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

FORM 10-Q

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

For the quarterly period ended: **June 30, 2013**

Commission file No.: **1-4601**

**SCHLUMBERGER N.V.
(SCHLUMBERGER LIMITED)**

(Exact name of registrant as specified in its charter)

CURAÇAO
(State or other jurisdiction of
incorporation or organization)

52-0684746
(I.R.S. Employer
Identification No.)

**42 RUE SAINT-DOMINIQUE
PARIS, FRANCE**

75007

**5599 SAN FELIPE, 17th FLOOR
HOUSTON, TEXAS, U.S.A.**

77056

**PARKSTRAAT 83 THE HAGUE,
THE NETHERLANDS**
(Addresses of principal executive offices)

2514 JG
(Zip Codes)

Registrant's telephone number: (713) 375-3400

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at June 30, 2013</u>
COMMON STOCK, \$0.01 PAR VALUE PER SHARE	1,323,183,218

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SCHLUMBERGER LIMITED
Second Quarter 2013 Form 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

	(Stated in millions, except per share amounts)			
	Second Quarter		Six Months	
	2013	2012	2013	2012
Revenue	\$ 11,182	\$ 10,341	\$ 21,752	\$ 20,150
Interest & other income	30	45	63	92
Gain on formation of OneSubsea	1,028	—	1,028	—
Expenses				
Cost of revenue	8,712	8,119	17,118	15,884
Research & engineering	293	287	585	558
General & administrative	100	101	196	199
Merger & integration	—	22	—	37
Impairment & other	364	—	456	—
Interest	98	78	197	158
Income before taxes	2,673	1,779	4,291	3,406
Taxes on income	449	439	855	833
Income from continuing operations	2,224	1,340	3,436	2,573
Income (loss) from discontinued operations	(124)	75	(69)	147
Net income	2,100	1,415	3,367	2,720
Net income attributable to noncontrolling interests	5	12	13	17
Net income attributable to Schlumberger	<u>\$ 2,095</u>	<u>\$ 1,403</u>	<u>\$ 3,354</u>	<u>\$ 2,703</u>
Schlumberger amounts attributable to:				
Income from continuing operations	\$ 2,219	\$ 1,328	\$ 3,423	\$ 2,556
Income (loss) from discontinued operations	(124)	75	(69)	147
Net income	<u>\$ 2,095</u>	<u>\$ 1,403</u>	<u>\$ 3,354</u>	<u>\$ 2,703</u>
Basic earnings per share of Schlumberger:				
Income from continuing operations	\$ 1.67	\$ 1.00	\$ 2.58	\$ 1.92
Income (loss) from discontinued operations	(0.09)	0.06	(0.05)	0.11
Net income ⁽¹⁾	<u>\$ 1.58</u>	<u>\$ 1.05</u>	<u>\$ 2.52</u>	<u>\$ 2.03</u>
Diluted earnings per share of Schlumberger:				
Income from continuing operations	\$ 1.66	\$ 0.99	\$ 2.56	\$ 1.91
Income (loss) from discontinued operations	(0.09)	0.06	(0.05)	0.11
Net income	<u>\$ 1.57</u>	<u>\$ 1.05</u>	<u>\$ 2.51</u>	<u>\$ 2.02</u>
Average shares outstanding:				
Basic	1,327	1,331	1,329	1,333
Assuming dilution	1,336	1,339	1,339	1,341

⁽¹⁾ Amounts may not add due to rounding.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Second Quarter		(Stated in millions) Six Months	
	2013	2012	2013	2012
<i>Net income</i>	\$2,100	\$1,415	\$3,367	\$2,720
<i>Currency translation adjustments</i>				
Unrealized net change arising during the period	(157)	(203)	(234)	(93)
<i>Marketable securities</i>				
Unrealized gain arising during the period	11	—	83	—
<i>Derivatives</i>				
Net derivatives gain (loss) on hedge transactions	49	(332)	(104)	(177)
Reclassification to net income of net realized (gain) loss (see Note 11)	(34)	260	45	150
<i>Pension and other postretirement benefit plans</i>				
Actuarial loss				
Actuarial (loss) gain arising during the period	(6)	6	(6)	(21)
Amortization to net income of net actuarial loss (see Note 15)	76	43	152	86
Prior service cost				
Amortization to net income of net prior service cost (see Note 15)	31	31	63	62
Income taxes on pension and other postretirement benefit plans	(15)	(13)	(31)	(23)
<i>Comprehensive income</i>	2,055	1,207	3,335	2,704
Comprehensive income attributable to noncontrolling interests	5	12	13	17
<i>Comprehensive income attributable to Schlumberger</i>	<u>\$2,050</u>	<u>\$1,195</u>	<u>\$3,322</u>	<u>\$2,687</u>

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	Jun. 30, 2013 (Unaudited)	(Stated in millions) Dec. 31, 2012
ASSETS		
<i>Current Assets</i>		
Cash	\$ 2,586	\$ 1,905
Short-term investments	3,339	4,369
Receivables less allowance for doubtful accounts (2013 - \$194; 2012 - \$202)	11,277	11,351
Inventories	4,955	4,785
Deferred taxes	294	343
Other current assets	1,348	1,403
	<u>23,799</u>	<u>24,156</u>
<i>Fixed Income Investments, held to maturity</i>	417	245
<i>Investments in Affiliated Companies</i>	3,235	1,502
<i>Fixed Assets less accumulated depreciation</i>	14,742	14,780
<i>Multiclient Seismic Data</i>	634	518
<i>Goodwill</i>	14,407	14,585
<i>Intangible Assets</i>	4,673	4,802
<i>Other Assets</i>	1,344	959
	<u>\$ 63,251</u>	<u>\$61,547</u>
LIABILITIES AND EQUITY		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	\$ 7,815	\$ 8,453
Estimated liability for taxes on income	1,361	1,426
Long-term debt—current portion	2,083	1,163
Short-term borrowings	775	958
Dividends payable	420	368
	<u>12,454</u>	<u>12,368</u>
<i>Long-term Debt</i>	9,098	9,509
<i>Postretirement Benefits</i>	2,031	2,169
<i>Deferred Taxes</i>	1,450	1,493
<i>Other Liabilities</i>	1,170	1,150
	<u>26,203</u>	<u>26,689</u>
<i>Equity</i>		
Common stock	12,025	11,912
Treasury stock	(6,605)	(6,160)
Retained earnings	35,409	32,887
Accumulated other comprehensive loss	(3,920)	(3,888)
Schlumberger stockholders' equity	36,909	34,751
Noncontrolling interests	139	107
	<u>37,048</u>	<u>34,858</u>
	<u>\$ 63,251</u>	<u>\$61,547</u>

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	<i>(Stated in millions)</i>	
	Six Months Ended Jun. 30,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 3,367	\$ 2,720
Less: (Income) loss from discontinued operations	69	(147)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization ⁽¹⁾	1,806	1,706
Non-cash charges	459	—
Gain on formation of OneSubsea	(1,028)	—
Earnings of companies carried at equity, less dividends received	(26)	(77)
Deferred income taxes	(45)	(29)
Stock-based compensation expense	168	167
Pension and other postretirement benefits expense	255	193
Pension and other postretirement benefits funding	(231)	(338)
Change in assets and liabilities: ⁽²⁾		
Increase in receivables	(527)	(1,570)
Increase in inventories	(237)	(670)
Decrease (increase) other current assets	20	(270)
Increase in other assets	(345)	(23)
Decrease in accounts payable and accrued liabilities	(389)	(68)
Decrease in liability for taxes on income	(96)	(118)
Increase (decrease) in other liabilities	19	(55)
Other	189	(24)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,428	1,397
Cash flows from investing activities:		
Capital expenditures	(1,800)	(2,080)
Multiclient seismic data capitalized	(222)	(183)
Business acquisitions, net of cash acquired	(117)	(682)
Payment for OneSubsea transaction	(600)	—
Sale of investments, net	850	1,146
Other	91	(126)
NET CASH USED IN INVESTING ACTIVITIES	(1,798)	(1,925)
Cash flows from financing activities:		
Dividends paid	(781)	(701)
Proceeds from employee stock purchase plan	126	115
Proceeds from exercise of stock options	63	118
Stock repurchase program	(692)	(823)
Proceeds from issuance of long-term debt	1,013	781
Repayment of long-term debt	(453)	(243)
Net (decrease) increase in short-term borrowings	(152)	164
Other	—	14
NET CASH USED IN FINANCING ACTIVITIES	(876)	(575)
Cash flows from discontinued operations—operating activities	(33)	19
Cash flows from discontinued operations—investing activities	(28)	902
Cash flows from discontinued operations	(61)	921
Net increase (decrease) in cash before translation effect	693	(182)
Translation effect on cash	(12)	(2)
Cash, beginning of period	1,905	1,705
Cash, end of period	<u>\$ 2,586</u>	<u>\$ 1,521</u>

⁽¹⁾ Includes multiclient seismic data costs.

⁽²⁾ Net of the effect of business acquisitions and divestitures.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY

(Unaudited)

(Stated in millions)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Issued	In Treasury				
January 1, 2013—June 30, 2013						
Balance, January 1, 2013	\$ 11,912	\$ (6,160)	\$32,887	\$ (3,888)	\$ 107	\$34,858
Net income			3,354		13	3,367
Currency translation adjustments				(234)		(234)
Changes in unrealized gain on marketable securities				83		83
Changes in fair value of derivatives				(59)		(59)
Pension and other postretirement benefit plans				178		178
Shares sold to optionees, less shares exchanged	(18)	81				63
Vesting of restricted stock	(43)	43				—
Shares issued under employee stock purchase plan	5	122				126
Stock repurchase program		(692)				(692)
Stock-based compensation expense	168					168
Dividends declared (\$0.625 per share)			(832)			(832)
Other	1	1			19	22
Balance, June 30, 2013	\$ 12,025	\$ (6,605)	\$35,409	\$ (3,920)	\$ 139	\$37,048

(Stated in millions)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Issued	In Treasury				
January 1, 2012—June 30, 2012						
Balance, January 1, 2012	\$ 11,639	\$ (5,679)	\$28,860	\$ (3,557)	\$ 129	\$31,392
Net income			2,703		17	2,720
Currency translation adjustments				(93)		(93)
Changes in fair value of derivatives				(27)		(27)
Pension and other postretirement benefit plans				104		104
Shares sold to optionees, less shares exchanged	(58)	176				118
Vesting of restricted stock	(12)	12				—
Shares issued under employee stock purchase plan	11	104				115
Stock repurchase program		(823)				(823)
Stock-based compensation expense	167					167
Dividends declared (\$0.55 per share)			(733)			(733)
Other	14	1		—	12	27
Balance, June 30, 2012	\$ 11,761	\$ (6,209)	\$30,830	\$ (3,573)	\$ 158	\$32,967

SHARES OF COMMON STOCK

(Unaudited)

(Stated in millions)

	Issued	In Treasury	Shares Outstanding
Balance, January 1, 2013	1,434	(106)	1,328
Shares sold to optionees, less shares exchanged	—	1	1
Vesting of restricted stock	—	1	1
Shares issued under employee stock purchase plan	—	2	2
Stock repurchase program	—	(9)	(9)
Balance, June 30, 2013	1,434	(111)	1,323

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Schlumberger Limited and its subsidiaries (“Schlumberger”) have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Schlumberger management, all adjustments considered necessary for a fair statement have been included in the accompanying unaudited financial statements. All intercompany transactions and balances have been eliminated in consolidation. Operating results for the six-month period ended June 30, 2013 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2013. The December 31, 2012 balance sheet information has been derived from the Schlumberger 2012 financial statements. For further information, refer to the *Consolidated Financial Statements* and notes thereto included in the Schlumberger Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on January 31, 2013.

2. Charges and Credits

Schlumberger recorded the following charges and credits during the first six months of 2013 and 2012:

2013

Second quarter 2013:

- Schlumberger recorded a pretax and after-tax gain of \$1.028 billion as a result of the deconsolidation of its subsea business in connection with the formation of the OneSubsea joint venture with Cameron International Corporation (“Cameron”). Refer to Note 4 – *Acquisitions* for further details.
- Schlumberger recorded a \$222 million pretax (\$203 million after-tax) impairment charge relating to an investment in a company involved in developing drilling-related technology and a \$142 million pretax and after-tax impairment charge relating to an investment in a contract drilling business.

The following is a summary of the charges and credits recorded during the second quarter of 2013:

	<i>(Stated in millions)</i>			<i>Consolidated Statement of Income Classification</i>
	Pretax	Tax	Net	
Gain on formation of OneSubsea joint venture	\$ (1,028)	\$ —	\$ (1,028)	<i>Gain on formation of OneSubsea</i>
Impairment of equity-method investments	364	19	345	<i>Impairment & other</i>
	<u>\$ (664)</u>	<u>\$ 19</u>	<u>\$ (683)</u>	

First quarter 2013:

- Although the functional currency of Schlumberger’s operations in Venezuela is the US dollar, a portion of the transactions are denominated in local currency. In February 2013, Venezuela’s currency was devalued from the prior exchange rate of 4.3 Bolivar Fuertes per US dollar to 6.3 Bolivar Fuertes per US dollar. As a result of this devaluation, Schlumberger recorded a pretax and after-tax foreign currency loss of \$92 million during the first quarter of 2013.

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The following is a summary of the charges and credits recorded during the first six months of 2013:

	(Stated in millions)			Consolidated Statement of Income Classification
	Pretax	Tax	Net	
Gain on formation of OneSubsea joint venture	\$ (1,028)	\$ —	\$ (1,028)	<i>Gain on formation of OneSubsea</i>
Impairment of equity-method investments	364	19	345	<i>Impairment & other</i>
Currency devaluation loss in Venezuela	92	—	92	<i>Impairment & other</i>
	<u>\$ (572)</u>	<u>\$ 19</u>	<u>\$ (591)</u>	

2012

Schlumberger recorded the following merger and integration-related charges in connection with its 2010 acquisitions of Smith International, Inc. ("Smith") and Geoservices. These amounts are classified in *Merger & integration* in the *Consolidated Statement of Income*.

	(Stated in millions)		
	Pretax	Tax	Net
First Quarter	\$ 15	\$ 2	\$ 13
Second Quarter	22	1	21
	<u>\$ 37</u>	<u>\$ 3</u>	<u>\$ 34</u>

3. Earnings Per Share

The following is a reconciliation from basic earnings per share of Schlumberger to diluted earnings per share of Schlumberger:

	2013			(Stated in millions, except per share amounts) 2012		
	Schlumberger Income from Continuing Operations	Average Shares Outstanding	Earnings per Share from Continuing Operations	Schlumberger Income from Continuing Operations	Average Shares Outstanding	Earnings per Share from Continuing Operations
Second Quarter						
Basic	\$ 2,219	1,327	\$ 1.67	\$ 1,328	1,331	\$ 1.00
Assumed exercise of stock options	—	5	—	—	5	—
Unvested restricted stock	—	4	—	—	3	—
Diluted	<u>\$ 2,219</u>	<u>1,336</u>	<u>\$ 1.66</u>	<u>\$ 1,328</u>	<u>1,339</u>	<u>\$ 0.99</u>
Six Months						
Basic	\$ 3,423	1,329	\$ 2.58	\$ 2,556	1,333	\$ 1.92
Assumed exercise of stock options	—	6	—	—	5	—
Unvested restricted stock	—	4	—	—	3	—
Diluted	<u>\$ 3,423</u>	<u>1,339</u>	<u>\$ 2.56</u>	<u>\$ 2,556</u>	<u>1,341</u>	<u>\$ 1.91</u>

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The number of outstanding options to purchase shares of Schlumberger common stock which were not included in the computation of diluted earnings per share, because to do so would have had an antidilutive effect, was as follows:

	<i>(Stated in millions)</i>	
	<u>2013</u>	<u>2012</u>
Second Quarter	13	28
Six Months	13	21

4. Acquisitions

On June 30, 2013, Schlumberger and Cameron completed the formation of OneSubsea, a joint venture to manufacture and develop products, systems and services for the subsea oil and gas market. Schlumberger and Cameron each contributed all of their respective subsea businesses to the joint venture and Schlumberger made a \$600 million cash payment to Cameron. Schlumberger owns 40% of OneSubsea and will account for this investment under the equity method. Schlumberger recognized a pretax and after-tax gain of \$1.028 billion, which is classified as *Gain on formation of OneSubsea* in the *Consolidated Statement of Income*, as a result of the deconsolidation of its subsea business. This gain is equal to the difference between the fair value of the Schlumberger subsea business, which was determined based on the present value of its estimated future cash flows, and its carrying value at the time of closing. Approximately \$0.4 billion of the gain resulted from the remeasurement, to fair value, of the 40% retained interest in Schlumberger's subsea business.

During the first six months of 2013, Schlumberger made certain other acquisitions and investments, none of which were significant on an individual basis, for cash payments, net of cash acquired, of \$117 million.

5. Inventories

A summary of inventories follows:

	<u>Jun. 30, 2013</u>	<i>(Stated in millions)</i> <u>Dec. 31, 2012</u>
Raw materials & field materials	\$2,695	\$ 2,519
Work in process	352	349
Finished goods	1,908	1,917
	<u>\$4,955</u>	<u>\$ 4,785</u>

6. Fixed Assets

A summary of fixed assets follows:

	<u>Jun. 30, 2013</u>	<i>(Stated in millions)</i> <u>Dec. 31, 2012</u>
Property, plant & equipment	\$33,997	\$ 33,168
Less: Accumulated depreciation	19,255	18,388
	<u>\$14,742</u>	<u>\$ 14,780</u>

Depreciation expense relating to fixed assets was as follows:

	<i>(Stated in millions)</i>	
	<u>2013</u>	<u>2012</u>
Second Quarter	\$ 776	\$ 714
Six Months	\$1,537	\$1,415

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7. Multiclient Seismic Data

The change in the carrying amount of multiclient seismic data for the six months ended June 30, 2013 was as follows:

	<i>(Stated in millions)</i>
Balance at December 31, 2012	\$ 518
Capitalized in period	222
Charged to expense	(106)
Balance at June 30, 2013	<u>\$ 634</u>

8. Goodwill

The changes in the carrying amount of goodwill by reporting unit for the six months ended June 30, 2013 were as follows:

	<i>(Stated in millions)</i>			
	Reservoir Characterization	Drilling	Production	Total
Balance at December 31, 2012	\$ 3,760	\$8,337	\$ 2,488	\$ 14,585
Acquisitions	3	3	44	50
Divestiture of business	—	—	(150)	(150)
Impact of changes in exchange rates	(28)	(26)	(24)	(78)
Balance at June 30, 2013	<u>\$ 3,735</u>	<u>\$8,314</u>	<u>\$ 2,358</u>	<u>\$ 14,407</u>

9. Intangible Assets

The gross book value, accumulated amortization and net book value of intangible assets were as follows:

	<i>(Stated in millions)</i>			<i>(Stated in millions)</i>		
	Jun. 30, 2013			Dec. 31, 2012		
	Gross Book Value	Accumulated Amortization	Net Book Value	Gross Book Value	Accumulated Amortization	Net Book Value
Technology/Technical Know-How	\$ 1,956	\$ 528	\$ 1,428	\$ 1,967	\$ 474	\$ 1,493
Tradenames	1,647	223	1,424	1,647	188	1,459
Customer Relationships	2,116	355	1,761	2,115	312	1,803
Other	388	328	60	369	322	47
	<u>\$ 6,107</u>	<u>\$ 1,434</u>	<u>\$ 4,673</u>	<u>\$ 6,098</u>	<u>\$ 1,296</u>	<u>\$ 4,802</u>

Amortization expense charged to income was as follows:

	<i>(Stated in millions)</i>	
	2013	2012
Second Quarter	\$ 81	\$ 80
Six Months	\$163	\$ 161

The weighted average amortization period for all intangible assets is approximately 20 years.

