section 4. Any eligible Employee not enrolling in the Plan when first eligible may enroll in the Plan on the first day of July of any subsequent calendar year. Any eligible Employee may enroll

or re-enroll in the Plan on the dates hereinabove prescribed or such other specific dates established by the Committee from time to time ("Enrollment Dates"). In order to enroll, an eligible Employee must complete, sign and submit the appropriate form to the Personnel Department of the Company.

#### 6. METHOD OF PAYMENT

Payment for shares is to be made as of the applicable "Purchase Date" (as defined in Section 9) through payroll deductions (with no right of prepayment) over the Plan's designated purchase period (the "Purchase Period") with the first such deduction commencing with the payroll period ending after the Enrollment Date. Each Purchase Period under the Plan shall be a period of twelve (12) calendar months beginning on July 1 and ending on the following June 30 or such other period as the Committee may prescribe. Each participating Employee (hereinafter referred to as a "Participant") will authorize such deductions from his or her pay for each month during the Purchase Period and such amounts will be deducted in conformity with his or her employer's payroll deduction schedule.

Each Participant may elect to make contributions each pay period in amounts not less than one percent (1%) and not more than ten percent (10%), or such other percentages as the Committee may establish from time to time before an Enrollment Date for all purchases to occur during the relevant Purchase Period, of his or her base earnings or salary, geographical coefficient, overtime pay, shift premiums and commissions from the Company (excluding long-term disability or workers compensation payments and similar amounts, but including elective qualified contributions by the Participant to employee benefit plans maintained by the Company) during such pay period. The rate of contribution shall be designated by the Participant in the enrollment form. Effective July 1, 1992, bonuses will be included in determining the amount of the Participant's contribution unless the Participant gives written notice to the Personnel Department at the time and in the manner directed by the Committee.

A Participant may elect to increase or decrease the rate of contribution effective as of the first day of any calendar quarter by giving thirty (30) days' written notice to the Personnel Department of the Company on the appropriate form. A Participant may suspend payroll deductions at any time during the Purchase Period, by giving thirty (30) days' written notice to the Personnel Department on the appropriate form. In such case, the Participant's account will continue to accrue interest and will be used to purchase stock at the end of the Purchase Period. A Participant may also elect to withdraw contributions at any time by giving thirty (30) days' prior written notice to the Personnel Department of the Company on the appropriate form. Any Participant who withdraws his or her contributions will receive his or her entire account balance, including interest and dividends, if any, plus a stock certificate for the number of shares held by the Participant under the Plan as soon as practicable. Any Participant who suspends payroll deductions or withdraws contributions during any Purchase Period cannot resume payroll deductions during such Purchase Period and must re-enroll in the Plan in order to participate in the next Purchase Period.

No more than the maximum contribution permitted any Participant under Section 9 can be accumulated over the Purchase Period, including interest and dividends, if applicable. Except in case of cancellation of election to purchase, death, resignation or other terminating event, the amount in a Participant's account at the end of the Purchase Period will be applied to the purchase of the shares.

#### 7. CREDITING OF CONTRIBUTIONS, INTEREST AND DIVIDENDS

Contributions shall be credited to a Participant's account as soon as administratively feasible after payroll withholding. Unless otherwise prohibited by laws and regulations, Participant contributions will receive interest at a rate realized for the investment vehicle or vehicles designated by the Committee for purposes of the Plan. Interest will be credited to a Participant's account from the first date on which Participant contributions are deposited with the investment vehicle until the earlier of (i) the end of the Purchase Period or (ii) in the event of cancellation, death, resignation or other terminating event, the last day of the month next preceding the date on which such contributions are returned to the Participant. Dividends on shares held in a Participant's account in the Plan will also be credited to such Participant's account. Any such contributions, interest and dividends shall be deposited in or held by a bank or financial institution designated by the Committee for this purpose ("Custodian").

