SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[X] Preliminary Proxy Statement

[_] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[_] Definitive Proxy Statement

[_] Definitive Additional Materials

[_] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Schlumberger Limited

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

[_] Fee paid previously with preliminary materials.

[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

Notes:

PRELIMINARY COPY

[LOGO] SCHLUMBERGER
Schlumberger Limited
277 Park Avenue
New York, New York 10172-0266

42, rue Saint Dominique
75007 Paris, France

Laan Van Meerdervoort 55,
2517 AG The Hague,
The Netherlands

NOTICE OF ANNUAL GENERAL MEETING OF STOCKHOLDERS

TO BE HELD APRIL 9, 1997

March 7, 1997

The Annual General Meeting of Stockholders of Schlumberger Limited (Schlumberger N.V.) will be held at the Avila Beach Hotel, Penstraat 130, Willemstad, Curacao, Netherlands Antilles, on Wednesday, April 9, 1997, at 10:30 o'clock in the morning (Curacao time), for the following purposes:

1. To elect 11 directors.

2. To report on the course of business during the year ended December 31, 1996, to approve the Company's Consolidated Balance Sheet as at December 31, 1996, its Consolidated Statement of Income for the year ended December 31, 1996, and the declaration of dividends by the Board of Directors as reflected in the Company's 1996 Annual Report to Stockholders.

3. To amend the Deed of Incorporation of the Company to increase the authorized Common Stock from 500,000,000 to 1,000,000,000 shares.

4. To approve the appointment of Price Waterhouse LLP as independent public accountants to audit the accounts of the Company for 1997.

Action will also be taken upon such other matters as may come properly before the Meeting.

The close of business on February 24, 1997 has been fixed as the record date for the Meeting. All holders of Common Stock of record at that time are entitled to vote at the Meeting.

By order of the Board of Directors,

DAVID S. BROWNING
Secretary

PRELIMINARY COPY

PROXY STATEMENT

March 7, 1997

This statement is furnished in connection with the solicitation by the Board of Directors of Schlumberger Limited (Schlumberger N.V.) (the "Company") of proxies to be voted at the 1997 Annual General Meeting of Stockholders (the "Meeting"). The approximate mailing date of this Proxy Statement is March 7, 1997. Business at the Meeting is conducted in accordance with the procedures determined by the presiding officer and is generally limited to matters properly brought before the Meeting by or at the direction of the Board of Directors or by a stockholder in accordance with requirements requiring advance notice and disclosure of relevant information.

The Company's 1996 Annual Report to Stockholders (the "Report") has been mailed under separate cover. The Company's Consolidated Balance Sheet as at December 31, 1996, its Consolidated Statement of Income for the year ended December 31, 1996 and the supplemental financial information with respect to dividends included in the Report are incorporated by reference as part of this proxy soliciting material.

The Company will bear the cost of furnishing proxy material to all stockholders and of soliciting proxies by mail and telephone. D. F. King & Co., Inc. has been retained by the Company to assist in the solicitation of proxies for a fee estimated at $9,500.00, plus reasonable expenses. The Company will reimburse brokerage firms, fiduciaries and custodians for their reasonable expenses in forwarding the solicitation material to the beneficial owners.

VOTING PROCEDURE

Each stockholder of record at the close of business on February 24, 1997 is entitled to one vote for each share registered in such stockholder's name. On that date there were outstanding shares of Common Stock of the Company (excluding shares held in treasury).

Fifty percent of the outstanding shares, exclusive of shares held in treasury, must be present in person or by proxy to constitute a quorum for the holding of the Meeting. Abstentions and broker non-votes are counted for determining the presence of a quorum but are not counted as votes cast in the tabulation of votes on any matter brought before the Meeting.

Shares cannot be voted at the Meeting unless the owner of record is present in person or is represented by proxy. The Company is incorporated in the Netherlands Antilles and, as required by the laws thereof and the Company's Deed of Incorporation, meetings of stockholders must be held in Curacao. The enclosed proxy card is a means by which a stockholder may authorize the voting of shares at the Meeting. It may be revoked at any time by written notice to the Secretary of the Company before it is voted. If it is not revoked, the shares represented will be voted in accordance with the proxy.

1. ELECTION OF DIRECTORS

It is intended to fix the number of directors at 11 and to elect a Board of 11 directors, each to hold office until the next Annual General Meeting of Stockholders and until a director's successor is elected and qualified or until a director's death, resignation or removal. All of the nominees, except John Deutch and Yoshihiko Wakumoto, are now directors and were previously elected by the stockholders. Mr. Deutch was a director of the Company from May 15, 1987 until 1993 when he resigned to accept a position in the United States Government. Eiji Umene, a director since 1989, has reached retirement age and is not standing for reelection. Unless instructed otherwise, the proxies will be voted for the election of the 11 nominees named below. If any nominee is unable or unwilling to serve, proxies may be voted for another person designated by the Board of Directors. The Board knows of no reason why any nominee will be unable or unwilling to serve, if elected.