Based on the net book value of intangible assets at June 30, 2013, amortization charged to income for the subsequent five years is estimated to be: remainder of 2013—\$165 million; 2014—\$325 million; 2015—\$315 million; 2016—\$302 million; 2017—\$289 million; and 2018—\$283 million.

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10. Long-term Debt

A summary of *Long-term Debt* follows:

	Jun. 30, 2013	(Stated in millions) Dec. 31 2012
3.30% Senior Notes due 2021	\$ 1,596	\$ 1,595
4.50% Guaranteed Notes due 2014	—	1,324
2.75% Guaranteed Notes due 2015	1,302	1,318
1.95% Senior Notes due 2016	1,099	1,099
4.20% Senior Notes due 2021	1,099	1,099
1.25% Senior Notes due 2017	999	999
2.40% Senior Notes due 2022	998	998
2.65% Senior Notes due 2016	500	500
Floating Rate Senior Notes due 2014	300	300
Commercial paper borrowings	650	—
Other	555	277
	<u>\$9,098</u>	<u>\$ 9,509</u>

The estimated fair value of Schlumberger's *Long-term Debt* at June 30, 2013 and December 31, 2012, based on quoted market prices, was \$9.2 billion and \$9.9 billion, respectively.

11. Derivative Instruments and Hedging Activities

Schlumberger is exposed to market risks related to fluctuations in foreign currency exchange rates, commodity prices and interest rates. To mitigate these risks, Schlumberger utilizes derivative instruments. Schlumberger does not enter into derivative transactions for speculative purposes.

Foreign Currency Exchange Rate Risk

As a multinational company, Schlumberger conducts business in more than 85 countries. Schlumberger's functional currency is primarily the US dollar, which is consistent with the oil and gas industry. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens (strengthens) in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar-reported expenses will increase (decrease).

Schlumberger is exposed to risks on future cash flows to the extent that local currency expenses exceed revenues denominated in local currency that are other than the functional currency. In addition, Schlumberger is also exposed to risks on future cash flows relating to certain of its long-term debt which is denominated in currencies other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges, with the effective portion of changes in the fair value of the hedge recorded on the *Consolidated Balance Sheet* and in *Accumulated Other Comprehensive Loss*. Amounts recorded in *Accumulated Other Comprehensive Loss* are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings. The ineffective portion of changes in the fair value of hedging instruments, if any, is recorded directly to earnings.

At June 30, 2013, Schlumberger recognized a cumulative net \$29 million loss in *Equity* relating to revaluation of foreign currency forward contracts and foreign currency options designated as cash flow hedges, the majority of which is expected to be reclassified into earnings within the next 12 months.

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Schlumberger is also exposed to changes in the fair value of assets and liabilities which are denominated in currencies other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to hedge this exposure as it relates to certain currencies. These contracts are accounted for as fair value hedges with the fair value of the contracts recorded on the *Consolidated Balance Sheet* and changes in the fair value recognized in the *Consolidated Statement of Income* along with the change in fair value of the hedged item.

At June 30, 2013, contracts were outstanding for the US dollar equivalent of \$6.9 billion in various foreign currencies, of which \$3.9 billion related to hedges of debt denominated in currencies other than the functional currency.

Commodity Price Risk

Schlumberger is exposed to the impact of market fluctuations in the price of certain commodities, such as fuel. Schlumberger utilizes option contracts to manage a small percentage of the price risk associated with forecasted commodity purchases. The objective of these contracts is to reduce the variability of cash flows associated with the forecasted purchase of those commodities. These contracts do not qualify for hedge accounting treatment and therefore, changes in the fair value of the option contracts are recorded directly to earnings.

The notional amount of outstanding option commodity contracts was \$2 million at June 30, 2013.

Interest Rate Risk

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that uses a mix of variable and fixed rate debt combined with its investment portfolio and occasionally interest rate swaps to mitigate the exposure to changes in interest rates.

At June 30, 2013, Schlumberger had fixed rate debt aggregating \$9.6 billion and variable rate debt aggregating \$2.4 billion.

Short-term investments and *Fixed income investments, held to maturity*, totaled \$3.8 billion at June 30, 2013, and were comprised primarily of money market funds, eurodollar time deposits, certificates of deposit, commercial paper, euro notes and Eurobonds, and were substantially all denominated in US dollars. The carrying value of these investments approximated fair value, which was estimated using quoted market prices for those or similar investments.

The fair values of outstanding derivative instruments are summarized as follows:

	<i>(Stated in millions)</i>		<i>Consolidated Balance Sheet Classification</i>
	<i>Fair Value of</i>		
	<i>Derivatives</i>		
	<u>Jun. 30,</u>	<u>Dec. 31,</u>	
	<u>2013</u>	<u>2012</u>	
Derivative Assets			
Derivatives designated as hedges:			
Foreign exchange contracts	\$ 4	\$ 26	<i>Other current assets</i>
Foreign exchange contracts	3	22	<i>Other Assets</i>
Interest rate swaps	—	2	<i>Other Assets</i>
	<u>\$ 7</u>	<u>\$ 50</u>	
Derivatives not designated as hedges:			
Foreign exchange contracts	\$ 7	\$ 10	<i>Other current assets</i>
Foreign exchange contracts	5	6	<i>Other Assets</i>
	<u>\$ 12</u>	<u>\$ 16</u>	
	<u>\$ 19</u>	<u>\$ 66</u>	

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	(Stated in millions)		Consolidated Balance Sheet Classification
	Fair Value of Derivatives		
	Jun. 30, 2013	Dec. 31, 2012	
Derivative Liabilities			
Derivatives designated as hedges:			
Foreign exchange contracts	\$ 115	\$ 80	Accounts payable and accrued liabilities
Foreign exchange contracts	46	19	Other Liabilities
	<u>\$ 161</u>	<u>\$ 99</u>	
Derivatives not designated as hedges:			
Foreign exchange contracts	\$ 13	\$ 3	Accounts payable and accrued liabilities
	<u>\$ 174</u>	<u>\$ 102</u>	

The fair value of all outstanding derivatives was determined using a model with inputs that are observable in the market or can be derived from or corroborated by observable data.

The effect of derivative instruments designated as fair value hedges and those not designated as hedges on the *Consolidated Statement of Income* was as follows:

	(Stated in millions)				Consolidated Statement of Income Classification
	Gain (Loss) Recognized in Income				
	Second Quarter		Six Months		
	2013	2012	2013	2012	
Derivatives designated as fair value hedges:					
Interest rate swaps	\$ —	\$ —	\$ (2)	\$ 1	Interest expense
Derivatives not designated as hedges:					
Foreign exchange contracts	\$ (1)	\$ 59	\$ (23)	\$ 32	Cost of revenue
Commodity contracts	—	(2)	—	—	Cost of revenue
	<u>\$ (1)</u>	<u>\$ 57</u>	<u>\$ (23)</u>	<u>\$ 32</u>	

The effect of derivative instruments in cash flow hedging relationships on income and *Accumulated other Comprehensive Loss (AOCL)* was as follows:

	(Stated in millions)				Consolidated Statement of Income Classification
	Gain (Loss) Reclassified from AOCL into Income				
	Second Quarter		Six Months		
	2013	2012	2013	2012	
Foreign exchange contracts	\$ 38	\$ (257)	\$ (41)	\$ (145)	Cost of revenue
Foreign exchange contracts	(4)	(3)	(4)	(5)	Research & engineering
	<u>\$ 34</u>	<u>\$ (260)</u>	<u>\$ (45)</u>	<u>\$ (150)</u>	

	(Stated in millions)			
	Gain (Loss) Recognized in AOCL			
	Second Quarter		Six Months	
	2013	2012	2013	2012
Foreign exchange contracts	\$ 49	\$ (332)	\$ (104)	\$ (177)

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12. Income Tax

Income before taxes which was subject to US and non-US income taxes was as follows:

	Second Quarter		(Stated in millions) Six Months	
	2013	2012	2013	2012
	United States	\$ 510	\$ 553	\$ 931
Outside United States	2,163	1,226	3,360	2,283
	<u>\$2,673</u>	<u>\$1,779</u>	<u>\$4,291</u>	<u>\$3,406</u>

Schlumberger recorded net pretax credits of \$664 million during the second quarter of 2013 (\$53 million of charges in the US and \$717 million of net credits outside of the US) and pretax charges of \$22 million during the second quarter of 2012 (\$11 million of charges in the US and \$11 million outside of the US).

Schlumberger recorded net pretax credits of \$572 million during the six months ended June 30, 2013 (\$53 million of charges in the US and \$625 million of net credits outside of the US) and pretax charges of \$37 million during the six months ended June 30, 2012 (\$22 million in the US and \$15 million outside the US).

These charges are included in the table above and are more fully described in Note 2—Charges and Credits.

The components of net deferred tax assets (liabilities) were as follows:

	(Stated in millions)	
	Jun. 30, 2013	Dec. 31, 2012
Postretirement benefits, net	\$ 522	\$ 543
Intangible assets	(1,484)	(1,490)
Investments in non-US subsidiaries	(317)	(317)
Other, net	123	114
	<u>\$ (1,156)</u>	<u>\$ (1,150)</u>

The above deferred tax balances at June 30, 2013 and December 31, 2012 were net of valuation allowances relating to net operating losses in certain countries of \$234 million and \$256 million, respectively.

The components of consolidated Taxes on income were as follows:

	Second Quarter		(Stated in millions) Six Months	
	2013	2012	2013	2012
	Current:			
United States—Federal	\$203	\$171	\$319	\$361
United States—State	20	18	35	35
Outside United States	298	263	546	466
	<u>\$521</u>	<u>\$452</u>	<u>\$900</u>	<u>\$862</u>
Deferred:				
United States—Federal	\$ (42)	\$ 9	\$ (24)	\$ (24)
United States—State	(3)	1	(3)	(2)
Outside United States	(7)	(27)	2	(7)
Valuation allowance	(20)	4	(20)	4
	<u>\$ (72)</u>	<u>\$ (13)</u>	<u>\$ (45)</u>	<u>\$ (29)</u>
	<u>\$449</u>	<u>\$439</u>	<u>\$855</u>	<u>\$833</u>

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A reconciliation of the US statutory federal tax rate of 35% to the consolidated effective income tax rate follows:

	Second Quarter		Six Months	
	2013	2012	2013	2012
US federal statutory rate	35%	35%	35%	35%
US state income taxes	—	1	1	1
Non-US income taxed at different rates	(12)	(11)	(12)	(11)
Charges (See Note 2)	(6)	—	(4)	—
Other	—	—	—	(1)
Effective income tax rate	<u>17%</u>	<u>25%</u>	<u>20%</u>	<u>24%</u>

13. Contingencies

In 2009, Schlumberger learned that United States officials began a grand jury investigation and an associated regulatory inquiry, both related to certain Schlumberger operations in specified countries that are subject to United States trade and economic sanctions. Also in 2009, prior to being acquired by Schlumberger, Smith received an administrative subpoena with respect to its historical business practices in certain countries that are subject to United States trade and economic sanctions. Governmental agencies and authorities have a broad range of civil and criminal penalties that they may seek to impose for violations of trade and economic sanction laws including, but not limited to, disgorgement, fines, penalties and modifications to business practices. In recent years, these agencies and authorities have obtained a wide range of penalties in settlements with companies arising from trade and economic sanction investigations, including in some cases fines and other penalties in the tens and hundreds of millions of dollars. Schlumberger is cooperating with the governmental authorities and cannot currently predict the outcome or estimate the possible impact of the ultimate resolution of these matters.

On April 20, 2010, a fire and explosion occurred onboard the semisubmersible drilling rig *Deepwater Horizon*, owned by Transocean Ltd. and under contract to a subsidiary of BP plc. Pursuant to a contract between M-I SWACO and BP, M-I SWACO provided certain services under the direction of BP. A number of legal actions, certain of which named an M-I SWACO entity as a defendant, were filed in connection with the *Deepwater Horizon* incident. Many of these claims were consolidated into multidistrict litigation pending in federal court (the “MDL”). During the first quarter of 2013, the federal court entered its order dismissing all claims against M-I SWACO that were consolidated as part of the MDL.

Schlumberger and its subsidiaries are party to various other legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. Management believes that the probability of a material loss is remote. However, litigation is inherently uncertain and it is not possible to predict the ultimate disposition of these proceedings.

14. Segment Information

	Second Quarter 2013		(Stated in millions) Second Quarter 2012	
	Revenue	Income before taxes	Revenue	Income before taxes
	Oilfield Services			
Reservoir Characterization	\$ 3,014	\$ 908	\$ 2,714	\$ 749
Drilling	4,292	804	3,977	727
Production	3,926	625	3,718	601
Eliminations & other	(50)	(59)	(68)	(38)
	<u>11,182</u>	<u>2,278</u>	<u>10,341</u>	<u>2,039</u>
Corporate & other	—	(181)	—	(169)
Interest income ⁽¹⁾	—	4	—	7
Interest expense ⁽²⁾	—	(92)	—	(76)
Charges and credits (see Note 2)	—	664	—	(22)
	<u>\$11,182</u>	<u>\$2,673</u>	<u>\$10,341</u>	<u>\$1,779</u>

Certain prior period amounts have been reclassified to conform to the current year presentation.

⁽¹⁾ Excludes interest income included in the segment results (\$2 million in 2013; \$— million in 2012)

⁽²⁾ Excludes interest expense included in the segment results (\$6 million in 2013; \$2 million in 2012).

	Six Months 2013		(Stated in millions) Six Months 2012	
	Revenue	Income before taxes	Revenue	Income before taxes
	Oilfield Services			
Reservoir Characterization	\$ 5,764	\$1,633	\$ 5,231	\$1,384
Drilling	8,405	1,534	7,737	1,374
Production	7,684	1,181	7,241	1,209
Eliminations & other	(101)	(105)	(59)	(45)
	<u>21,752</u>	<u>4,243</u>	<u>20,150</u>	<u>3,922</u>
Corporate & other	—	(348)	—	(339)
Interest income ⁽¹⁾	—	9	—	16
Interest expense ⁽²⁾	—	(185)	—	(156)
Charges and credits (see Note 2)	—	572	—	(37)
	<u>\$21,752</u>	<u>\$4,291</u>	<u>\$20,150</u>	<u>\$3,406</u>

Certain prior period amounts have been reclassified to conform to the current year presentation.

⁽¹⁾ Excludes interest income included in the segment results (\$2 million in 2013; \$— million in 2012)

⁽²⁾ Excludes interest expense included in the segment results (\$12 million in 2013; \$2 million in 2012).

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15. Pension and Other Postretirement Benefits

Net pension cost for the Schlumberger pension plans included the following components:

	Second Quarter				Six Months			
	2013		2012		2013		2012	
	US	Int'l	US	Int'l	US	Int'l	US	Int'l
Service cost—benefits earned during period	\$ 21	\$ 34	\$ 17	\$ 21	\$ 41	\$ 67	\$ 34	\$ 42
Interest cost on projected benefit obligation	38	63	38	58	75	124	76	116
Expected return on plan assets	(51)	(100)	(47)	(80)	(103)	(200)	(93)	(160)
Amortization of prior service cost	3	29	3	30	6	59	6	60
Amortization of net loss	31	37	23	15	63	74	46	30
	<u>\$ 42</u>	<u>\$ 63</u>	<u>\$ 34</u>	<u>\$ 44</u>	<u>\$ 82</u>	<u>\$ 124</u>	<u>\$ 69</u>	<u>\$ 88</u>

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

	Second Quarter		Six Months	
	2013	2012	2013	2012
	Service cost—benefits earned during period	\$ 12	\$ 7	\$ 24
Interest cost on accumulated postretirement benefit obligation	15	15	30	30
Expected return on plan assets	(9)	(7)	(18)	(14)
Amortization of prior service cost	(1)	(2)	(2)	(4)
Amortization of net loss	8	5	15	10
	<u>\$ 25</u>	<u>\$ 18</u>	<u>\$ 49</u>	<u>\$ 36</u>

16. Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss consists of the following:

	(Stated in millions)				
	Currency Translation Adjustments	Fair Value of Derivatives	Pension and Other Postretirement Benefit Plans	Unrealized Gains on Marketable Securities	Total
Balance, January 1, 2013	\$ (918)	\$ 30	\$ (3,141)	\$ 141	\$(3,888)
Other comprehensive income (loss) before reclassifications	(243)	(104)	(6)	83	(264)
Amounts reclassified from accumulated other comprehensive loss	9	45	215	—	263
Income taxes	—	—	(31)	—	(31)
Net other comprehensive income (loss)	(234)	(59)	178	83	(32)
Balance, June 30, 2013	<u>\$ (1,152)</u>	<u>\$ (29)</u>	<u>\$ (2,963)</u>	<u>\$ 224</u>	<u>\$(3,920)</u>

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(Stated in millions)

	Currency Translation Adjustments	Fair Value of Derivatives	Pension and Other Postretirement Benefit Plans	Unrealized Gains on Marketable Securities	Total
Balance, January 1, 2012	\$ (993)	\$ (26)	\$ (2,538)	\$ —	\$(3,557)
Other comprehensive income (loss) before reclassifications	(93)	(177)	(21)	—	(291)
Amounts reclassified from accumulated other comprehensive loss	—	150	148	—	298
Income taxes	—	—	(23)	—	(23)
Net other comprehensive income (loss)	(93)	(27)	104	—	(16)
Balance, June 30, 2012	\$ (1,086)	\$ (53)	\$ (2,434)	\$ —	\$(3,573)

17. Discontinued Operations

During the second quarter of 2013, Schlumberger completed the wind down of its operations in Iran and, therefore, has classified the historical results of this business as a discontinued operation.