#### 8. GRANT OF RIGHT TO PURCHASE SHARES ON ENROLLMENT

Enrollment in the Plan by an Employee on an Enrollment Date will constitute the grant by the Company to the Participant of the right to purchase shares of Common Stock under the Plan. Re-enrollment by a Participant in the Plan (but not merely an increase or decrease in the rate of contributions) will constitute a grant by the Company to the Participant of a new opportunity to purchase shares on the Enrollment Date on which such re-enrollment occurs. A Participant who has not terminated employment and has not withdrawn his or her contributions from the Plan will have shares of Common Stock purchased for him or her on the applicable Purchase Date, and he or she will automatically be re-enrolled in the Plan on the Enrollment Date immediately following the Purchase Date on which such purchase has occurred, unless such participant notifies the Personnel Department on the appropriate form that he or she elects not to re-enroll. A Participant who has suspended payroll deductions or withdrawn contributions during any Purchase Period must re-enroll on the appropriate form to participate in the Plan in the next Purchase Period.

Each right to purchase shares of Common Stock under the Plan during a Purchase Period shall have the following terms:

(i) the right to purchase shares of Common Stock during a particular Purchase Period shall expire on the earlier of: (A) the completion of the purchase of shares on the Purchase Date occurring on the last trading day of the Purchase Period; or (B) the date on which participation of such Participant in the Plan terminates for any reason;

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(ii) in no event shall the right to purchase shares of Common Stock during a Purchase Period extend beyond twenty-seven (27) months from the Enrollment Date;

(iii) payment for shares purchased will be made only through payroll withholding and the crediting of interest and dividends, if applicable, in accordance with Sections 6 and 7;

(iv) purchase of shares will be accomplished only in accordance with Section 9;

(v) the price per share will be determined as provided in Section 9;

(vi) the right to purchase shares (taken together with all other such rights then outstanding under this Plan and under all other similar stock purchase plans of Schlumberger Limited or any Subsidiary) will in no event give the Participant the right to purchase a number of shares during a Purchase Period in excess of the number of shares of Common Stock derived by dividing \$25,000 by the fair market value of the Common Stock (the "Maximum Share Limitation") on the applicable Grant Date determined in accordance with Section 9; and

(vii) the right to purchase shares will in all respects be subject to the terms and conditions of the Plan, as interpreted by the Committee from time to time.

## 9. PURCHASE OF SHARES

The right to purchase shares of Common Stock granted by the Company under the Plan is for the term of a Purchase Period. The fair market value of the Common Stock to be purchased during such Purchase Period will be determined by averaging the highest and lowest composite sale prices per share of the Common Stock in the New York Stock Exchange Composite Transactions Quotations ("Fair Market Value") on the first trading day of the calendar month of July or such other trading date designated by the Committee (the "Grant Date"). The Fair Market Value of the common Stock will again be determined in the same manner on the last trading day of the calendar month of June or such other trading date designated by the Committee (the "Purchase Date"). These dates constitute the date of grant and the date of exercise for valuation purposes of Section 423 of the Code. The price used for allocating each share to a Participant shall be 85% of the lesser of the prices so established.

As of the Purchase Date, the Committee shall apply the funds then credited to each Participant's account to the purchase of whole shares of Common Stock. The cost to the Participant for the shares purchased during a Purchase Period shall be 85% of the lower of:

(i) the Fair Market Value of Common Stock on the Grant Date; or

(ii) the Fair Market Value of Common Stock on the Purchase Date.