During the second quarter of 2012, Schlumberger sold its Wilson distribution business to National Oilwell Varco Inc. (“NOV”) for \$906 million in cash. During the third quarter of 2012, Schlumberger completed the sale of its 56% interest in CE Franklin Ltd. to NOV for \$122 million in cash. As Wilson and CE Franklin comprised Schlumberger’s entire Distribution segment, the results of this segment were classified as discontinued operations in the *Consolidated Statement of Income*.

The following table summarizes the results of these discontinued operations (in millions):

	Second Quarter		Six Months	
	2013	2012	2013	2012
Revenue	\$ 4	\$396	\$102	\$1,198
Income (loss) before taxes	\$(124)	\$ 70	\$(63)	\$ 163
Tax expense	—	(10)	(6)	(27)
Net income attributable to noncontrolling interests	—	(1)	—	(5)
Gain on divestiture, net of tax	—	16	—	16
Income (loss) from discontinued operations	\$(124)	\$ 75	\$(69)	\$ 147

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

Second Quarter 2013 Compared to First Quarter 2013

Product Groups

	<u>Second Quarter 2013</u>		<i>(Stated in millions)</i> <u>First Quarter 2013</u>	
	<u>Revenue</u>	<u>Income Before Taxes</u>	<u>Revenue</u>	<u>Income Before Taxes</u>
Oilfield Services				
Reservoir Characterization	\$ 3,014	\$ 908	\$ 2,750	\$ 724
Drilling	4,292	804	4,113	730
Production	3,926	625	3,759	555
Eliminations & other	(50)	(59)	(52)	(44)
	<u>11,182</u>	<u>2,278</u>	<u>10,570</u>	<u>1,965</u>
Corporate & other	—	(181)	—	(168)
Interest income ⁽¹⁾	—	4	—	6
Interest expense ⁽¹⁾	—	(92)	—	(93)
Charges and credits	—	664	—	(92)
	<u>\$ 11,182</u>	<u>\$ 2,673</u>	<u>\$ 10,570</u>	<u>\$ 1,618</u>

Geographic Areas

	<u>Second Quarter 2013</u>		<i>(Stated in millions)</i> <u>First Quarter 2013</u>	
	<u>Revenue</u>	<u>Income Before Taxes</u>	<u>Revenue</u>	<u>Income Before Taxes</u>
Oilfield Services				
North America	\$ 3,357	\$ 662	\$ 3,290	\$ 627
Latin America	1,913	394	1,904	371
Europe/CIS/Africa	3,125	643	2,851	508
Middle East & Asia	2,667	655	2,406	548
Eliminations & other	120	(76)	119	(89)
	<u>11,182</u>	<u>2,278</u>	<u>10,570</u>	<u>1,965</u>
Corporate & other	—	(181)	—	(168)
Interest income ⁽¹⁾	—	4	—	6
Interest expense ⁽¹⁾	—	(92)	—	(93)
Charges and credits	—	664	—	(92)
	<u>\$ 11,182</u>	<u>\$ 2,673</u>	<u>\$ 10,570</u>	<u>\$ 1,618</u>

⁽¹⁾ Excludes interest income and interest expense included in the Product Group and Geographical Area results.

Pretax operating income represents the segments' income before taxes and noncontrolling interests. The pretax operating income excludes such items as corporate expenses and interest income and interest expense not allocated to the segments, as well as the charges and credits described in detail in Note 2 to the *Consolidated Financial Statements*, interest on postretirement medical benefits, stock-based compensation costs and amortization expense associated with intangible assets recorded as a result of Schlumberger's 2010 acquisition of Smith.

OILFIELD SERVICES

Second-quarter revenue of \$11.18 billion was up 6% sequentially, with International Area revenue of \$7.70 billion growing \$543 million, or 8% sequentially, while North America Area revenue of \$3.36 billion increased \$67 million, or 2% sequentially.

By segment, Reservoir Characterization Group revenue of \$3.01 billion grew 10% sequentially while Drilling Group revenue of \$4.29 billion increased 4%. These increases were due to seasonal rebounds, market share gains and higher exploration activity in both offshore and key international land markets, particularly for Wireline technologies. Other Technologies that gained significantly during the quarter were WesternGeco, Schlumberger Information Solutions (SIS), Drilling & Measurements and M-I SWACO. Despite the seasonal decline in Western Canada as a result of the spring break-up, the Production Group posted a sequential increase of 4%. Improving industry utilization of pressure pumping capacity in US land, increasing Well Intervention coiled tubing activity worldwide, and strong international sales of Completions products contributed to growth.

Geographically, the Middle East & Asia Area led the sequential increase with revenue of \$2.7 billion increasing 11%, mainly from a seasonal rebound of exploration and drilling activity in China and Japan, higher WesternGeco UniQ* land seismic productivity across the region, and continued growth across a diversified portfolio of projects and activities in Saudi Arabia and Iraq. Improved WesternGeco marine vessel utilization and robust drilling activity in the Australasia GeoMarket also contributed to growth. Europe/CIS/Africa revenue of \$3.1 billion increased 10% from higher WesternGeco multiclient sales ahead of licensing awards in Norway, and the seasonal pick-up of drilling and exploration activity in Russia and the North Sea. Sub-Saharan Africa revenue also grew sequentially through increased exploration activity in the Gulf of Guinea while activity in Angola was subdued due to project delays. Latin America revenue of \$1.9 billion grew slightly as the effect of strong Integrated Project Management (IPM) activity in Argentina was largely offset by a decline in WesternGeco marine utilization following the planned transit of vessels out of Brazil. North America revenue of \$3.4 billion increased 2%, with North America offshore revenue up due to robust Wireline deepwater activity and WesternGeco. US land posted double-digit growth, but this was offset by the seasonal decline in Western Canada following the spring break-up. While US land rig count grew only marginally, well and stage counts increased through drilling efficiency resulting in improved industry utilization of pressure pumping capacity.

Second-quarter pretax operating income of \$2.28 billion was up 16% sequentially. International pretax operating income of \$1.69 billion increased 18% sequentially, while North America pretax operating income of \$662 million increased 6% sequentially.

Sequentially, pretax operating margin of 20.4% increased 178 basis points (bps), as International pretax operating margin expanded 202 bps to 22.0% Middle East & Asia posted a 178 bps sequential margin improvement to reach 24.6%, Europe/CIS/Africa increased by 275 bps to 20.6%, and Latin America improved by 107 bps to 20.6%. The expansion in International margins was due to seasonal activity rebounds combined with strong results in Sub-Saharan Africa and the Middle East & Asia Area. Increased high-margin exploration, seismic and deepwater activities also helped boost international margins. Despite the effect of the seasonal spring break-up in Western Canada, North America pretax operating margin increased 65 bps sequentially to 19.7%. US land margin expanded on improving efficiency, better utilization and lower raw material costs in pressure pumping, while North America offshore margin increased due to robust Wireline deepwater activity and WesternGeco.

Sequentially by Product Group, Reservoir Characterization Group pretax operating margin expanded 380 bps to 30.1% due to the strong WesternGeco and Wireline results. The pretax operating margin of the Drilling Group increased 97 bps to 18.7% through improved Drilling & Measurements performance and increased profitability on IPM projects in the Middle East and Latin America. Production Group pretax operating margin increased 116 bps to 15.9% on improved profitability in Well Services as pressure pumping utilization and efficiency improved in US land.

Reservoir Characterization Group

Second-quarter revenue of \$3.01 billion increased 10% over the prior quarter. Pretax operating income of \$908 million was 25% higher than the first quarter. Sequentially, the revenue increase was driven primarily by increased use of Wireline services as a result of strong exploration activity in the US Gulf of Mexico, Brazil, Sub-Saharan Africa and the Middle East. Revenue in Russia and China also grew sequentially following seasonal activity rebounds. WesternGeco revenue increased sequentially from higher multiclient sales ahead of licensing awards in Norway, the seasonal return of marine vessel activity in the North Sea, and higher UniQ* land seismic productivity in Saudi Arabia and Kuwait. SIS revenue increased also from higher product sales and software maintenance in Latin America and Europe/CIS/Africa.

Pretax operating margin of 30.1% increased 380 bps sequentially on strong, high-margin WesternGeco multiclient sales and robust Wireline deepwater activity.

Drilling Group

Second-quarter revenue of \$4.29 billion was up 4% sequentially. Pretax operating income of \$804 million was 10% higher sequentially.

Sequentially, revenue increased primarily on strong international and offshore activity for Drilling & Measurements and M-I SWACO Technologies, mainly in Russia and the Middle East & Asia Area. In addition, both Drilling & Measurements and M-I SWACO posted strong results in US land on higher activity, which was largely offset by the effect of the seasonal spring break-up in Western Canada.

Sequentially, pretax operating margin grew 97 bps to 18.7% from increased land activity for Drilling & Measurements in the US, Russia and the Middle East, and improved profitability on IPM projects in the Middle East and Latin America.

Production Group

Second-quarter revenue of \$3.93 billion increased 4% sequentially. Pretax operating income of \$625 million was 13% higher versus the prior quarter. Despite the seasonal decline in Western Canada as a result of the spring break-up, the Group posted overall sequential growth due to improving industry utilization of pressure pumping capacity in US land, increasing Well Intervention global coiled tubing activity, and strong international sales of Completions products. While US land rig count grew only marginally, well and stage counts increased through drilling efficiency, resulting in improved industry utilization of pressure pumping capacity. Although pricing remained competitive, the pace of decline has moderated sequentially.

Pretax operating margin of 15.9% increased 116 bps sequentially. Sequentially, margin expanded primarily on improved profitability for Well Services technologies as the result of improving efficiency, better utilization and lower raw material costs in pressure pumping in US land despite competitive pricing. In addition, Completions and Well Intervention Technologies posted improved international profitability.

Second Quarter 2013 Compared to Second Quarter 2012

Product Groups

	<u>Second Quarter 2013</u>		<i>(Stated in millions)</i> <u>Second Quarter 2012</u>	
	<u>Revenue</u>	<u>Income Before Taxes</u>	<u>Revenue</u>	<u>Income Before Taxes</u>
Oilfield Services				
Reservoir Characterization	\$ 3,014	\$ 908	\$ 2,714	\$ 749
Drilling	4,292	804	3,977	727
Production	3,926	625	3,718	601
Eliminations & other	(50)	(59)	(68)	(38)
	<u>11,182</u>	<u>2,278</u>	<u>10,341</u>	<u>2,039</u>
Corporate & other	—	(181)	—	(169)
Interest income ⁽¹⁾	—	4	—	7
Interest expense ⁽¹⁾	—	(92)	—	(76)
Charges and credits	—	664	—	(22)
	<u>\$ 11,182</u>	<u>\$ 2,673</u>	<u>\$ 10,341</u>	<u>\$ 1,779</u>

Geographic Areas

	<u>Second Quarter 2013</u>		<i>(Stated in millions)</i> <u>Second Quarter 2012</u>	
	<u>Revenue</u>	<u>Income Before Taxes</u>	<u>Revenue</u>	<u>Income Before Taxes</u>
Oilfield Services				
North America	\$ 3,357	\$ 662	\$ 3,376	\$ 693
Latin America	1,913	394	1,857	354
Europe/CIS/Africa	3,125	643	2,924	592
Middle East & Asia	2,667	655	2,091	445
Eliminations & other	120	(76)	93	(45)
	<u>11,182</u>	<u>2,278</u>	<u>10,341</u>	<u>2,039</u>
Corporate & other	—	(181)	—	(169)
Interest income ⁽¹⁾	—	4	—	7
Interest expense ⁽¹⁾	—	(92)	—	(76)
Charges and credits	—	664	—	(22)
	<u>\$ 11,182</u>	<u>\$ 2,673</u>	<u>\$ 10,341</u>	<u>\$ 1,779</u>

⁽¹⁾ Excludes interest included in the Product Group and Geographical Area results.

OILFIELD SERVICES

Second-quarter 2013 revenue of \$11.2 billion was 8% higher than the same period last year with International Area revenue increasing 12% while North America Area was essentially flat.

Internationally, higher exploration and development activities in a number of GeoMarkets both offshore and in key land markets contributed to the increase. The increase was led by the Middle East & Asia Area mainly due to

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robust results in Saudi Arabia and Iraq, and sustained land and offshore drilling activity in the Australasia and China GeoMarkets. Europe/CIS/Africa Area increased, on strong development, exploration and seismic activities in the Sub-Saharan Africa region, while the Russia and Central Asia region saw strong land activity in West Siberia and robust offshore projects in Sakhalin. Latin America was also higher due to solid progress on a Schlumberger Production Management (SPM) project in Ecuador and strong IPM results in Argentina.

North America revenue was essentially flat as a decline in land revenue was largely offset by the increase in offshore revenue. The decline in land revenue resulted from a reduction in rig count combined with pricing weakness in the areas of drilling, stimulation and wireline. The improvement in offshore revenue resulted from higher drilling and exploration activities.

On a Product Group basis, Reservoir Characterization and Drilling Group revenue increased 11% and 8%, respectively as a result of robust exploration and development activities in a number of international GeoMarkets and in North America offshore, particularly in the US Gulf of Mexico. Production Group revenue increased 6%, mostly from Well Intervention and Completions Technologies in the international GeoMarkets.

Second-quarter 2013 pretax operating margin of 20.4% grew 66 bps versus the same period last year, as International pretax operating margin expanded 173 bps to 22.0% while North America pretax operating margin declined 83 bps to 19.7%. The expansion in International margins was due to increased high-margin exploration, seismic and deepwater activities while North America margin contraction was due to pricing weakness.

Reservoir Characterization Group

Second-quarter 2013 revenue of \$3.01 billion was 11.1% higher than the same period last year led by WesternGeco, Testing Services and Wireline Technologies, as a result of market share gains and higher exploration activity in both offshore and key international land markets.

Year-on-year, pretax operating margin increased 256 bps to 30.1%, largely due to the higher-margin exploration activities that benefited WesternGeco, Testing Services, and Wireline Technologies.

Drilling Group

Second-quarter 2013 revenue of \$4.29 billion was 8% higher than the previous year primarily due to the robust demand for Drilling & Measurements services as offshore drilling activity strengthened in the US Gulf of Mexico, Sub-Sahara Africa, Russia and the Middle East & Asia Area and as rig count increased in key international land markets, namely in Saudi Arabia, China and Australia. M-I SWACO and Drilling Tools & Remedial Technologies expanded across all Areas and IPM grew on projects in Iraq, Australia and Argentina.

Year-on-year, pretax operating margin increased 44 bps to 18.7% primarily due to the increase in higher-margin activities of Drilling & Measurements that benefited from higher-margin exploration activities in North America offshore and in the international markets and improved profitability on IPM projects.

Production Group

Second-quarter 2013 revenue of \$3.93 billion increased 6% year-on-year on increasing Well Intervention global coiled tubing activity and strong international sales of Completion products and Well Services technologies. Well Services revenue in North America declined on pricing weakness.

Year-on-year, pretax operating margin decreased 23 bps to 15.9% mainly due to decline in margins for Well Services technologies, primarily in North America, as a result of pricing pressure and cost inflation.

Six Months 2013 Compared to Six Months 2012

Product Groups

	<u>Six Months 2013</u>		<i>(Stated in millions)</i> <u>Six Months 2012</u>	
	<u>Revenue</u>	<u>Income Before Taxes</u>	<u>Revenue</u>	<u>Income Before Taxes</u>
	Oilfield Services			
Reservoir Characterization	\$ 5,764	\$ 1,633	\$ 5,231	\$ 1,384
Drilling	8,405	1,534	7,737	1,374
Production	7,684	1,181	7,241	1,209
Eliminations & other	(101)	(105)	(59)	(45)
	<u>21,752</u>	<u>4,243</u>	<u>20,150</u>	<u>3,922</u>
Corporate & other	—	(348)	—	(339)
Interest income ⁽¹⁾	—	9	—	16
Interest expense ⁽¹⁾	—	(185)	—	(156)
Charges and credits	—	572	—	(37)
	<u>\$21,752</u>	<u>\$4,291</u>	<u>\$20,150</u>	<u>\$3,406</u>

Geographic Areas

	<u>Six Months 2013</u>		<i>(Stated in millions)</i> <u>Six Months 2012</u>	
	<u>Revenue</u>	<u>Income Before Taxes</u>	<u>Revenue</u>	<u>Income Before Taxes</u>
	Oilfield Services			
North America	\$ 6,647	\$ 1,289	\$ 6,809	\$ 1,470
Latin America	3,817	765	3,623	676
Europe/CIS/Africa	5,976	1,151	5,501	1,020
Middle East & Asia	5,073	1,203	4,046	861
Eliminations & other	239	(165)	171	(105)
	<u>21,752</u>	<u>4,243</u>	<u>20,150</u>	<u>3,922</u>
Corporate & other	—	(348)	—	(339)
Interest income ⁽¹⁾	—	9	—	16
Interest expense ⁽¹⁾	—	(185)	—	(156)
Charges and credits	—	572	—	(37)
	<u>\$21,752</u>	<u>\$4,291</u>	<u>\$20,150</u>	<u>\$3,406</u>

⁽¹⁾ Excludes interest included in the Product Group and Geographical Area results.

OILFIELD SERVICES

Six-month 2013 revenue of \$21.8 billion increased 8% versus the same period last year with International Area revenue 13% higher while North America Area revenue declined 2%.

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Internationally, higher exploration and development activities in a number of GeoMarkets both offshore and in key land markets contributed to the increase. The increase was led by the Middle East & Asia Area mainly due to robust results in Saudi Arabia and Iraq, and sustained land and offshore drilling activity in the Australasia and China GeoMarkets. Europe/CIS/Africa Area increased on strong development, exploration and seismic activities in the Sub-Saharan Africa region while the Russia and Central Asia region saw strong land activity in West Siberia and robust offshore projects in Sakhalin. Latin America was also higher due to solid progress on a SPM project in Ecuador and strong IPM results in Argentina.

The decline in North America revenue was due to a reduction in rig count and pricing weakness in the areas of drilling, stimulation and wireline, although the pace of the downward pricing trend slowed during the second quarter. This decrease was offset, in part by an increase in offshore revenue as a result of higher drilling and exploration activities.

On a Product Group basis, Reservoir Characterization and Drilling Group revenue increased 10% and 9%, respectively, as a result of robust exploration and development activities in a number of international GeoMarkets and in North America offshore, particularly in the US Gulf of Mexico. Production Group revenue increased 6%, mostly from Well Intervention, Completions, Artificial Lift and Well Services Technologies in the international GeoMarkets.