Certificates evidencing shares purchased shall be delivered to the Custodian or to any other bank or financial institution designated by the Committee for this purpose or shall be delivered to the Participant (if the Participant has elected to receive the certificate) as soon as administratively feasible after the Purchase Date, but Participants shall be treated as the record owners of their shares effective

as of the Purchase Date. Shares that are held by the Custodian or any other designated bank or financial institution shall be held in book entry form. Any cash equal to less than the price of a whole share of Common Stock shall be credited to a Participant's account on the Purchase Date and carried forward in his or her account for application during the next Purchase Period. Any Participant who purchases stock at the end of a Purchase Period and is not re-enrolled in the Plan for the next Purchase Period will receive a certificate for the number of shares held in his or her account as of the most recent Purchase Date and any cash, dividends or interest remaining in his or her account. Any Participant who terminates employment or withdraws his or her contributions from the Plan prior to the next Purchase Date, will receive a certificate for the number of shares held in his or her account and a cash refund attributable to amounts equal to less than the price of a whole share, and any accumulated contributions, dividends and interest. If for any reason a Participant's allocations to the Plan exceed \$21,250 during a Purchase Period or if the purchase of shares with such allocations would exceed the Maximum Share Limitation, such excess amounts shall be refunded to the Participant as soon as practicable after such excess has been determined to exist.

If as of any Purchase Date the shares authorized for purchase under the Plan are exceeded, enrollments shall be reduced proportionately to eliminate the excess. Any funds that cannot be applied to the purchase of shares due to excess enrollment shall be refunded as soon as administratively feasible, including interest determined in accordance with Section 7. The Committee in its discretion may also provide that excess enrollments may be carried over to the next Purchase Period under this Plan or any successor plan according to the regulations as set forth under Section 423 of the Code.

#### 10. WITHDRAWAL OF SHARES

A Participant may elect to withdraw shares held in his or her account at any time (without withdrawing from the Plan) by giving notice to the Personnel Department on the appropriate form. Upon receipt of such notice from the Personnel Department, the Custodian, bank or other financial institution designated by the Committee for this purpose will arrange for the issuance and delivery of all shares held in the Participant's account as soon as administratively feasible.

#### 11. TERMINATION OF PARTICIPATION

The right to participate in the Plan terminates immediately when a Participant ceases to be employed by the Company for any reason whatsoever (including death, unpaid disability or when the Participant's employer ceases to be a Subsidiary) or the Participant otherwise becomes ineligible. Participation also terminates immediately when the Participant voluntarily withdraws his or her contributions from the Plan. Participation terminates immediately after the Purchase Date if the Participant is not re-enrolled in the Plan for the next Purchase Period or if the Participant has suspended payroll deductions during any Purchase Period and has not re-enrolled in the Plan for the next Purchase Period. As soon as administratively feasible after termination of participation, the Committee shall pay to the Participant or his or her beneficiary or legal representative all amounts

credited to his or her account, including interest and dividends, if applicable, determined in accordance with Section 7, and shall cause a certificate for the number of shares held in his or her account to be delivered to the Participant or to his or her beneficiary or legal representative.

#### 12. UNPAID LEAVE OF ABSENCE

Unless the Participant has voluntarily withdrawn his or her contributions from the Plan, shares will be purchased for his or her account on the Purchase Date next following commencement of an unpaid leave of absence by such Participant provided such leave does not constitute a termination of employment. The number of shares to be purchased will be determined by applying to the purchase the amount of the Participant's contributions made up to the commencement of such unpaid leave of absence plus interest on such contributions and dividends, if applicable, both determined in accordance with Section 7. Participation in the Plan will terminate immediately after the purchase of shares on such Purchase Date, unless the Participant has resumed eligible employment prior to the Purchase Date, in which case the Participant may resume payroll deductions immediately.

#### 13. DESIGNATION OF BENEFICIARY

Each Participant may designate one or more beneficiaries in the event of death and may, in his or her sole discretion, change such designation at any time. Any such designation shall be effective upon receipt by the local Personnel Department and shall control over any disposition by will or otherwise.

As soon as administratively feasible after the death of a Participant, amounts credited to his or her account, including interest and dividends, if applicable, determined in accordance with Section 7, shall be paid in cash and a certificate for any shares shall be delivered to the Participant's designated beneficiaries or, in the absence of such designation, to the executor, administrator or other legal representative of the Participant's estate. Such payment shall relieve the Company of further liability to the deceased Participant with respect to the Plan. If more than one beneficiary is designated, each beneficiary shall receive an equal portion of the account unless the Participant has given express contrary instructions.

#### 14. ASSIGNMENT

The rights of a Participant under the Plan will not be assignable or otherwise transferable by the Participant except by will or the laws of descent and distribution. No purported assignment or transfer of such rights of a Participant under the Plan, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the purported assignee or transferee any interest or right therein whatsoever but immediately upon such assignment or transfer, or any attempt to make the same, such rights shall terminate and become of no further effect. If this provision is violated, the Participant's election to purchase Common Stock shall terminate and the only obligation of the Company remaining under the Plan will be to pay to the person entitled thereto the amount then credited to the Participant's account.

No Participant may create a lien on any funds, securities, rights or other property held for the account of the Participant under the Plan, except to the extent that there has been a designation of beneficiaries in accordance with the Plan, and except to the extent permitted by will or the laws of descent and distribution if beneficiaries have not been designated. A Participant's right to purchase shares under the Plan shall be exercisable only during the Participant's lifetime and only by him or her.

#### 15. TREATMENT OF NON-U.S. PARTICIPANTS

Participants who are employed by non-U.S. Companies, who are paid in foreign currency and who contribute foreign currency to the Plan through payroll deductions, will have such contributions converted to U.S. dollars. The exchange rate for such conversion will be the rate quoted by a major financial institution selected by the Committee for the last trading day of the Purchase Period. If the exchange rate for certain countries cannot be quoted in this manner, the conversion rate shall be determined as prescribed by the Committee. In no event will any procedure implemented for dealing with exchange rate fluctuations that may occur during the Purchase Period result in a purchase price below the price determined pursuant to Section 9.

#### 16. COSTS

All costs and expenses incurred in administering this Plan shall be paid by the Company. Any brokerage fees for the sale of shares purchased under the Plan shall be paid by the Participant.

#### 17. REPORTS

Annually, the Company shall provide or cause to be provided to each Participant a report of his or her contributions and the shares of Common Stock purchased with such contributions by that Participant on each Purchase Date.

#### 18. EQUAL RIGHTS AND PRIVILEGES

All eligible Employees shall have equal rights and privileges with respect to the Plan so that the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and related regulations. Any provision of the Plan which is inconsistent with Section 423 or any successor provision of the Code shall without further act or amendment by the Company be reformed to comply with the requirements of Section 423. This Section 18 shall take precedence over all other provisions in the Plan.

#### 19. RIGHTS AS STOCKHOLDER

A Participant will have no rights as a stockholder under the election to purchase until he or she becomes a stockholder as herein provided. A Participant will become a stockholder with respect to

shares for which payment has been completed as provided in Section 9 at the close of business on the last business day of the Purchase Period.

20. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, DISSOLUTION, LIQUIDATION, MERGER OR ASSET SALE.

- (a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the right to purchase shares of Common Stock covered by a current Purchase Period and the number of shares which have been authorized for issuance under the Plan for any future Purchase Period, the maximum number of shares each Participant may purchase each Purchase Period (pursuant to Section 9), as well as the price per share and the number of shares of Common Stock covered by each right under the Plan which have not yet been purchased shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock.
- (b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Purchase Period then in progress shall be shortened by setting a new Purchase Date (the "New Purchase Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The New Purchase Date shall be before the date of the Company's proposed dissolution or liquidation. Each Participant will be notified in writing, at least thirty (30) business days prior to the New Purchase Date, that the Purchase Date for the Participant's right to purchase shares has been changed to the New Purchase Date and that the applicable number of shares will automatically be purchased on the New Purchase Date, unless prior to such date the Participant has withdrawn from the Plan as provided in Section 10 hereof.
- (c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding right to purchase shares shall be assumed or an equivalent right to purchase shares substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute the right to purchase shares, any Purchase Period then in progress shall be shortened by setting a new Purchase Date (the "New Purchase Date") and any Purchase Period then in progress shall end on the New Purchase Date. The New Purchase Date shall be before the date of the Company's proposed sale or merger. Each Participant will be notified in writing, at least thirty (30) business days prior to the New Purchase Date, that the Purchase Date has been changed to the New Purchase Date and that the applicable number of shares will be purchased automatically on the New Purchase Date,

unless prior to such date the Participant has withdrawn from the Plan as provided in Section 10 hereof.