Year-to-date 2013 pretax operating margin of 19.5% was flat versus the same period last year, as International pretax operating margin expanded 156 bps to 21.0% while North America pretax operating margin contracted 220 bps to 19.4%. The expansion in International margins was due to increased high-margin exploration, seismic and deepwater activities while the North America margin contraction was due to pricing weakness.

Reservoir Characterization Group

Six-month 2013 revenue of \$5.76 billion was 10.2% higher than the same period last year, led by Testing Services, WesternGeco, SIS and Wireline Technologies, as a result of market share gains and higher exploration activity in both offshore and key international land markets.

Year-on-year, pretax operating margin increased 186 bps to 28.3%, largely due to the higher-margin exploration activities that benefited Testing Services, WesternGeco and Wireline Technologies.

Drilling Group

Six-month 2013 revenue of \$8.40 billion was 9% higher than the previous year, primarily due to the robust demand for Drilling & Measurements services as offshore drilling activity strengthened in the US Gulf of Mexico, Sub-Sahara Africa, Russia and the Middle East & Asia Area and as rig count increased in key international land markets, namely in Saudi Arabia, China and Australia. Drilling Tools & Remedial and M-I SWACO Technologies expanded across all Areas and IPM grew on projects in Iraq, Australia and Argentina.

Year-on-year, pretax operating margin increased 49 basis points to 18.3% primarily due to the increase in higher-margin activities of Drilling & Measurements that benefited from exploration activities in North America offshore and in the international markets.

Production Group

Six-month 2013 revenue of \$7.68 billion increased 6% year-on-year on increasing Well Intervention global coiled tubing activity and strong international sales of Completions products and Well Services technologies. Subsea and SPM also contributed to the growth. Well Services revenue in North America declined on pricing weakness.

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Year-on-year, pretax operating margin decreased 133 bps to 15.4% mainly due to decline in margins for Well Services technologies, primarily in North America, as a result of pricing pressure and cost inflation.

INTEREST & OTHER INCOME

Interest & other income consisted of the following for the second quarter and six months ended June 30, 2013 and 2012:

	Second Quarter		(Stated in millions) Six Months	
	2013	2012	2013	2012
Equity in net earnings of affiliated companies	\$ 24	\$ 38	\$ 52	\$ 76
Interest income	6	7	11	16
	<u>\$ 30</u>	<u>\$ 45</u>	<u>\$ 63</u>	<u>\$ 92</u>

OTHER

Research & engineering and General & administrative expenses, as a percentage of *Revenue*, for the second quarter and six months ended June 30, 2013 and 2012 were as follows:

	Second Quarter		Six Months	
	2013	2012	2013	2012
Research & engineering	2.6%	2.8%	2.7%	2.8%
General & administrative	0.9%	1.0%	0.9%	1.0%

The effective tax rate for the second quarter of 2013 was 16.8% compared to 24.7% for the same period of 2012. The effective tax rate for the second quarter of 2013 was significantly impacted by the charges and credits described in Note 2 to the *Consolidated Financial Statements*. Excluding the impact of the second quarter 2013 charges and credits, the effective tax rate was 23.3%.

The effective tax rate for the six months ended June 30, 2013 was 19.9% compared to 24.4% for the same period of the prior year. The effective tax rate for the six months ended June 30, 2013 was also significantly impacted by the charges and credits described in Note 2 to the *Consolidated Financial Statements*. Excluding the impact of the charges and credits, the effective tax rate was 23.5%.

The decrease in the effective tax rate excluding charges and credits for both the three- and six-month periods ended June 30, 2013 as compared to the same periods of the prior year, is primarily attributable to the fact that Schlumberger generated a smaller percentage of its pretax earnings in North America in 2013 as compared to 2012.

CHARGES AND CREDITS

Schlumberger recorded the following charges and credits during the second quarter and the first six months of 2013 and 2012. These charges and credits, which are summarized below, are more fully described in Note 2 to the *Consolidated Financial Statements*.

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2013

The following is a summary of the second quarter 2013 charges and credits:

	(Stated in millions)			Consolidated Statement of Income Classification
	Pretax	Tax	Net	
Gain on formation of OneSubsea joint venture	\$ (1,028)	\$ —	\$ (1,028)	Gain on formation of OneSubsea
Impairment of equity-method investments	364	19	345	Impairment & other
	<u>\$ (664)</u>	<u>\$ 19</u>	<u>\$ (683)</u>	

The following is a summary of the charges and credits during the first six months of 2013:

	(Stated in millions)			Consolidated Statement of Income Classification
	Pretax	Tax	Net	
Gain on formation of OneSubsea joint venture	\$ (1,028)	\$ —	\$ (1,028)	Gain on formation of OneSubsea
Impairment of equity-method investments	364	19	345	Impairment & other
Currency devaluation loss in Venezuela	92	—	92	Impairment & other
	<u>\$ (572)</u>	<u>\$ 19</u>	<u>\$ (591)</u>	

2012

Schlumberger recorded the following merger and integration-related charges related to its 2010 acquisitions of Smith and Geoservices. These amounts are classified in *Merger & integration* in the *Consolidated Statement of Income*.

	(Stated in millions)		
	Pretax	Tax	Net
First Quarter	\$ 15	\$ 2	\$13
Second Quarter	22	1	21
	<u>\$ 37</u>	<u>\$ 3</u>	<u>\$34</u>

CASH FLOW

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

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Details of Net Debt follow:

	<i>(Stated in millions)</i>	
	Six Months ended Jun. 30,	
	2013	2012
Net Debt, beginning of period	\$ (5,111)	\$ (4,850)
Income from continuing operations	3,436	2,573
Depreciation and amortization ⁽¹⁾	1,806	1,706
Gain on formation of OneSubsea	(1,028)	—
Non-cash charges	459	—
Stock-based compensation expense	168	167
Pension and other postretirement benefits expense	255	193
Pension and other postretirement benefits funding	(231)	(338)
Increase in working capital	(1,140)	(2,706)
Capital expenditures	(1,800)	(2,080)
Multiclient seismic data capitalized	(222)	(183)
Dividends paid	(781)	(701)
Stock repurchase program	(692)	(823)
Proceeds from employee stock plans	189	232
Business acquisitions, net of cash acquired	(117)	(682)
Proceeds from divestiture of Wilson distribution business	—	906
Payment for OneSubsea transaction	(600)	—
Currency effect on net debt	64	160
Other	(269)	(294)
Net Debt, end of period	\$ (5,614)	\$ (6,720)

⁽¹⁾ Includes multiclient seismic data costs.

Components of Net Debt	<i>(Stated in millions)</i>		
	Jun. 30, 2013	Jun. 30, 2012	Dec. 31, 2012
Cash	\$ 2,586	\$ 1,521	\$ 1,905
Short-term investments	3,339	1,972	4,369
Fixed income investments, held to maturity	417	261	245
Short-term borrowings and current portion of long-term debt	(2,858)	(2,521)	(2,121)
Long-term debt	(9,098)	(7,953)	(9,509)
	\$ (5,614)	\$ (6,720)	\$ (5,111)

Key liquidity events during the first six months of 2013 and 2012 included:

- During the second quarter of 2013, Schlumberger paid Cameron \$600 million in connection with the formation of the OneSubsea joint venture.
- On April 17, 2008, the Schlumberger Board of Directors (the "Board") approved an \$8 billion share repurchase program for shares of Schlumberger common stock, to be acquired before December 31, 2011. On July 21, 2011, the Board approved an extension of this repurchase program to December 31, 2013. Schlumberger had repurchased \$7.8 billion of shares under this program as of June 30, 2013.

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The following table summarizes the activity, during the six months ended June 30, under this share repurchase program:

	Total cost of shares purchased	(Stated in millions except per share amounts) Total number of shares purchased	Average price paid per share
Six months ended June 30, 2013	\$ 692	9.3	\$ 74.28
Six months ended June 30, 2012	\$ 823	11.9	\$ 69.13

On July 18, 2013, the Board approved a new \$10 billion share repurchase program for shares of Schlumberger common stock, to be completed at the latest by June 30, 2018.

- Cash flow provided by operations was \$3.4 billion in the first six months of 2013 compared to \$1.4 billion in the first six months of 2012 reflecting a lower increase in working capital requirements year-on-year.
- Capital expenditures were \$1.8 billion in the first six months of 2013 compared to \$2.1 billion during the first six months of 2012. Capital expenditures for full year 2013 are expected to be approximately \$3.9 billion as compared to \$4.7 billion in 2012.

At times in recent quarters, Schlumberger has experienced delays in payments from its national oil company customer in Venezuela. Schlumberger operates in more than 85 countries. At June 30, 2013, only five of those countries (including Venezuela) individually accounted for greater than 5% of Schlumberger's accounts receivable balance of which only two, the United States and Mexico, represented greater than 10%.

As of June 30, 2013, Schlumberger had \$5.9 billion of cash and short-term investments on hand. Schlumberger had separate committed debt facility agreements aggregating \$4.0 billion with commercial banks, of which \$3.1 billion was available and unused as of June 30, 2013. This included \$3.5 billion of committed facilities which support commercial paper programs in the United States and Europe. Schlumberger believes that these amounts are sufficient to meet future business requirements for at least the next 12 months.

Schlumberger had commercial paper of \$650 million outstanding as of June 30, 2013.

Other Matters

During the first six months of 2013, certain non-US subsidiaries of Schlumberger provided oilfield services to the National Iranian Oil Company and certain of its affiliates ("NIOC"). Schlumberger's revenue for the six months ended June 30, 2013 attributable to this activity was \$102 million, which resulted in a net loss of \$69 million. During the second quarter of 2013, Schlumberger completed the wind down of its service operations in Iran. As a result, Schlumberger has classified the results of this business as a discontinued operation. All prior periods have been restated accordingly.

Schlumberger's activity in Iran included obtaining services from and engaging in other dealings with the government of Iran that are incidental to operating in Iran, and the expenses of which are reflected in the results disclosed above. These services and other dealings consisted of paying taxes, duties, license fees and other typical governmental charges, along with payments for utilities, transportation, hotel accommodations, facility rentals, telecommunications services, newspaper advertisements, recreational and fitness memberships, and the purchase of routine office and similar supplies from entities associated with the government of Iran. Two non-U.S. subsidiaries of Schlumberger maintain depository accounts at Bank Saderat Iran ("Saderat") and Bank Tejarat ("Tejarat") for the deposit by NIOC of amounts owed to non-US subsidiaries of Schlumberger. One of the non-U.S. subsidiaries also maintains a depository account at Bank Sarmayeh ("Sarmayeh") which, together with Tejarat, is used for payment of local expenses such as rent, taxes and utilities. Schlumberger anticipates that it will discontinue its dealings with Saderat, Sarmayeh and Tejarat following the receipt of all amounts owed to Schlumberger for prior services rendered in Iran.

FORWARD-LOOKING STATEMENTS

This Form 10-Q, and other statements we make contain “forward-looking statements” within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of its segments (and for specified products or geographic areas within each segment); oil and natural gas demand and production growth; oil and natural gas prices; improvements in operating procedures and technology; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger’s customers; Schlumberger’s share repurchase program; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, global economic conditions; changes in exploration and production spending by Schlumberger’s customers and changes in the level of oil and natural gas exploration and development; general economic, political and business conditions in key regions of the world; pricing erosion; weather and seasonal factors; operational delays; production declines; changes in government regulations and regulatory requirements, including those related to offshore oil and gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services and climate-related initiatives; the inability of technology to meet new challenges in exploration; and other risks and uncertainties detailed in our second-quarter 2013 earnings release, our most recent Form 10-K and other filings that we make with the Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For quantitative and qualitative disclosures about market risk affecting Schlumberger, see Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” of the Schlumberger Annual Report on Form 10-K for the fiscal year ended December 31, 2012. Schlumberger’s exposure to market risk has not changed materially since December 31, 2012.

Item 4. Controls and Procedures.

Schlumberger has carried out an evaluation under the supervision and with the participation of Schlumberger’s management, including the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), of the effectiveness of Schlumberger’s “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of the end of the period covered by this report. Based on this evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this report, Schlumberger’s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that Schlumberger files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Schlumberger’s disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to its management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure. There has been no change in Schlumberger’s internal control over financial reporting that occurred during the quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, Schlumberger’s internal control over financial reporting.

*Markof Schlumberger

PART II. OTHER INFORMATION**Item 1. Legal Proceedings.**

The information with respect to Item 1 is set forth under Note 13—*Contingencies*, in the *Consolidated Financial Statements*.

Item 1A. Risk Factors.

As of the date of this filing, there have been no material changes from the risk factors previously disclosed in Part 1, Item 1A, of Schlumberger's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

On April 17, 2008, the Schlumberger Board of Directors (the "Board") approved an \$8 billion share repurchase program for Schlumberger common stock, which may be acquired in the open market or in negotiated transactions. On July 21, 2011, the Board approved an extension of this repurchase program to December 31, 2013. As of June 30, 2013, \$0.2 billion remained available for repurchase under the existing repurchase authorization. On July 18, 2013, the Board approved a new \$10 billion share repurchase program for shares of Schlumberger common stock, to be completed at the latest by June 30, 2018.

Schlumberger's common stock repurchase program activity for the three months ended June 30, 2013 was as follows:

(Stated in thousands, except per share amounts)

	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as part of publicly announced program</u>	<u>Maximum value of shares that may yet be purchased under the program</u>
April 1 through April 30, 2013	2,057.2	\$ 73.37	2,057.2	\$ 535,643
May 1 through May 31, 2013	654.1	\$ 73.75	654.1	\$ 487,405
June 1 through June 30, 2013	4,127.4	\$ 72.80	4,127.4	\$ 186,916
	<u>6,838.7</u>	<u>\$ 73.07</u>	<u>6,838.7</u>	

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

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

The barite and bentonite mining operations of M-I LLC, an indirect wholly-owned subsidiary, are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act

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of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Report.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit 3.1—Articles of Incorporation of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3 to Schlumberger’s Current Report on Form 8-K filed on April 7, 2011).

Exhibit 3.2—Amended and Restated By-laws of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3.1 to Schlumberger’s Current Report on Form 8-K filed on July 20, 2012).

* Exhibit 10.1—Employment Agreement dated June 11, 2013 and effective as of July 1, 2013, between Schlumberger Limited and Satish Pai. (+)

* Exhibit 10.2—Employment Agreement dated February 19, 2013 and effective as of March 1, 2013, between Schlumberger Limited and Kjell-Erik Oestdahl. (+)

* Exhibit 10.3—Fifth Amendment to Schlumberger 1994 Stock Option Plan. (+)

* Exhibit 10.4—Third Amendment to Schlumberger 1998 Stock Option Plan. (+)

* Exhibit 10.5—Second Amendment to Schlumberger 2001 Stock Option Plan. (+)

* Exhibit 10.6—Third Amendment to Schlumberger 2005 Stock Option Plan. (+)

* Exhibit 10.7—Second Amendment to Schlumberger 2008 Stock Option Plan. (+)

* Exhibit 10.8—First Amendment to Schlumberger 2010 Omnibus Stock Option Plan. (+)

* Exhibit 10.9—First Amendment to Schlumberger 2013 Omnibus Stock Incentive Plan. (+)

* Exhibit 10.10—Form of Option Agreement (Employees in France), Incentive Stock Option, under Schlumberger 2010 Omnibus Stock Incentive Plan. (+)

* Exhibit 10.11—Form of Option Agreement (Employees in France), Non-Qualified Stock Option, under Schlumberger 2010 Omnibus Stock Incentive Plan. (+)

* Exhibit 10.12—Form of Restricted Stock Unit Award Agreement (Employees in France) under Schlumberger 2010 Omnibus Stock Incentive Plan. (+)

* Exhibit 31.1—Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

* Exhibit 31.2—Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

** Exhibit 32.1—Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

** Exhibit 32.2—Certification Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Exhibit 95—Mine Safety Disclosures.

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* Exhibit 101—The following materials from Schlumberger Limited’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income; (ii) Consolidated Statement of Comprehensive Income; (iii) Consolidated Balance Sheet; (iv) Consolidated Statement of Cash Flows; (v) Consolidated Statement of Equity and (vi) Notes to Consolidated Financial Statements.

* Filed with this Form 10-Q.

** Furnished with this Form 10-Q.

(+) Compensatory plans or arrangements.

SIGNATURE

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 Chief Accounting Officer.

Date: July 24, 2013

Schlumberger Limited
(Registrant)

/s/ Howard Guild

Howard Guild
Chief Accounting Officer and Duly Authorized Signatory

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”) is effective as of 1st of July, 2013, by and between **SCHLUMBERGER LIMITED**, a Curaçao corporation (the “Company”), and Satish Pai (“Executive”).

1. **Employment of Executive:** In consideration of the mutual covenants and agreements herein contained, including Executive’s execution of a release of claims as provided in as Exhibit A to this Agreement, the Company and Executive enter into an agreement retaining Executive’s services as described herein, establishing certain incentive, tenure and performance criteria related to such employment and otherwise fixing Executive’s benefits.

2. **Term and Extent of Services:** The term shall commence the 1st of July, 2013 (the “Effective Date”) and shall continue until the close of business on the 30th of June, 2015 (the “Term”). This Agreement does not constitute a guarantee of continued employment but instead provides for certain rights and benefits for the Executive during his employment, and in the event his employment with the Company terminates under the circumstances described herein. Effective the 30th of June, 2013, Executive resigns from his position as Executive Vice President of Operations of the Company and will remain employed by the Company during the Term, unless otherwise terminated under Section 4. During the Term, the Executive shall be employed as an advisor reporting to the Chief Executive Officer. At the expiration of the Term, Executive’s employment with the Company and all of its affiliates shall terminate.

Nothing herein shall prohibit Executive, during the Term, from being engaged as a consultant or employee to organizations and businesses or to be appointed to their board of directors except those specifically identified as Unauthorized Competitors in Section 5. Executive agrees that he will not accept employment with any oil and gas related company without giving prior written notice to the Chief Executive Officer. For the avoidance of doubt, “oil and gas related company” expressly excludes any Unauthorized Competitor.

3. **NonCompetition Payments and Benefits:**

(a) **Payments:** In consideration for the Executive’s agreement in Section 5, Executive shall receive the following payments:

- i. €400,000.00 paid no later than 31st of January, 2014;
- ii. €308,180 an amount equal to the Supplementary French Defined Benefit Pension Plan earned and valued as of June 2013 and paid no later than 1st January 2017.