#### 21. MODIFICATION AND TERMINATION

Except as provided in Section 20 hereof, the Board may amend or terminate the Plan at any time. No amendment shall be effective unless within one year after it is adopted by the Board it is approved by the holders of a majority of the votes cast at a meeting if such amendment would otherwise cause the rights granted under the Plan to purchase shares of Common Stock to fail to meet the requirements of Section 423 of the Code (or any successor provision).

In the event the Plan is terminated, the Committee may elect to terminate all outstanding rights to purchase shares under the Plan either immediately or upon completion of the purchase of shares on the next Purchase Date, unless the Committee has designated that the right to make all such purchases shall expire on some other designated date occurring prior to the next Purchase Date. If the rights to purchase shares under the Plan are terminated prior to expiration, all funds contributed to the Plan that have not been used to purchase shares shall be returned to the Participants as soon as administratively feasible, including interest and dividends, if applicable, determined in accordance with Section 7.

#### 22. BOARD AND STOCKHOLDER APPROVAL; EFFECTIVE DATE

This Plan was originally approved by the Board on January 28, 1988, amended and restated by the Board on January 21, 1992 and approved by the holders of a majority of the shares of outstanding Common Stock of Schlumberger Limited on April 15, 1992. This amendment and restatement approved by the Board on January 21, 1998 shall become effective as of July 1, 1998; provided, however, that the changes contained herein shall not be effective unless approved by the holders of a majority of the votes cast at a meeting within the period ending January 21, 1999 (12 months after the date such amendments are approved by the Board).

#### 23. GOVERNMENTAL APPROVALS OR CONSENTS

This Plan and any offering or sale made to Employees under it are subject to any governmental approvals or consents that may be or become applicable in connection therewith. Subject to the provisions of Section 21, the Board may make such changes in the Plan and include such terms in any offering under the Plan as may be desirable to comply with the rules or regulations of any governmental authority.

#### 24. OTHER PROVISIONS

The agreements to purchase shares of Common Stock under the Plan shall contain such other provisions as the Committee and the Board shall deem advisable, provided that no such provision shall in any way be in conflict with the terms of the Plan.

SCHLUMBERGER 1998 STOCK OPTION PLAN  
(As Established Effective January 21, 1998)

1. PURPOSE OF THE PLAN

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

2. ADMINISTRATION OF THE PLAN

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

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

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

(d) If the exercise period of an outstanding Stock Option is continued following a holder's termination of employment due to retirement as provided in Section 5(c)(v), the Committee shall

have the authority in its discretion to cause such option to be forfeited in the event that such holder engages in "detrimental activity" as described in Section 5(c)(v).

### 3. GRANTS OF STOCK OPTIONS

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

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

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

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

### 4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8 hereof, there shall be subject to the Plan 12,000,000 shares of Common Stock, par value \$0.01 per share, of the Company (the "Shares"). The Shares subject to the Plan shall consist of authorized and unissued shares or previously issued shares

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reacquired and held by the Company or any subsidiary. Should any Stock Option expire or be terminated prior to its exercise in full and prior to the termination of the Plan, the Shares theretofore subject to such Stock Option shall be available for further grants under the Plan. Until termination of the Plan, the Company and/or one or more subsidiaries shall at all times make available a sufficient number of Shares to meet the requirements of the Plan. After termination of the Plan, the number of Shares reserved for purposes of the Plan from time to time shall be only such number of Shares as are issuable under then outstanding Stock Options.