- (b) Incentive Plans:
 - i. During the Term, or if Executive's employment is terminated sooner pursuant to Section 4, until such termination, Executive will continue to vest in stock options previously granted to Executive under the Company's plans in accordance with the terms of those plans and any applicable agreement
 - ii. Upon termination of employment, except for a termination for Cause pursuant to Section 4 (c) or upon Executive's employment with an Unauthorized Competitor identified in Section 5 (c) (i), Executive shall have the period to exercise stock options as per the plan rules, to the extent that such options were exercisable as of the date of such termination. For example, if Executive retires from the Company after reaching the age of 50 with 10 years of service, Executive would have (5) years to exercise vested options.
- (c) Vacation: Executive shall be paid a cash amount representing his accrued and unused vacation accumulated as of the 30th of June 2013. During the Term, Executive shall not be eligible to accrue vacation pay.
- (d) Expense Reimbursement: Executive shall be reimbursed for reasonable business expenses incurred in the normal course of performing his duties following delivery of supporting documentation therefor. Executive shall submit all invoices for such incurred costs to the Company no later than 30 days prior to the end of the taxable year following the taxable year in which they were incurred. The Company shall reimburse Executive for any undisputed costs within 14 days of receipt of such invoices.

4. Termination of Employment: Should Executive's employment terminate prior to the end of the Term, the following provisions of this Section 4 shall govern the rights of Executive under this Agreement:

- (a) Termination Due to Death: In the event Executive's employment terminates during the Term as a result of Executive's death, Executive's beneficiary or beneficiaries shall receive any base salary and benefits accrued but unpaid as of his death, plus any amounts payable on account of Executive's death pursuant to any other plan or program of the Company.
- (b) Termination Due to Disability: In the event Executive's employment terminates during the Term due to his disability within the meaning of any long-term disability plan maintained by

the Company and covering Executive as of the date of Executive's disability, Executive shall receive any base salary and benefits accrued but unpaid as of the date of his termination due to disability, plus any amounts payable on account of Executive's disability pursuant to any other plan or program of the Company.

- (c) Termination by the Company for Cause: In the event the Company terminates Executive's employment during the Term for Cause, as defined below, he shall be entitled to any other amounts earned, accrued or owing as of the date of termination of employment under the applicable employee benefit plans or programs of the Company.

"Cause" means Executive's dishonesty relating to his employment with the Company, conviction of a felony, willful unauthorized disclosure of confidential information of the Company, or breach of the Executive's obligations in Section 5.

- (d) Voluntary Termination and Termination Due to Mutual Agreement: Upon 15 days' prior written notice to the Company (unless otherwise waived by the Company), Executive may voluntarily terminate his employment with the Company. A voluntary termination pursuant to this Section 4(d) shall not include a termination under Section 4 (a), 4 (b) or 4 (c) above, and shall not be deemed a breach of this Agreement by Executive (except if Executive accepts employment or other prohibited association with an Unauthorized Competitor during the Term of this Agreement).

Executive may work for another employer (excluding an Unauthorized Competitor) during the Term without terminating his employment relationship with the Company. In the event Executive voluntarily terminates his employment with the Company during the Term, and (I) does not become employed by an Unauthorized Competitor or (II) becomes employed by an oil & gas related company in which the Executive will have given written notice the Chief Executive Officer prior to acceptance of employment, he shall be entitled to:

- i. other benefits for which he is eligible in accordance with applicable plans or programs of the Company;
- ii. exercise any stock options granted under a plan of the Company that vested during the Term (and prior to his termination date) as per the plan rules.

- (e) Termination due to Employment by Unauthorized Competitor: If during the Term, Executive accepts employment with an Unauthorized Competitor, Executive shall be required to reimburse all payments or value received by Executive under this Agreement no later than 30 days from the date the Company learns of the acceptance. This repayment obligation shall not apply if Executive becomes an employee of an Unauthorized Competitor as a result of a merger or acquisition involving Executive's employer and an Unauthorized Competitor.

For purposes of this Agreement, an Unauthorized Competitor means those companies as specifically identified in Section 5.

5. Confidentiality, Return of Property, and Covenant Not to Compete:

- (a) Confidentiality: Executive agrees that he will not disclose or make available to any other person or entity, or use for his own personal gain, monetary or otherwise, any Confidential Information, except for such disclosures as required in the performance of his duties hereunder. For purposes of this Agreement, "Confidential Information" shall mean any and all information, data and knowledge that have been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Agreement. By way of illustration, but not limitation Confidential Information includes trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manual, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial statements or parts thereof, budgets or other financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.
- (b) Return of Property: Executive agrees that at the time of leaving the Company's employ, if not sooner, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) all Confidential Information, as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the

above-mentioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by Executive.

- (c) **Covenant Not to Compete:** Executive acknowledges that the skills, processes and information developed at the Company are highly proprietary and global in nature and could be utilized directly and to the Company's detriment (or the detriment of any of the Company's affiliates or ventures) by several other businesses. Accordingly, (1) in consideration for the Confidential Information previously provided by the Company to Executive, (2) as part of the consideration for the payment and benefits to be paid to Executive hereunder, (3) to protect the Confidential Information of the Company disclosed or entrusted to Executive by the Company or created or developed by Executive for the Company and (4) as an additional incentive for the Company to enter into this Agreement, Executive agrees to be bound by the following restrictive covenants:

- i. During the Term, Executive shall not accept employment with or otherwise render services, directly or indirectly, anywhere in the world, to any specifically identified Unauthorized Competitor, whether as a director, officer, agent, employee, independent contractor or consultant, or take any action inconsistent with the fiduciary relationship of an employee to his employer. In order to protect the Company's good will and other legitimate business interests, provide greater flexibility to Executive in obtaining other employment and to provide both parties with greater certainty as to their obligations hereunder, the parties agree that Executive shall not be prohibited from accepting employment or otherwise rendering any services, anywhere in the world with any company or other enterprise except an Unauthorized Competitor.

For purposes of this Agreement, an "Unauthorized Competitor" refers specifically and exclusively to Halliburton Company, Baker Hughes Inc., Weatherford International, Archer, Oilserv, Aker Solutions, FMC, GE Oil & Gas, National Oilwell Varco, including any and all of their parents, subsidiaries, affiliates, joint ventures or divisions, as of the date of this Agreement as well as any of their successors or assigns; provided, however, that the restrictions in this Section 5(c) shall not apply if Executive becomes an employee of an Unauthorized Competitor as a result of a merger or other acquisition involving Executive's employer and an Unauthorized Competitor.

- ii. Executive further agrees that during the Term, he shall not at any time, directly or indirectly, induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures.
- iii. Executive acknowledges that this restrictive covenant under Section 5, for which he received consideration from the Company as provided in this Section 3, is ancillary to otherwise enforceable provisions of this Agreement and that these restrictive covenants contain limitations as to time, geographical area and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the good will or other business interests of the Company, such as the Company's need to protect its Confidential Information.
- iv. Executive acknowledges that in the event of a breach by Executive of these restrictive covenants, the covenants may be enforced by temporary restraining order, preliminary or temporary injunction and permanent injunction, in addition to any other remedies that may be available by law. In that connection, Executive acknowledges that in the event of a breach, the Company will suffer irreparable injury for which there is no adequate legal remedy, in part because damages caused by the breach may be difficult to prove with any reasonable degree of certainty.
- v. Executive further acknowledges that if his employment terminates prior to the Term, pursuant to Section 4 (c), (d) or (e) of this Agreement, the covenant not to compete provisions of this Agreement will extend throughout the remainder of the Term.
- vi. (f) Executive further agrees that in the event that (1) the Company determines that Executive has breached any term of Section 5(c) or (2) all or any part of Section 5(c) is held or found invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between Executive and the Company, in addition to any other remedies at law or in equity the Company may have available to it, the Company may immediately stop payment of any future amounts due pursuant to Section 3 and may in its sole discretion require that Executive repay to the Company, within five business days of receipt of written demand therefor, an amount equal to the

payments received by Executive pursuant to Section 3. The repayment required by the foregoing provision shall be net of any taxes withheld on the original payments to Executive.

vii. Executive expressly recognizes that Executive was a high-level, executive employee who was provided with access to Confidential Information of the Company as part of Executive's employment and that the restrictive covenants set forth in this Section 5 are reasonable and necessary in light of Executive's prior executive position and prior access to the Company's Confidential Information.

(d) Employment by Affiliates: Notwithstanding any provision of this Agreement to the contrary, for purposes of determining whether Executive has terminated employment hereunder, "employment" means employment as an employee with the Company or any Affiliate. For purposes of this Agreement, the term "Affiliate" means (i) Schlumberger Limited, a Curaçao corporation, (ii) any corporation in which the shares owned or controlled directly or indirectly by Schlumberger Limited shall represent 40% or more of the voting power of the issued and outstanding stock of such corporation, and (iii) any other company controlled by, controlling or under common control with the Company within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended.

6. Expenses: The Company and Executive shall each be responsible for its/his own costs and expenses, including, without limitation, court costs and attorney's fees, incurred as a result of any claim, action or proceeding arising out of, or challenging the validity or enforceability of, this Agreement or any provisions hereof.

7. Notices: For purposes of this Agreement, all notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company: Schlumberger Limited
 5599 San Felipe
 17th Floor
 Houston, TX 77056
 ATTENTION: Sivakumar Nadarajah,
 Executive Compensation

If to Executive:

Satish Pai

[At the address on file at the Company]

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

8. Applicable Law; Venue: The validity, interpretation, construction and performance of this Agreement will be governed exclusively by and construed in accordance with the substantive laws of the State of Texas, without giving effect to the principles of conflict of laws of such state. Any suit, action or other legal proceeding arising out of this Agreement shall be brought in the United States District Court for the Southern District of Texas, Houston Division, or, if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Harris County, Texas. Each of Executive and the Company consents to the jurisdiction of any such court in any such suit, action, or proceeding and waives any objection that it may have to the laying of venue of any such suit, action, or proceeding in any such court.

9. Severability: If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

10. Withholding of Taxes: The Company may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as may be required pursuant to any law or governmental regulation or ruling.

11. No Assignment; Successors: Executive's right to receive payments or benefits hereunder shall not be assignable or transferable, whether by pledge, creation, or a security interest or otherwise, whether voluntary, involuntary, by operation of law or otherwise, other than as provided in Section 4(a), a transfer by will or by the laws of descent or distribution, and in the event of any attempted assignment or transfer contrary to this Section 11, the Company shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributes, devises and legatees.

This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns (including, without limitation, any company into or with which the Company may merge or consolidate).

11. Effect of Prior Agreements: This Agreement contains the entire understanding between the parties hereto and supersedes any prior employment, severance or other agreement between the Company or any predecessor of the Company and Executive.

12. Release of Claims: In consideration for the compensation and other benefits provided pursuant to this Agreement, Executive has executed a "Waiver and Release," in the form attached hereto as Exhibit A. Executive acknowledges that he was given copies of this Agreement and the Waiver and Release on June 11, 2013, and was

given sufficient time to consider whether to sign the Agreement and the Waiver and Release. The Company's obligations under this Agreement are expressly conditioned on the execution of the Waiver and Release within the time period set forth in Section 2, and Executive's failure to execute and deliver such Waiver and Release, or Executive's revocation of the Waiver and Release within the seven day period provided in the Release, will void the Company's obligations hereunder.

14. No Waiver: No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

15. Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

16. Headings: The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed and delivered the 11 of June 2013, but effective as 1st of July, 2013.

SCHLUMBERGER LIMITED

By /s/ Stephanie Cox

EXECUTIVE

/s/ Satish Pai

SCHLUMBERGER LIMITED
WAIVER AND RELEASE

Schlumberger Limited has offered to pay me the Release Payment pursuant to section 2(a) of my Resignation and Noncompetition Agreement with Schlumberger Limited, effective as of July 1, 2013 (the "Agreement"), which is in addition to any remuneration or benefits to which I am already entitled. This Release Payment was offered to me in exchange for my agreement, among other things, to waive all of my claims against and release Schlumberger Limited and its predecessors, successors and assigns (collectively referred to as the "Company"), all of the affiliates (including parents and subsidiaries) of the Company (collectively referred to as the "Affiliates") and the Company's and Affiliates' directors and officers, employees and agents, employee benefit plans and the fiduciaries and agents of said plans (collectively, with the Company and Affiliates, referred to as the "Corporate Group") from any and all claims, demands, actions, liabilities and damages arising out of or relating in any way to my employment with or separation from the Company or the Affiliates; provided, however, that this Waiver and Release shall not apply to any claim or cause of action to enforce or interpret any provision contained in the Agreement. I have read this Waiver and Release and the Agreement (which, together, are referred to herein as the "Agreement Materials") and the Agreement is incorporated herein by reference. The payment of the Release Payment is voluntary on the part of the Company and is not required by any legal obligation other than the Agreement. I choose to accept this offer.

I understand that signing this Waiver and Release is an important legal act. I acknowledge that the Company has advised me in writing to consult an attorney before signing this Waiver and Release. I understand that, in order to be eligible for the Release Payment, I must sign (and return to Sivakumar Nadarajah, Executive Compensation, Schlumberger Limited, 5599 San Felipe, 17th Floor, Houston, TX 77056) this Waiver and Release by 5 p.m. on July 1, 2013. I acknowledge that I have been given at least 21 days to consider whether to sign the Agreement and whether to execute this Waiver and Release.

In exchange for the payment to me of the Release Payment, which is in addition to any remuneration or benefits to which I am already entitled, I, among other things, (1) agree not to sue the Corporate Group in any local, state and/or federal court regarding or relating in any way to my employment with or separation from the Company or the Affiliates, and (2) knowingly and voluntarily waive all claims and release the Corporate Group from any and all claims, demands, actions, liabilities, and damages, whether known or unknown, arising out of or relating in any way to my employment with or separation from the Company or the Affiliates, except to the extent that my rights are vested under the terms of employee benefit plans sponsored by the Company or the Affiliates and except with respect to such rights or claims as may arise after the date this Waiver and Release is executed. This Waiver and Release includes, but is not limited to,

claims and causes of action under: Title VII of the Civil Rights Act of 1964, as amended (“Title VII”); the Age Discrimination in Employment Act of 1967, as amended, including the Older Workers Benefit Protection Act of 1990 (“ADEA”); the Civil Rights Act of 1866, as amended; the Civil Rights Act of 1991; the Americans with Disabilities Act of 1990 (“ADA”); the Energy Reorganization Act, as amended, 42 U.S.C. § 5851; the Workers Adjustment and Retraining Notification Act of 1988; the Pregnancy Discrimination Act of 1978; the Employee Retirement Income Security Act of 1974, as amended; the Family and Medical Leave Act of 1993; the Fair Labor Standards Act; the Occupational Safety and Health Act; claims in connection with workers’ compensation or “whistle blower” statutes; and/or contract, tort, defamation, slander, wrongful termination or any other state or federal regulatory, statutory or common law, whether of the United States or any other country. Further, I expressly represent that no promise or agreement which is not expressed in the Agreement Materials has been made to me in executing this Waiver and Release, and that I am relying on my own judgment in executing this Waiver and Release, and that I am not relying on any statement or representation of the Company, any of the Affiliates or any other member of the Corporate Group or any of their agents. I agree that this Waiver and Release is valid, fair, adequate and reasonable, is with my full knowledge and consent, was not procured through fraud, duress or mistake and has not had the effect of misleading, misinforming or failing to inform me. Notwithstanding the above, nothing in this Waiver and Release is intended to (i) release or affect in any way any board resolution or by-law of the Company or other agreement between me and the Company which may provide for indemnity and/or director and officer insurance coverage relating to any potential claim against me arising out of my role as an officer and employee of the Company, (ii) release or affect in any way any claims arising under the Agreement or (iii) prevent me from filing any claims that are not permitted to be waived or released under applicable law (although my ability to recover damages or other relief is still waived and released to the extent permitted by law).

I acknowledge that payment of the Release Payment to me by the Company is not an admission by the Company or any other member of the Corporate Group that they engaged in any wrongful or unlawful act or that the Company or any member of the Corporate Group violated any federal or state law or regulation. Except as provided in the Agreement Materials, I acknowledge that neither the Company nor any other member of the Corporate Group has promised me continued employment or represented to me that I will be rehired in the future. I acknowledge that the Company and I contemplate an unequivocal, complete and final dissolution of my employment relationship. I acknowledge that this Waiver and Release does not create any right on my part to be rehired by the Company or the Affiliates and I hereby waive any right to future employment by the Company or any other member of the Corporate Group.

Both the Company and I agree to refrain from any criticisms or disparaging comments about each other or in any way relating to my employment or separation and the Company and I specifically acknowledge that our willingness to enter into this Waiver and Release is in anticipation of our fidelity to this commitment. The above is not intended to restrict me from seeking or engaging in other employment and, in that connection, from making confidential disclosure to potential employers of such facts or

opinions as I may elect to convey, nor is it intended to restrict the Company from conducting such confidential internal communications as may be necessary to manage this resignation in a businesslike way.

Should any of the provisions set forth in this Waiver and Release be determined to be invalid by a court, agency or other tribunal of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of other provisions of this Waiver and Release. I acknowledge that this Waiver and Release and the other Agreement Materials set forth the entire understanding and agreement between me and the Company or any other member of the Corporate Group concerning the subject matter of this Waiver and Release and supersede any prior or contemporaneous oral and/or written agreements or representations, if any, between me and the Company or any other member of the Corporate Group. I understand that for a period of 7 calendar days following the date that I sign this Waiver and Release, I may revoke my acceptance of the offer, provided that my written statement of revocation is received on or before that seventh day by Sivakumar Nadarajah, Director Executive Compensation of Schlumberger Limited - Houston, in which case the Waiver and Release will not become effective. In the event I revoke my acceptance of this offer, the Company shall have no obligation to pay me the Release Payment. I understand that failure to revoke my acceptance of the offer within 7 calendar days from the date I sign this Waiver and Release will result in this Waiver and Release being permanent and irrevocable.

I acknowledge that I have read this Waiver and Release, have had an opportunity to ask questions and have it explained to me and that I understand that this Waiver and Release will have the effect of knowingly and voluntarily waiving any action I might pursue, including breach of contract, personal injury, retaliation, discrimination on the basis of race, age, sex, national origin, or disability and any other claims arising prior to the date of this Waiver and Release. By execution of this document, I do not waive or release or otherwise relinquish any legal rights I may have which are attributable to or arise out of acts, omissions, or events of the Company or any other member of the Corporate Group which occur after the date of the execution of this Waiver and Release.

Employee's Printed Name

Company Representative

Employee's Signature

Company's Execution Date

Employee's Signature Date

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is effective as of the 1st of March, 2013, by and between **SCHLUMBERGER LIMITED**, a Curaçao corporation (the "Company"), and Kjell-Erik Oestdahl ("Executive").

1. **Employment of Executive:** In consideration of the mutual covenants and agreements herein contained, including Executive's agreement to sign a release of claims as provided in Section 13, the Company and Executive wish to establish an Employment Agreement retaining Executive's services as described herein, establishing certain incentive, tenure and performance criteria related to such employment and otherwise fixing Executive's benefits and base salary.

2. **Term and Extent of Services:** The term shall commence March 1st, 2013 (the "Effective Date") and shall continue until the close of business on February 28th, 2015 (the "Term"). During the Term, the Executive shall be employed as Senior Advisor reporting to Paal Kibsgaard, CEO. At the expiration of the Term, Executive agrees to voluntarily terminate his employment with the Company and all affiliates.

Nothing herein shall prohibit Executive, during the Term, from being engaged as a consultant to organizations and businesses or to be appointed to their board of directors except those specifically identified as Unauthorized Competitors in Section 5. Executive agrees that he will not accept employment with any oil and gas related company without giving prior notice to the Company's CEO.

Compensation and Benefits:

3.

- (a) **Salary:** From March 1st, 2013 through to February 28th, 2015, Executive's base salary shall be 396,231.49NOK per month. During the Term, Executive's base salary shall be payable monthly in accordance with the Company's normal payroll practices. In the event the Executive works for another employer during the Term of this Agreement, the base salary under this section 3(a) will end as of the date that such employment commences; however all other benefits described in this section 3 shall continue for the Term of the Agreement.
- (b) **Welfare Benefits:** During the Term, Executive shall be eligible to participate in the Company's health, welfare and insurance plans (e.g., medical, dental, vision, life insurance, short- and long-term disability, etc.) on a basis comparable to that of other Norway employees.

- (c) Pension: During the Term, or if Executive's employment is terminated sooner pursuant to Section 4, until such termination, Executive shall continue to accrue benefits under the Company's pension plans based on an annual base salary of 4,754,777.88 NOK.
- (d) Incentive Plans:
- i. During the Term, or if Executive's employment is terminated sooner pursuant to Section 4, until such termination, Executive will continue to vest in stock options previously granted to Executive under the Company's plans in accordance with the terms of those plans and any applicable agreements.
 - ii. Upon termination of employment, except for a termination for Cause pursuant to Section 4 (c) or upon Executive's employment with an Unauthorized Competitor identified in Section 5 (c) (i), Executive shall have the period to exercise stock options as per the plan rules, to the extent that such options were exercisable as of the date of such termination. For example, if Executive retires from the Company after reaching the age of 50, Executive would be eligible to "Special Early Retire," and would therefore have five (5) years to exercise vested options.
 - iii. Vacation: Executive shall be paid a cash amount representing his accrued and unused vacation accumulated as of Feb 28th, 2013. During the Term, Executive shall not be eligible to accrue vacation pay.
- (e) Expense Reimbursement: Executive shall be reimbursed for reasonable business expenses incurred in the normal course of performing his duties. Executive shall submit all invoices for such incurred costs to the Company no later than 30 days prior to the end of the taxable year following the taxable year in which they were incurred. The Company shall reimburse Executive for such costs within 14 days of receipt of such invoices.
- (f) Administrative Assistance: This will be provided during the Term from the Paris office to support the transition from Paris to Norway as required related to tax preparation and relocation.

4. Termination of Employment: Should Executive's employment terminate prior to the end of the Term, the following provisions of this Section 4 shall govern the rights of Executive under this Agreement:

- (a) Termination Due to Death: In the event Executive's employment terminates during the Term as a result of Executive's death, Executive's beneficiary or beneficiaries shall receive any base salary and benefits accrued but unpaid as of his death, plus any amounts payable on account of Executive's death pursuant to any other plan or program of the Company.
- (b) Termination Due to Disability: In the event Executive's employment terminates during the Term due to his disability within the meaning of any long-term disability plan maintained by the Company and covering Executive as of the date of Executive's disability, Executive shall receive any base salary and benefits accrued but unpaid as of the date of his termination due to disability, plus any amounts payable on account of Executive's disability pursuant to any other plan or program of the Company.
- (c) Termination by the Company for Cause: In the event the Company terminates Executive's employment during the Term for Cause, as defined below, he shall be entitled to:
 - i. His base salary through the date of the termination of his employment for Cause; and
 - ii. Any other amounts earned, accrued or owing as of the date of termination of employment under the applicable employee benefit plans or programs of the Company.

"Cause" means Executive's dishonesty relating to his employment with the Company, conviction of a felony, or willful unauthorized disclosure of confidential information of the Company.

- (d) Voluntary Termination and Termination Due to Mutual Agreement: Upon 15 days' prior written notice to the Company (unless otherwise waived by the Company), Executive may voluntarily terminate his employment with the Company. A voluntary termination pursuant to this Section 4(d) shall not include a termination under Section 4 (a), 4 (b) or 4 (c) above, and shall not be deemed a breach of this Agreement by Executive (except if Executive accepts employment or other prohibited association with an Unauthorized Competitor, as defined below, during the Term of this Agreement).

Executive may work for another employer (excluding an Unauthorized Competitor) during the Term of this Agreement without terminating his employment relationship with the Company. In the event Executive voluntarily terminates his employment during the Term, and (I) does not become employed by an Unauthorized Competitor or (II) becomes employed by Oil & Gas related Company in which the Executive will have given notice the Chief Executive Officer prior to acceptance of employment, he shall be entitled to:

- i. other benefits for which he is eligible in accordance with applicable plans or programs of the Company;
- ii. exercise any stock options granted under a plan of the Company that vested during the Term of the Agreement (and prior to his termination date) as per the Plan rules.

If during the Term, Executive accepts employment with an Unauthorized Competitor, Executive shall be required to repay all amounts received by Executive under this Agreement. This repayment obligation shall not apply if Executive becomes an employee of an Unauthorized Competitor as a result of a merger or acquisition involving Executive's employer and an Unauthorized Competitor.

For purposes of this Agreement, an Unauthorized Competitor means those companies as specifically identified in Section 5, involved in the oilfield services and equipment business.

5. Confidentiality, Return of Property, and Covenant Not to Compete:

(a) Confidentiality: Executive agrees that he will not disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his duties hereunder. For purposes of this Agreement, "Confidential Information" shall mean any and all information, data and knowledge that have been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Agreement. By way of illustration, but not limitation Confidential Information includes trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manual, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial statements or parts thereof, budgets or other financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) **Return of Property:** Executive agrees that at the time of leaving the Company's employ, if not sooner, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) all Confidential Information, as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by Executive.

(c) **Covenant Not to Compete:** Executive acknowledges that the skills, processes and information developed at the Company are highly proprietary and global in nature and could be utilized directly and to the Company's detriment (or the detriment of any of the Company's affiliates or ventures) by several other businesses. Accordingly, for the consideration provided to Executive in this Agreement, Executive agrees to be bound by the following restrictive covenants:

- i. During the Term, Executive shall not accept employment with or render services to any specifically identified Unauthorized Competitor as a director, officer, agent, employee, independent contractor or consultant, or take any action inconsistent with fiduciary relationship of an employee to his employer. In order to protect the Company's good will and other legitimate business interests, provide greater flexibility to Executive in obtaining other employment and to provide both parties with greater certainty as to their obligations hereunder, the parties agree that Executive shall not be prohibited from accepting employment anywhere in the world with **any company or other enterprise except an Unauthorized Competitor. For purposes of this Agreement, an "Unauthorized Competitor" refers specifically and exclusively to Halliburton Company, Baker Hughes Inc., Weatherford International, Archer Limited, OILSERV, Aker Solutions ASA, FMC Technologies, including any and all of their parents, subsidiaries, affiliates, joint ventures, divisions, successors, or assigns, as of the date of this Agreement.**
- ii. Executive further agrees that during the Term, he shall not at any time, directly or indirectly, induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures.
- iii. Executive acknowledges that this restrictive covenant under Section 5, for which he received consideration from the Company as provided in this Section 5, is ancillary to otherwise enforceable provisions of this

Agreement and that these restrictive covenants contain limitations as to time, geographical area and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the good will or other business interests of the Company, such as the Company's need to protect its confidential and proprietary information. Executive acknowledges that in the event of a breach by Executive of these restrictive covenants, the covenants may be enforced by temporary restraining order, preliminary or temporary injunction and permanent injunction, in addition to any other remedies that may be available by law. In that connection, Executive acknowledges that in the event of a breach, the Company will suffer irreparable injury for which there is no adequate legal remedy, in part because damages caused by the breach may be difficult to prove with any reasonable degree of certainty.

- iv. Executive further acknowledges that if his employment terminates prior to the Term, pursuant to Section 4 (c), (d) or (e) of this Agreement, the covenant not to compete provisions of this Agreement will extend throughout the remainder of the Term.

(d) Employment by Affiliates: Notwithstanding any provision of this Agreement to the contrary, for purposes of determining whether Executive has terminated employment hereunder, "employment" means employment as an employee with the Company or any Affiliate. For purposes of this Agreement, the term "Affiliate" means (i) Schlumberger Limited, a Curaçao corporation, (ii) any corporation in which the shares owned or controlled directly or indirectly by Schlumberger Limited shall represent 40% or more of the voting power of the issued and outstanding stock of such corporation, and (iii) any other company controlled by, controlling or under common control with the Company within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended.

6. Expenses: The Company and Executive shall each be responsible for its/his own costs and expenses, including, without limitation, court costs and attorney's fees, incurred as a result of any claim, action or proceeding arising out of, or challenging the validity or enforceability of, this Agreement or any provisions hereof.

7. Notices: For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:	Schlumberger Limited 5599 San Felipe 17 th Floor Houston, TX 77056 ATTENTION: Sivakumar Nadarajah, Executive Compensation
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If to Executive: Kjell-Erik Oestdahl
[At the address on file at the Company]

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

8. Applicable Law: The validity, interpretation, construction and performance of this Agreement will be governed exclusively by and construed in accordance with the substantive laws of the State of Texas, without giving effect to the principles of conflict of laws of such state.

9. Severability: If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

10. Withholding of Taxes: The Company may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as may be required pursuant to any law or governmental regulation or ruling.

11. No Assignment; Successors: Executive's right to receive payments or benefits hereunder shall not be assignable or transferable, whether by pledge, creation, or a security interest or otherwise, whether voluntary, involuntary, by operation of law or otherwise, other than a transfer by will or by the laws of descent or distribution, and in the event of any attempted assignment or transfer contrary to this Section 11, the Company shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns (including, without limitation, any company into or with which the Company may merge or consolidate).

12. Effect of Prior Agreements: This Agreement contains the entire understanding between the parties hereto and supersedes any prior employment agreement or severance agreement between the Company or any predecessor of the Company and Executive, except that this Agreement shall not affect or operate to reduce any benefit or compensation ensuring to Executive of a kind elsewhere provided and not expressly provided or modified in this Agreement.

13. Release of Claims: In consideration for the compensation and other benefits provided pursuant to this Agreement, Executive agrees to execute a "Waiver and

Release,” a form of which is attached hereto as Exhibit A. Executive acknowledges that he was given copies of this Agreement and the Waiver and Release on February 19th, 2013, and was given sufficient time to consider whether to sign the Agreement and the Waiver and Release. The Company’s obligations under this Agreement are expressly conditioned on the execution of the Waiver and Release contemporaneously with the execution of this Agreement, and Executive’s failure to execute and deliver such Waiver and Release, or Executive’s revocation of the Waiver and Release within the seven day period provided in the Release, will void the Company’s obligations hereunder.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered the 19th day of February 2013, but effective as of the day and year first above written.

SCHLUMBERGER LIMITED

By /s/ Stephanie Cox

EXECUTIVE

/s/ Kjell-Erik Oestdahl

SCHLUMBERGER LIMITED
WAIVER AND RELEASE

Schlumberger Limited has offered to pay me certain benefits (“Benefits”) pursuant to my Employment Agreement with Schlumberger Limited, effective as of March 1st, 2013 (the “Agreement”), which are in addition to any remuneration or benefits to which I am already entitled. These Benefits were offered to me in exchange for my agreement, among other things, to waive all of my claims against and release Schlumberger Limited and its predecessors, successors and assigns (collectively referred to as the “Company”), all of the affiliates (including parents and subsidiaries) of the Company (collectively referred to as the “Affiliates”) and the Company’s and Affiliates’ directors and officers, employees and agents, employee benefit plans and the fiduciaries and agents of said plans (collectively, with the Company and Affiliates, referred to as the “Corporate Group”) from any and all claims, demands, actions, liabilities and damages arising out of or relating in any way to my employment with or separation from the Company or the Affiliates; provided, however, that this Waiver and Release shall not apply to any claim or cause of action to enforce or interpret any provision contained in the Agreement. I have read this Waiver and Release and the Agreement (which, together, are referred to herein as the “Agreement Materials”) and the Agreement is incorporated herein by reference. The provision of the Benefits is voluntary on the part of the Company and is not required by any legal obligation other than the Agreement. I choose to accept this offer.

I understand that signing this Waiver and Release is an important legal act. I acknowledge that the Company has advised me in writing to consult an attorney before signing this Waiver and Release. I understand that, in order to be eligible for Benefits, I must sign (and return to Sivakumar Nadarajah, Executive Compensation, Schlumberger Limited, 5599 San Felipe, 17th Floor, Houston, TX 77056) this Waiver and Release by 5 p.m. on March 22, 2013. I acknowledge that I have been given at least 21 days to consider whether to sign the Agreement and whether to execute this Waiver and Release.

In exchange for the payment to me of Benefits, which are in addition to any remuneration or benefits to which I am already entitled, I, among other things, (1) agree not to sue the Corporate Group in any local, state and/or federal court regarding or relating in any way to my employment with or separation from the Company or the Affiliates, and (2) knowingly and voluntarily waive all claims and release the Corporate Group from any and all claims, demands, actions, liabilities, and damages, whether known or unknown, arising out of or relating in any way to my employment with or separation from the Company or the Affiliates, except to the extent that my rights are vested under the terms of employee benefit plans sponsored by the Company or the Affiliates and except with respect to such rights or claims as may arise after the date this Waiver and Release is executed. This Waiver and Release includes, but is not limited to, claims and causes of action under: Title VII of the Civil Rights Act of 1964, as amended (“Title VII”); the

Age Discrimination in Employment Act of 1967, as amended, including the Older Workers Benefit Protection Act of 1990 (“ADEA”); the Civil Rights Act of 1866, as amended; the Civil Rights Act of 1991; the Americans with Disabilities Act of 1990 (“ADA”); the Energy Reorganization Act, as amended, 42 U.S.C. § 5851; the Workers Adjustment and Retraining Notification Act of 1988; the Pregnancy Discrimination Act of 1978; the Employee Retirement Income Security Act of 1974, as amended; the Family and Medical Leave Act of 1993; the Fair Labor Standards Act; the Occupational Safety and Health Act; claims in connection with workers’ compensation or “whistle blower” statutes; and/or contract, tort, defamation, slander, wrongful termination or any other state or federal regulatory, statutory or common law. Further, I expressly represent that no promise or agreement which is not expressed in the Agreement Materials has been made to me in executing this Waiver and Release, and that I am relying on my own judgment in executing this Waiver and Release, and that I am not relying on any statement or representation of the Company, any of the Affiliates or any other member of the Corporate Group or any of their agents. I agree that this Waiver and Release is valid, fair, adequate and reasonable, is with my full knowledge and consent, was not procured through fraud, duress or mistake and has not had the effect of misleading, misinforming or failing to inform me. Notwithstanding the above, nothing in this Agreement is intended to release or affect in any way any board resolution or by-law of the Company or other agreement between me and the Company which may provide for indemnity and/or director and officer insurance coverage relating to any potential claim against me arising out of my role as an officer and employee of the Company.

I acknowledge that payment of Benefits to me by the Company is not an admission by the Company or any other member of the Corporate Group that they engaged in any wrongful or unlawful act or that the Company or any member of the Corporate Group violated any federal or state law or regulation. Except as provided in the Agreement Materials, I acknowledge that neither the Company nor any other member of the Corporate Group has promised me continued employment or represented to me that I will be rehired in the future. I acknowledge that the Company and I contemplate an unequivocal, complete and final dissolution of my employment relationship. I acknowledge that this Waiver and Release does not create any right on my part to be rehired by the Company or the Affiliates and I hereby waive any right to future employment by the Company or any other member of the Corporate Group.

Both the Company and I agree to refrain from any criticisms or disparaging comments about each other or in any way relating to my employment or separation and the Company and I specifically acknowledge that our willingness to enter into this Waiver and Release is in anticipation of our fidelity to this commitment. The above is not intended to restrict me from seeking or engaging in other employment and, in that connection, from making confidential disclosure to potential employers of such facts or opinions as I may elect to convey, nor is it intended to restrict Schlumberger from conducting such confidential internal communications as may be necessary to manage this resignation in a businesslike way.

Should any of the provisions set forth in this Waiver and Release be determined to be invalid by a court, agency or other tribunal of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of other provisions of this Waiver and Release. I acknowledge that this Waiver and Release and the other Agreement Materials set forth the entire understanding and agreement between me and the Company or any other member of the Corporate Group concerning the subject matter of this Waiver and Release and supersede any prior or contemporaneous oral and/or written agreements or representations, if any, between me and the Company or any other member of the Corporate Group. I understand that for a period of 7 calendar days following the date that I sign this Waiver and Release, I may revoke my acceptance of the offer, provided that my written statement of revocation is received on or before that seventh day by Sivakumar Nadarajah, Director Executive Compensation of Schlumberger Limited - Houston, in which case the Waiver and Release will not become effective. In the event I revoke my acceptance of this offer, the Company shall have no obligation to provide me Benefits. I understand that failure to revoke my acceptance of the offer within 7 calendar days from the date I sign this Waiver and Release will result in this Waiver and Release being permanent and irrevocable.

I acknowledge that I have read this Waiver and Release, have had an opportunity to ask questions and have it explained to me and that I understand that this Waiver and Release will have the effect of knowingly and voluntarily waiving any action I might pursue, including breach of contract, personal injury, retaliation, discrimination on the basis of race, age, sex, national origin, or disability and any other claims arising prior to the date of this Waiver and Release. By execution of this document, I do not waive or release or otherwise relinquish any legal rights I may have which are attributable to or arise out of acts, omissions, or events of the Company or any other member of the Corporate Group which occur after the date of the execution of this Waiver and Release.