#### 5. TERMS OF STOCK OPTIONS

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

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

(c)(i) Each Stock Option granted hereunder shall be exercisable in one or more installments (annual or other) on such date or dates as the Committee may in its sole discretion determine, and the terms of such exercise shall be set forth in the Stock Option Agreement covering the grant of the option, provided that no Stock Option may be exercised after the expiration of ten (10) years from the date such option is granted.

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

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

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

(B) In the event an optionee dies while in the employ of the Company or dies after termination of employment but prior to the exercise in full of any Stock Option which was exercisable on the date of such termination, such option may be exercised before expiration of its term by the person or persons entitled thereto under the optionee's will or the laws of descent and distribution during the "Post-Death Exercise Period" (as hereinafter defined) to the extent exercisable by the optionee at the date of death. The Post-Death Exercise Period shall be a period commencing on the date of death and ending sixty (60) months after the date of death (or, if earlier, the date of termination of employment).

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

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

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

(c) Notwithstanding the foregoing, if at any time after termination due to retirement the optionee engages in "detrimental activity" (as hereinafter defined), the Committee in its discretion may cause the optionee's right to exercise such option to be forfeited. Such forfeiture may occur at any time subsequent to the date that is three (3) months after the optionee's termination of employment and prior to the actual delivery of shares pursuant to the exercise of such option. If an allegation of detrimental activity by an optionee is made to the Committee, the exercisability of the optionee's options will be suspended for up to two months to permit the investigation of such allegation. For purposes of this Section 5(c)(v), "detrimental activity" means activity that is determined by the Committee in its sole and absolute discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where such optionee: (1) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company and any subsidiaries, (2) enters into employment with a competitor under circumstances suggesting that such optionee will be using unique or special knowledge gained as a Company employee to compete with the Company, (3) is convicted by a court of competent jurisdiction of any felony or of a crime involving moral turpitude, (4) uses information obtained during the course of his or her prior employment for his or her own purposes, such as for the solicitation of business, (5) is determined to have engaged (whether or not prior to termination due to retirement) in either gross misconduct or criminal activity harmful to the Company, or (6) takes any action that harms the business interests, reputation, or goodwill of the Company and/or its subsidiaries.

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

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

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

## 6. ASSIGNABILITY OF STOCK OPTIONS

Stock Options granted under the Plan shall not be assignable or otherwise transferable by the recipient except by will or the laws of descent and distribution. Otherwise, Stock Options granted under this Plan shall be exercisable during the lifetime of the recipient (except as otherwise provided in the Plan or the applicable Agreement for Stock Options other than "incentive stock options") only by the

recipient for his or her individual account, and no purported assignment or transfer of such Stock Options thereunder, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the purported assignee or transferee any interest or right therein whatsoever but immediately upon any such purported assignment or transfer, or any attempt to make the same, such Stock Options thereunder shall terminate and become of no further effect.

#### 7. TAXES

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

#### 8. REORGANIZATIONS AND RECAPITALIZATIONS OF THE COMPANY

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

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

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

shall be proportionately adjusted and the number of Shares with respect to which Stock Options granted hereunder may thereafter be exercised shall:

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

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

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

#### 9. REGISTRATION UNDER SECURITIES ACT OF 1933 AND EXCHANGE LISTING

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

#### 10. REPORTS AND RETURNS

The appropriate officers of the Company shall cause to be filed any reports, returns or other information regarding the Stock Options granted hereunder or any Shares issued pursuant to the

exercise thereof or a payment made hereunder, as may be required by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or any other applicable statute, rule or regulation.

#### 11. PLAN TERM

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

#### 12. AMENDMENT OR TERMINATION

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

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

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

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

#### 13. GOVERNMENT REGULATIONS

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



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1,704,732  
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3,021,035  
(68,452)  
1,171,884  
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