Employee's Printed Name

Company Representative

Employee's Signature

Company's Execution Date

Employee's Signature Date

SCHLUMBERGER 1994 STOCK OPTION PLAN**Fifth Amendment**

Schlumberger Limited, a Curaçao corporation, having heretofore adopted the Schlumberger 1994 Stock Option Plan (the "Plan"), and having reserved the right under Section 12 thereof to amend the Plan, does hereby amend Section 3(a) of the Plan by adding the following sentence to the end thereto, effective as of June 30, 2013:

"The foregoing notwithstanding, with respect to an employee who has received a Stock Option and whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (a 'OneSubsea Company') pursuant to and in accordance with the terms of that certain Master Formation Agreement by and among Cameron International Corporation, the Company, Schlumberger Technology Corporation and Schlumberger B.V., dated as of November 14, 2012, and the related agreements contemplated therein, such employee's employment with the Company shall include employment with a OneSubsea Company for all purposes under the Plan (other than eligibility for new grants), and any Stock Options shall not be affected by such employee's subsequent transfer of employment directly and without interruption from a OneSubsea Company to the Company or any of its Subsidiaries, from the Company or any of its Subsidiaries to a One Subsea Company or between One Subsea Companies."

Approved on behalf of Schlumberger Limited by:

Name: /s/ Alexander C. Juden

Title: Secretary and General Counsel

SCHLUMBERGER 1998 STOCK OPTION PLAN**Third Amendment**

Schlumberger Limited, a Curaçao corporation, having heretofore adopted the Schlumberger 1998 Stock Option Plan (the "Plan"), and having reserved the right under Section 12 thereof to amend the Plan, does hereby amend Section 3(a) of the Plan by adding the following sentence to the end thereto, effective as of June 30, 2013:

"The foregoing notwithstanding, with respect to an employee who has received a Stock Option and whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (a 'OneSubsea Company') pursuant to and in accordance with the terms of that certain Master Formation Agreement by and among Cameron International Corporation, the Company, Schlumberger Technology Corporation and Schlumberger B.V., dated as of November 14, 2012, and the related agreements contemplated therein, such employee's employment with the Company shall include employment with a OneSubsea Company for all purposes under the Plan (other than eligibility for new grants), and any Stock Options shall not be affected by such employee's subsequent transfer of employment directly and without interruption from a OneSubsea Company to the Company or any of its Subsidiaries, from the Company or any of its Subsidiaries to a One Subsea Company or between OneSubsea Companies."

Approved on behalf of Schlumberger Limited by:

Name: /s/ Alexander C. Juden

Title: Secretary and General Counsel

SCHLUMBERGER 2001 STOCK OPTION PLAN**Second Amendment**

Schlumberger Limited, a Curaçao corporation, having heretofore adopted the Schlumberger 2001 Stock Option Plan (the "Plan"), and having reserved the right under Section 12 thereof to amend the Plan, does hereby amend Section 3(a) of the Plan by adding the following sentence to the end thereto, effective as of June 30, 2013:

"The foregoing notwithstanding, with respect to an employee who has received a Stock Option and whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (a 'One Subsea Company') pursuant to and in accordance with the terms of that certain Master Formation Agreement by and among Cameron International Corporation, the Company, Schlumberger Technology Corporation and Schlumberger B.V., dated as of November 14, 2012, and the related agreements contemplated therein, such employee's employment with the Company shall include employment with a One Subsea Company for all purposes under the Plan (other than eligibility for new grants), and any Stock Options shall not be affected by such employee's subsequent transfer of employment directly and without interruption from a One Subsea Company to the Company or any of its Subsidiaries, from the Company or any of its Subsidiaries to a One Subsea Company or between One Subsea Companies."

SCHLUMBERGER 2005 STOCK INCENTIVE PLAN**Third Amendment**

Schlumberger Limited, a Curaçao corporation, having heretofore adopted the Schlumberger 2005 Stock Incentive Plan (the "Plan"), and having reserved the right under Section 12 thereof to amend the Plan, does hereby amend Section 3(a) of the Plan by adding the following sentence to the end thereto, effective as of June 30, 2013:

"The foregoing notwithstanding, with respect to an employee who has received an Award and whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (a 'OneSubsea Company') pursuant to and in accordance with the terms of that certain Master Formation Agreement by and among Cameron International Corporation, the Company, Schlumberger Technology Corporation and Schlumberger B.V., dated as of November 14, 2012, and the related agreements contemplated therein, such employee's employment with the Company shall include employment with a OneSubsea Company for all purposes under the Plan (other than eligibility for new grants), and any Awards shall not be affected by such employee's subsequent transfer of employment directly and without interruption from a OneSubsea Company to the Company or any of its Subsidiaries, from the Company or any of its Subsidiaries to a OneSubsea Company or between OneSubsea Companies."

Approved on behalf of Schlumberger Limited by:

Name: /s/ Alexander C. Juden

Title: Secretary and General Counsel

SCHLUMBERGER 2008 STOCK INCENTIVE PLAN**Second Amendment**

Schlumberger Limited, a Curaçao corporation, having heretofore adopted the Schlumberger 2008 Stock Incentive Plan (the "Plan"), and having reserved the right under Section 12 thereof to amend the Plan, does hereby amend Section 3(a) of the Plan by adding the following sentence to the end thereto, effective as of June 30, 2013:

"The foregoing notwithstanding, with respect to an employee who has received an Award and whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (a 'OneSubsea Company') pursuant to and in accordance with the terms of that certain Master Formation Agreement by and among Cameron International Corporation, the Company, Schlumberger Technology Corporation and Schlumberger B.V., dated as of November 14, 2012, and the related agreements contemplated therein, such employee's employment with the Company shall include employment with a OneSubsea Company for all purposes under the Plan (other than eligibility for new grants), and any Awards shall not be affected by such employee's subsequent transfer of employment directly and without interruption from a OneSubsea Company to the Company or any of its Subsidiaries, from the Company or any of its Subsidiaries to a One Subsea Company or between OneSubsea Companies."

Approved on behalf of Schlumberger Limited by:

Name: /s/ Alexander C. Juden

Title: Secretary and General Counsel

SCHLUMBERGER 2010 OMNIBUS STOCK INCENTIVE PLAN**First Amendment**

Schlumberger Limited, a Curaçao corporation, having heretofore adopted the Schlumberger 2010 Omnibus Stock Incentive Plan (the "Plan"), and having reserved the right under Section 11 thereof to amend the Plan, does hereby amend the definition of "Employee" in Section 2 of the Plan, effective as of June 30, 2013, to read as follows:

“‘Employee’ means an employee of the Company or any of its Subsidiaries and an individual who has agreed to become an employee of the Company or any of its Subsidiaries and actually becomes such an employee within the following six months. The foregoing notwithstanding, with respect to an Employee who has received an Award and whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (a ‘OneSubsea Company’) pursuant to and in accordance with the terms of that certain Master Formation Agreement by and among Cameron International Corporation, the Company, Schlumberger Technology Corporation and Schlumberger B.V., dated as of November 14, 2012, and the related agreements contemplated therein, such employee’s employment with the Company shall include employment with a OneSubsea Company for all purposes under the Plan (other than eligibility for new grants), and any Awards shall not be affected by such employee’s subsequent transfer of employment directly and without interruption from a OneSubsea Company to the Company or any of its Subsidiaries, from the Company or any of its Subsidiaries to a One Subsea Company or between OneSubsea Companies.”

Approved on behalf of Schlumberger Limited by:

Name: /s/ Alexander C. Juden

Title: Secretary and General Counsel

SCHLUMBERGER 2013 OMNIBUS STOCK INCENTIVE PLAN**First Amendment**

Schlumberger Limited, a Curaçao corporation, having heretofore adopted the Schlumberger 2013 Omnibus Stock Incentive Plan (the "Plan"), and having reserved the right under Section 11 thereof to amend the Plan, does hereby amend the definition of "Employee" in Section 2 of the Plan, effective as of June 30, 2013, to read as follows:

“‘Employee’ means an employee of the Company or any of its Subsidiaries and an individual who has agreed to become an employee of the Company or any of its Subsidiaries and actually becomes such an employee within the following six months. The foregoing notwithstanding, with respect to an Employee who has received an Award and whose employment is transferred directly and without interruption to a corporation, limited liability company or other entity (a ‘OneSubsea Company’) pursuant to and in accordance with the terms of that certain Master Formation Agreement by and among Cameron International Corporation, the Company, Schlumberger Technology Corporation and Schlumberger B.V., dated as of November 14, 2012, and the related agreements contemplated therein, such employee’s employment with the Company shall include employment with a OneSubsea Company for all purposes under the Plan (other than eligibility for new grants), and any Awards shall not be affected by such employee’s subsequent transfer of employment directly and without interruption from a OneSubsea Company to the Company or any of its Subsidiaries, from the Company or any of its Subsidiaries to a One Subsea Company or between OneSubsea Companies.”

Approved on behalf of Schlumberger Limited by:

Name: /s/ Alexander C. Juden

Title: Secretary and General Counsel

**SCHLUMBERGER 2010 STOCK INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT FOR FRANCE
("FRENCH QUALIFIED INCENTIVE STOCK OPTIONS")**

SCHLUMBERGER LIMITED, a Curacao corporation (the "Company"), hereby grants to you an incentive stock option (the "ISO") to purchase Common Stock of the Company, par value \$0.01 per share, as more fully described below. The date of grant of this ISO (the "Grant Date"), the ISO exercise price and the number of shares subject to this ISO (collectively, the "Option Shares") are set forth in an award notice that has been previously delivered to you. Your ISO is subject to all the terms and conditions of the Schlumberger 2010 Omnibus Stock Incentive Plan (the "Plan") and the Schlumberger 2010 Omnibus Stock Incentive Plan for Employees in France (the "French Plan") as in effect on the date hereof and this Agreement. Your ISO is intended to constitute an "incentive stock option" under Section 422 of the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder. The meaning of the term "non qualified" in this agreement is only with reference to the applicable regulations of the U.S. Internal Revenue Code and has no bearing with respect to the French tax and social security regulations. It is intended that stock options granted under the French Plan shall qualify for the specific tax and social security treatment applicable to Stock-Options granted under Articles L. 225-177 to L. 225-186 of the French Commercial Code, as subsequently amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration.

Except as set forth below, this ISO expires on the nine year and six month anniversary of the Grant Date (the "Expiration Date").

The date on which your ISO will become exercisable is as follows:

DATE	OPTION SHARES
1 st Anniversary of Grant Date	20%
2 nd Anniversary of Grant Date	20%
3 rd Anniversary of Grant Date	20%
4 th Anniversary of Grant Date	20%
5 th Anniversary of Grant Date	20%

In keeping with the Company's general policy, the terms of this Agreement, including the vesting schedule, are put in place in certain countries to accommodate local regulations. The vesting schedule above, and therefore your ability to exercise your ISO at certain times and certain other terms of the ISO may change if you move from one country to another.

This ISO may be exercised only by delivering to the Company a written notice (or an electronic notice in the manner specified by the Compensation Committee (the "Committee")) specifying the number of shares you wish to purchase. The Committee, authorized by the Company to administer the Plan, hereby notifies you that the ISO price may be paid, subject to such rules and procedures as the Committee may prescribe from time to time in cash, certified check or by wire transfer.

To assist you in the acquisition of shares pursuant to the exercise of this ISO, the Committee in its sole discretion has authorized the extension of an option financing program coordinated with a third party as posted on the stock options department website. The terms and procedures of this program or any such program that the Committee may authorize in the future will be communicated to you.

This ISO will expire earlier than the date set forth above if you terminate employment with the Company and its Subsidiaries (as defined in the Plan). If you terminate employment with consent of the Company or a Subsidiary, as applicable, any exercise of this ISO must be made within three (3) months of termination of employment (or expiration date, if earlier) and then only to the extent the ISO was exercisable upon termination, unless you “retire” or become “disabled” (as defined below), or terminate employment due to death.

If your employment with the Company and its Subsidiaries is terminated due to retirement, your ISO shall be exercisable at any time during the period of sixty (60) months after such termination or the remainder of the term of the ISO, whichever is less (the “Retirement Exercise Period”), provided that such option may be exercised after such termination and before expiration only to the extent that it is exercisable on the date of such termination. For purposes of this Agreement, “retirement” shall mean termination of the grantee’s employment with the Company and all Subsidiaries at or after (i) age 55 or (ii) age 50 and completion of at least 10 years of service with the Company and all affiliates. As more fully described in the Prospectus related to the Plan, if you exercise your option more than three (3) months following your retirement, your Option Shares will be treated as attributable to the exercise of a non-qualified stock option for U.S. tax purposes.

If your employment with the Company is terminated due to disability or death, your ISO shall automatically become fully vested and exercisable. If your employment with the Company is terminated due to disability, you may exercise the outstanding Stock Option at any time during the period of sixty (60) months after such termination or the remainder of the term of the ISO, whichever is less (the “Disability Exercise Period”). If your employment with the Company is terminated due to death, you may exercise the outstanding Stock Option at any time during the period of six (6) months after such termination. For purposes of this Agreement, “disability” shall mean such disability (whether through physical or mental impairment) which totally and permanently incapacitates you from any gainful employment in any field which you are suited by education, training, or experience, as determined by the Committee in its sole and absolute discretion. As more fully described in the Prospectus related to the Plan, if you exercise your option more than twelve (12) months after you terminate employment due to disability, your Option Shares will be treated as attributable to the exercise of a non-qualified stock option for U.S. tax purposes.

In the event that you die while employed or during the Retirement Exercise Period or the Disability Exercise Period, your ISO may be exercised by the person or persons entitled thereto under your will or the laws of descent and distribution to the extent exercisable by you on the date of your death and to the extent the term of the ISO has not expired within such Retirement Exercise Period or Disability Exercise Period.

If termination of your employment with the Company and its Subsidiaries is because of breach of your employment contract or your misconduct, this ISO will immediately expire and terminate. Termination of your employment without consent of the Company or a Subsidiary, as applicable, will cause your ISO to expire immediately.

This ISO may be forfeited, and any exercise you have made of this ISO may be rescinded, as further described below, if you engage in certain “detrimental activity” as defined below. Specifically, if you engage in detrimental activity while employed with the Company or its Subsidiaries or within one year following termination of employment for any reason other than

retirement or disability, this ISO will immediately expire and terminate and the Committee may rescind any exercise that you made under this option within six months preceding or three months following your termination. If you engage in detrimental activity while employed with the Company or its Subsidiaries or within five years following termination of employment by reason of retirement or disability, this ISO will immediately expire and terminate and the Committee may rescind any exercise that you made under this option within the period beginning six months prior to your termination by retirement or disability and ending on the expiration of your Retirement Exercise Period or Disability Exercise Period. In the event that any option exercise is rescinded by the Committee as described above, you will be obligated to pay the Company within 10 days following written demand an amount equal to the spread on the shares with respect to which the rescinded exercise applied. (The "spread" for this purpose is the difference between the aggregate exercise price and aggregate fair market value of the shares as to which you exercised your option, with fair market value determined as of the exercise date.) For purposes of this Agreement, "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 a grantee: (1) divulges trade secrets, 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 grantee will be using unique or special knowledge gained as a Company employee or Subsidiary employee to compete with the Company or its Subsidiaries, (3) uses information obtained during the course of his or her employment or prior employment for his or her own purposes, such as for the solicitation of business, (4) is determined to have engaged (whether or not prior to termination) in either gross misconduct or criminal activity harmful to the Company or a Subsidiary, or (5) takes any action that harms the business interests, reputation, or goodwill of the Company or its Subsidiaries. The Committee may delegate its authority to determine whether a holder has engaged in "detrimental activity" to an officer of the Company or to a subcommittee of the Committee.

As contemplated by the Plan, you may not exercise your ISO or any portion thereof, and no obligation exists to issue or release shares of stock or accept an exercise of this ISO, if the issuance or release of shares or the acceptance of the ISO exercise by the Company or a Subsidiary constitutes a violation of any governmental law or regulation.

This ISO is not transferable or assignable except by will or laws of descent and distribution and then only to the extent exercisable at death. Any exercise of this ISO after your death must be made by the person or persons entitled to make such exercise under your will or by the laws of descent and distribution before expiration of the ISO.

The grant of this ISO is subject to the terms of the Plan, which is discretionary in nature, the French Plan and the terms of this Agreement. The grant of this ISO is a one-time benefit, and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options. All determinations with respect to any such future grants, including, but not limited to, the times when options shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of the Committee. Your participation in the Plan is voluntary. The value of this ISO is an extraordinary item of compensation which is outside the scope of your oral, written or implied employment contract, if any. This ISO is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. The vesting of this ISO ceases upon termination of employment for any reason except as may otherwise be explicitly provided in this Agreement.

You (i) authorize the Committee, the Company and the employer entity, and any agent of the Committee administering the Plan or providing Plan recordkeeping services, to disclose to the Committee, the Company or any of its affiliates such information and data as the Committee or the Company shall request in order to facilitate the grant of options and the administration of the Plan; (ii) waive any data privacy rights you may have with respect to such information; and (iii) authorize the Company and any such agent to store and transmit such information in electronic form.

If you do not wish to accept this Option Agreement, please return this Option Agreement to the Stock Department or notify the Stock Department.

The Plan and prospectus are both available on-line at www.myshares.slb.com. A paper copy of the Plan and/or prospectus may be obtained by contacting the Stock Department, Schlumberger Limited, 5599 San Felipe, 17th Floor, Houston, Texas 77056.

SCHLUMBERGER LIMITED

By _____
Paal Kibsgaard

**SCHLUMBERGER 2010 STOCK INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT FOR FRANCE
("FRENCH QUALIFIED STOCK OPTIONS")**

SCHLUMBERGER LIMITED, a Curacao corporation (the "Company"), hereby grants to you a non-qualified stock option (the "Non-Qualified Option") to purchase Common Stock of the Company, par value \$0.01 per share, as more fully described below. The date of grant of this Non-Qualified Option (the "Grant Date"), the Non-Qualified Option exercise price and the number of shares subject to this Non-Qualified Option (collectively, the "Option Shares") are set forth in an award notice that has been previously delivered to you. Your Non-Qualified Option is subject to all the terms and conditions of the Schlumberger 2010 Omnibus Stock Incentive Plan (the "Plan") and the Schlumberger 2010 Omnibus Stock Incentive Plan for Employees in France (the "French Plan") as in effect on the date hereof and this Agreement. Your Non-Qualified Option is not intended to constitute an "incentive stock option" under Section 422 of the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder. The meaning of the term "Non Qualified" in this agreement is only with reference to the applicable regulations of the U.S. Internal Revenue Code and has no bearing with respect to the French tax and social security regulations. It is intended that stock options granted under the French Plan shall qualify for the specific tax and social security treatment applicable to Stock-Options granted under Articles L. 225-177 to L. 225-186 of the French Commercial Code, as subsequently amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration.

Except as set forth below, this Non-Qualified Option expires on the tenth anniversary of the Grant Date (the "Expiration Date").

The date on which your Non-Qualified Option will become exercisable is as follows:

DATE	OPTION SHARES
1 st Anniversary of Grant Date	20%
2 nd Anniversary of Grant Date	20%
3 rd Anniversary of Grant Date	20%
4 th Anniversary of Grant Date	20%
5 th Anniversary of Grant Date	20%

In keeping with the Company's general policy, the terms of this Agreement, including the vesting schedule, are put in place in certain countries to accommodate local regulations. The vesting schedule above, and therefore your ability to exercise your Non-Qualified Option at certain times and certain other terms of the Non-Qualified Option may change if you move from one country to another.

This Non-Qualified Option may be exercised only by delivering to the Company a written notice (or an electronic notice in the manner specified by the Compensation Committee (the "Committee")) specifying the number of shares you wish to purchase. The Committee, authorized by the Company to administer the Plan, hereby notifies you that the Non-Qualified Option price may be paid, subject to such rules and procedures as the Committee may prescribe from time to time in cash, certified check or by wire transfer.

To assist you in the acquisition of shares pursuant to the exercise of this Non-Qualified Option, the Committee in its sole discretion has authorized the extension of an option financing program coordinated with a third party as posted on the stock options department website. The terms and procedures of this program or any such program that the Committee may authorize in the future will be communicated to you.

This Non-Qualified Option will expire earlier than the date set forth above if you terminate employment with the Company and its Subsidiaries (as defined in the Plan). If you terminate employment with consent of the Company or a Subsidiary, as applicable, any exercise of this Non-Qualified Option must be made within three (3) months of termination of employment (or expiration date, if earlier) and then only to the extent the Non-Qualified Option was exercisable upon termination, unless you “retire” or become “disabled” (as defined below), or terminate employment due to death.

If your employment with the Company and its Subsidiaries is terminated due to retirement, your Non-Qualified Option shall be exercisable at any time during the period of sixty (60) months after such termination or the remainder of the term of the Non-Qualified Option, whichever is less (the “Retirement Exercise Period”), provided that such option may be exercised after such termination and before expiration only to the extent that it is exercisable on the date of such termination. For purposes of this Agreement, “retirement” shall mean termination of the grantee’s employment with the Company and all Subsidiaries at or after (i) age 55 or (ii) age 50 and completion of at least 10 years of service with the Company and all affiliates.

If your employment with the Company is terminated due to disability or death, your Non-Qualified Option shall automatically become fully vested and exercisable. If your employment with the Company is terminated due to disability, you may exercise the outstanding Stock Option at any time during the period of sixty (60) months after such termination or the remainder of the term of the Non-Qualified Option, whichever is less (the “Disability Exercise Period”). If your employment with the Company is terminated due to death, you may exercise the outstanding Stock Option at any time during the period of six (6) months after such termination. For purposes of this Agreement, “disability” shall mean such disability (whether through physical or mental impairment) which totally and permanently incapacitates you from any gainful employment in any field which you are suited by education, training, or experience, as determined by the Committee in its sole and absolute discretion.

In the event that you die while employed or during the Retirement Exercise Period or the Disability Exercise Period, your Non-Qualified Option may be exercised by the person or persons entitled thereto under your will or the laws of descent and distribution to the extent exercisable by you on the date of your death and to the extent the term of the Non-Qualified Option has not expired within such Retirement Exercise Period or Disability Exercise Period.

If termination of your employment with the Company and its Subsidiaries is because of breach of your employment contract or your misconduct, this Non-Qualified Option will immediately expire and terminate. Termination of your employment without consent of the Company or a Subsidiary, as applicable, will cause your Non-Qualified Option to expire immediately.

This Non-Qualified Option may be forfeited, and any exercise you have made of this Non-Qualified Option may be rescinded, as further described below, if you engage in certain “detrimental activity” as defined below. Specifically, if you engage in detrimental activity while employed with the Company or its Subsidiaries or within one year following termination of employment for any reason other than retirement or disability, this Non-Qualified Option will

immediately expire and terminate and the Committee may rescind any exercise that you made under this option within six months preceding or three months following your termination. If you engage in detrimental activity while employed with the Company or its Subsidiaries or within five years following termination of employment by reason of retirement or disability, this Non-Qualified Option will immediately expire and terminate and the Committee may rescind any exercise that you made under this option within the period beginning six months prior to your termination by retirement or disability and ending on the expiration of your Retirement Exercise Period or Disability Exercise Period. In the event that any option exercise is rescinded by the Committee as described above, you will be obligated to pay the Company within 10 days following written demand an amount equal to the spread on the shares with respect to which the rescinded exercise applied. (The "spread" for this purpose is the difference between the aggregate exercise price and aggregate fair market value of the shares as to which you exercised your option, with fair market value determined as of the exercise date.) For purposes of this Agreement, "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 a grantee: (1) divulges trade secrets, 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 grantee will be using unique or special knowledge gained as a Company employee or Subsidiary employee to compete with the Company or its Subsidiaries, (3) uses information obtained during the course of his or her employment or prior employment for his or her own purposes, such as for the solicitation of business, (4) is determined to have engaged (whether or not prior to termination) in either gross misconduct or criminal activity harmful to the Company or a Subsidiary, or (5) takes any action that harms the business interests, reputation, or goodwill of the Company or its Subsidiaries. The Committee may delegate its authority to determine whether a holder has engaged in "detrimental activity" to an officer of the Company or to a subcommittee of the Committee.

As contemplated by the Plan, you may not exercise your Non-Qualified Option or any portion thereof, and no obligation exists to issue or release shares of stock or accept an exercise of this Non-Qualified Option, if the issuance or release of shares or the acceptance of the Non-Qualified Option exercise by the Company or a Subsidiary constitutes a violation of any governmental law or regulation.

This Non-Qualified Option is not transferable or assignable except by will or laws of descent and distribution and then only to the extent exercisable at death. Any exercise of this Non-Qualified Option after your death must be made by the person or persons entitled to make such exercise under your will or by the laws of descent and distribution before expiration of the Non-Qualified Option.

The grant of this Non-Qualified Option is subject to the terms of the Plan, which is discretionary in nature, the French Plan and the terms of this Agreement. The grant of this Non-Qualified Option is a one-time benefit, and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options. All determinations with respect to any such future grants, including, but not limited to, the times when options shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of the Committee. Your participation in the Plan is voluntary. The value of this Non-Qualified Option is an extraordinary item of compensation which is outside the scope of your oral, written or implied employment contract, if any. This Non-Qualified Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses,

long-service awards, pension or retirement benefits or similar payments. The vesting of this Non-Qualified Option ceases upon termination of employment for any reason except as may otherwise be explicitly provided in this Agreement.

You (i) authorize the Committee, the Company and the employer entity, and any agent of the Committee administering the Plan or providing Plan recordkeeping services, to disclose to the Committee, the Company or any of its affiliates such information and data as the Committee or the Company shall request in order to facilitate the grant of options and the administration of the Plan; (ii) waive any data privacy rights you may have with respect to such information; and (iii) authorize the Company and any such agent to store and transmit such information in electronic form.

If you do not wish to accept this Option Agreement, please return this Option Agreement to the Stock Department or notify the Stock Department.

The Plan and prospectus are both available on-line at www.myshares.slb.com. A paper copy of the Plan and/or prospectus may be obtained by contacting the Stock Department, Schlumberger Limited, 5599 San Felipe, 17th Floor, Houston, Texas 77056.

SCHLUMBERGER LIMITED

By _____
Paal Kibsgaard

**SCHLUMBERGER 2010 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT FOR FRANCE
("FRENCH QUALIFIED RESTRICTED STOCK UNITS")**

This Restricted Stock Unit Award Agreement ("Agreement") is entered into effective by and between Schlumberger Limited (the "Company"), and ("Employee"), pursuant to the Schlumberger 2010 Omnibus Stock Incentive Plan (the "Plan") and the sub-plan for France which governs the Restricted Stock Units granted to employees who are resident of France or who are or may become subject to French tax (i.e. income tax and/or social security tax) as a result of restricted stock units granted under the 2010 Schlumberger Omnibus Stock Incentive Plan for Employees in France (the "French sub-plan") (The Plan and the French sub-plan are collectively called the "Plans"). The Restricted Stock Units granted under this French sub-plan will be deemed French Qualified Restricted Stock Units and shall eligible for the specific income and social security tax regime applicable to shares granted for no consideration under the Articles L.225-197-1 to L.225-197-5 of the French Commercial Code.

Employee and the Company agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

1. Award. In consideration of Employee's continued employment as hereinafter set forth, the Company hereby grants to Employee an award of "Restricted Stock Units." The number of Restricted Stock Units subject to this award are set forth in an Award Notice previously delivered to Employee. Restricted Stock Units are notational units of measurement denominated in shares of common stock of Schlumberger Limited, \$.01 par value ("Common Stock"). Each Restricted Stock Unit represents a hypothetical share of Common Stock, subject to the conditions and restrictions on transferability set forth below and in the Plans.

2. Vesting of French Qualified Restricted Stock Units. The period of time between the Grant Date and the vesting of French Qualified Restricted Stock Units (and the termination of restriction thereon) will be referred to herein as the "French Restricted Period."

(a) Normal Vesting. The French Qualified Restricted Stock Units shall vest in a single vesting on the third anniversary of the Grant Date ("French Vesting Date"), provided that the Employee is continuously employed by the Company and its Subsidiaries from the Grant Date to the French Vesting Date. Except as provided in Section 2(c), if there is any Termination of Employment as hereinafter defined during the period between the Grant Date until the French Vesting Date, the Employee shall immediately forfeit all Restricted Stock Units.

(b) Delivery. Notwithstanding the vesting date of the Restricted Stock Units, under no circumstances, except in case of employee's death as provided for in section 2 (c) below, shall the delivery of the shares related to a French Qualified Restricted Stock Unit occur prior to the fourth anniversary of the Grant Date. The sale of shares issued pursuant to the conversion of the French Qualified Restricted Stock Units may occur as soon as the shares are delivered to the employee provided the closed periods in section 3 below are respected.

(c) Acceleration on Death. Upon Termination of Employment from the Company by reason of Employee's death, all French Qualified Restricted Stock Units that are not vested at that time immediately will become vested in full. The Company shall issue the underlying shares

to the Employee's heirs, at their request, within six months following the death of the Employee. Notwithstanding the foregoing, the Employee's heirs must comply with the restriction on the sale of shares set forth in Section 3, to the extent and as long as applicable under French law.

3. Closed Periods.

Shares underlying French Qualified Restricted Stock Units may not be sold during the following period ("Closed Periods"):

(a) within the 10 days before or after the publication of the annual accounts;

(b) within a period beginning with the date at which executives of Schlumberger Limited become aware of any information which, were it to be public knowledge, could have a significant impact on the price of shares in and ending 10 trading days after the information becomes public knowledge.

These Closed Periods will apply to grant of French Qualified Restricted Stock Units as long as and to the extent such Closed Periods are applicable under French law.

4. Forfeitures of Restricted Stock Units. Until the Restricted Period specified in Section 2 has expired, upon a Termination of Employment from the Company for any reason that does not result in an acceleration of vesting pursuant to Subsection 2(c), Employee shall immediately forfeit all unvested Restricted Stock Units, without the payment of any consideration or further consideration by the Company. Upon forfeiture, neither Employee nor any successors, heirs, assigns, or legal representatives of Employee shall thereafter have any further rights or interest in the unvested Restricted Stock Units.

5. Restrictions on Transfer.

(a) Restricted Stock Units granted hereunder to Employee may not be sold, assigned, transferred, pledged or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise, other than to the Company as a result of the forfeiture of units as provided herein or pursuant to Section 10.

(b) Consistent with the foregoing, except as contemplated by Section 10, no right or benefit under this Agreement shall be subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt to transfer, anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities or torts of the person entitled to such benefits. If Employee or his or her Beneficiary hereunder shall attempt to transfer, anticipate, alienate, assign, sell, pledge, encumber or charge any right or benefit hereunder, other than as contemplated by Section 10, or if any creditor shall attempt to subject the same to a writ of garnishment, attachment, execution, sequestration, or any other form of process or involuntary lien or seizure, then such attempt shall have no effect and shall be void.

6. Rights as a Stockholder. Employee will have no rights as a stockholder with regard to the Restricted Stock Units. Rights as a stockholder will arise only upon the Settlement of Restricted Stock Units as set out in Section 2 (b).

7. Taxes. To the extent that the receipt of the Restricted Stock Units or the payment upon lapse of any restrictions results in income to Employee for federal or state income tax purposes or in any other cases where the Company holds the view that it is obligated to withhold taxes, Employee shall deliver to the Company immediately prior to the time of such receipt or lapse, as the case may be, such amount of money or shares of Common Stock owned by Employee, at Employee's election, as the Company may require to meet its obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is authorized to withhold from the payment for vested Restricted Stock Units or from any cash or other form of remuneration then or thereafter payable to Employee an amount equal to any tax required to be withheld by reason of such resulting compensation income. The Restricted Stock Units are intended to be "short-term deferrals" exempt from Section 409A of the Internal Revenue Code, and shall be construed and interpreted accordingly.

8. Changes in Capital Structure. If the outstanding shares of Common Stock shall at any time be changed or exchanged by declaration of a stock dividend, stock split, combination of shares, or recapitalization, the number and kind of Restricted Stock Units shall be appropriately and equitably adjusted so as to maintain their equivalence to the proportionate number of shares.

9. Compliance With Securities Laws. The Company will not be required to deliver any shares of Common Stock pursuant to this Agreement if, in the opinion of counsel for the Company, such issuance would violate the Securities Act of 1933 or any other applicable federal or state securities laws or regulations or the laws of any other country. Prior to the issuance of any shares pursuant to this Agreement, the Company may require that Employee (or Employee's legal representative upon Employee's death or disability) enter into such written representations, warranties and agreements as the Company may reasonably request in order to comply with applicable securities laws or with this Agreement.

10. Assignment. The Restricted Stock Units are not transferable (either voluntarily or involuntarily) by the recipient except by will or the laws of descent and distribution. No purported assignment or transfer, 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, the Restricted Stock Units shall terminate and become of no further effect.

11. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Employee, the Company and their respective permitted successors or assigns (including personal representatives, heirs and legatees), except that Employee may not assign any rights or obligations under this Agreement except to the extent, and in the manner, expressly permitted herein.

12. Limitation of Rights. Nothing in this Agreement or the Plans may be construed to:

(a) give Employee any right to be awarded any further Restricted Stock Units (or other form of stock incentive awards) other than in the sole discretion of the Committee;

(b) give Employee or any other person any interest in any fund or in any specified asset or assets of the Company (other than the Restricted Stock Units); or

(c) confer upon Employee the right to continue in the employment or service of the Company or any Subsidiary.

13. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

14. No Waiver. The failure of Employee or the Company to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Employee or the Company may have under this Agreement shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

15. Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in the Plans. Certain other terms used herein have definitions given to them in the first place in which they are used. In addition, the following terms shall have the meanings set forth in this Section 15.

(a) "Termination of Employment" means the termination of Employee's employment with the Company and its Subsidiaries. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries will not be considered a Termination of Employment. Any questions as to whether and when there has been a Termination of Employment, and the cause of such termination, shall be determined by the Committee, and its determination will be final.

16. Entire Agreement.

(a) Employee hereby acknowledges that he or she has received, reviewed and accepted the terms and conditions applicable to this Agreement. Employee hereby accepts such terms and conditions, subject to the provisions of the Plans and administrative interpretations thereof. Employee further agrees that such terms and conditions will control this Agreement, notwithstanding any provisions in any employment agreement or in any prior awards.

(b) Employee hereby acknowledges that he or she is to consult with and rely upon only Employee's own tax, legal, and financial advisors regarding the consequences and risks of this Agreement and the award of Restricted Stock Units.

(c) This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

17. Counterparts. This Agreement may be executed in counterparts, which together shall constitute one and the same original.

IN WITNESS WHEREOF, Schlumberger Limited has caused this Agreement to be duly executed by one of its officers thereunto duly authorized, and Employee has executed this Agreement, effective as of the day and year first above written.

By _____
Paal Kibsgaard

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Paal Kibsgaard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schlumberger Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2013

/s/ Paal Kibsgaard

Paal Kibsgaard
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Simon Ayat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schlumberger Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2013

/s/ Simon Ayat

Simon Ayat

Executive Vice President and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited) (the "Company") for the quarterly period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paal Kibsgaard, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, 2013

/s/ Paal Kibsgaard

Paal Kibsgaard
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited) (the "Company") for the quarterly period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon Ayat, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, 2013

/s/ Simon Ayat

Simon Ayat
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

Mine Safety Disclosures

The following disclosure is provided pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977.

The table that follows reflects citations, orders, violations and proposed assessments issued by the Mine Safety and Health Administration (the "MSHA") to M-I LLC an indirect wholly-owned subsidiary of Schlumberger. The disclosure is with respect to the three months ended June 30, 2013. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by the MSHA at www.MSHA.gov.

Three Months Ended June 30, 2013

[unaudited]

(whole dollars)

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments ⁽¹⁾	Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Amelia Barite Plant/1600825	0	0	0	0	0	\$ 0	0	N	N	0	0	0
Battle Mountain Grinding Plant/2600828	1	0	0	0	0	\$ 0*	0	N	N	0	0	1
Galveston GBT Barite Grinding Plant/4104675	0	0	0	0	0	\$ 0	0	N	N	0	0	0
Greybull Milling Operation/4800602	1	0	0	0	0	\$ 2,531	0	N	N	0	0	0
Greybull Mining Operation/4800603	0	0	0	0	0	\$ 0	0	N	N	0	0	0
Greystone Mine/2600411	0	0	0	0	0	\$ 0*	0	N	N	0	0	0
MI SWACO-Alpine/4104829	1	0	0	0	0	\$ 0*	0	N	N	0	0	0
MI SWACO-Brownsville Grinding Plant/4103033	0	0	0	0	0	\$ 0	0	N	N	0	0	0

(1) Amounts included are the total dollar value of proposed assessments received from MSHA during the three months ended June 30, 2013, regardless of whether the assessment has been challenged or appealed. Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and sometimes dismissed. The number of citations, orders, and proposed assessments vary by inspector and also vary depending on the size and type of the operation.

* As of June 30, 2013, MSHA had not yet proposed assessments for 11 Section 104(a) citations at Battle Mountain Grinding Plant, five Section 104(a) citations at Greystone Mine, and three Section 104(a) citations at MI SWACO-Alpine.