A majority of the votes cast is required to elect each of the nominees for director.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES.

The Board of Directors' nominees for election to the Board, together with information furnished by them with respect to their business experience, and other information regarding them, are set forth below:

NOMINEE, AGE AND FIVE-YEAR BUSINESS EXPERIENCE	DIRECTOR SINCE
DON E. ACKERMAN, 63; Private Investor, New Canaan, Connecticut (1)....	1982
D. EUAN BAIRD, 59; Chairman and Chief Executive Officer since October 1986 (2)..	1986
JOHN DEUTCH, 58; Institute Professor, Massachusetts Institute of Technology since January 1997; Director of U.S. Central Intelligence May 1995 to December 1996; Deputy Secretary of Defense April 1994 to May 1995; Under Secretary of Defense (Acquisition and Technology) March 1993 to 1994; Director of Schlumberger Limited May 1987 to 1993; Institute Professor, Massachusetts Institute of Technology 1990 to 1993 (3)...	--
DENYS HENDERSON, 64; Chairman, The Rank Group Plc., a diversified leisure services concern, since March 1995; Chairman, Zeneca Group PLC, June 1993 to May 1995; Chairman, Imperial Chemical Industries PLC, ("ICI"),June 1993 through April 1995; Chairman and Chief Executive Officer, ICI, April 1987 to June 1993, all in the United Kingdom (4)..	1995
ANDRE LEVY-LANG, 59; Chairman of the Board of Management of Compagnie Financiere de Paribas, an international banking group, since June 1990; Chairman of the Board of Management of Banque Paribas, a subsidiary of Compagnie Financiere de Paribas, since 1991; Chairman of the Board of Management of Compagnie Bancaire 1989 to 1993; Chairman of the Supervisory Board of Compagnie Bancaire since 1993, all in Paris (5)..	1992

NOMINEE, AGE AND FIVE-YEAR BUSINESS EXPERIENCE	DIRECTOR SINCE
WILLIAM T. MC CORMICK, JR., 52; Chairman and Chief Executive Officer, CMS Energy Corp., a diversified energy company, Dearborn, Michigan(6)	1990
DIDIER PRIMAT, 52; President, Primwest Holding N.V., an investment management company, Curacao, N.A. (7)	1988
NICOLAS SEYDOUX, 57; Chairman and Chief Executive Officer, Gaumont, a French film-making enterprise, Paris (7)	1982
LINDA GILLESPIE STUNTZ, 42; Partner, law firm of Stuntz & Davis P.C., Washington, D.C. since February 1995; Partner, law firm of Van Ness Feldman, P.C., Washington, D.C. March 1993 to February 1995; U.S. Dept. of Energy May 1989 to January 1993 (8)	1993
SVEN ULLRING, 61; President and Chief Executive Officer, Det Norske Veritas, which provides safety, quality and reliability services to maritime, offshore and other industries, Hovik, Norway	1990
YOSHIHIKO WAKUMOTO, 65; Adviser to Toshiba Corporation, a technology company centered on electronics and energy, since July 1996, and since November 1996, Vice President, The Japan Foundation, and Executive Director of its Center for Global Partnership; Member of Board of Toshiba Corporation from July 1988 to June 1996; from July 1992 to June 1996, Executive Vice President of Toshiba with responsibility for corporate planning, group companies and information systems (1992 to 1995), and international affairs (1996); from July 1990 to June 1992, Senior Vice President of Toshiba with responsibility for international staff (1990 and 1991) and corporate planning (1992), all in Tokyo	--

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(1) Mr. Ackerman is also a director of Genicom Corporation, which is in the business of computer peripherals, electronic components and computer related services.

(2) Mr. Baird is also a director of Compagnie Financiere de Paribas, Paris, France and of The BOC Group plc, a United Kingdom company in the chemical and health care industries. He is a trustee of Haven Capital Management Trust.

(3) Mr. Deutch is also a director of Citicorp, a bank holding company which is the parent of Citibank, CMS Energy Corp., a diversified energy company, and Palomar Medical Technologies, a manufacturer of laser-based systems for cosmetic and medical procedures and of circuitry for commercial, industrial and business use.

(4) Sir Denys is also a non-executive director of Barclays Bank PLC and is Chairman of Dalgety PLC, a United Kingdom agricultural products holding company.

(5) Mr. Levy-Lang is also a director of Elf-Aquitaine, a producer of oil, gas and chemicals. On January 4, 1996, Mr. Levy-Lang was notified by a French judge that he was placed under official investigation ("mise en examen") as part of an ongoing inquiry regarding irregularities uncovered

in the 1991 financial statements of Ciments Francais, S.A., which was at that time a subsidiary of Compagnie Financiere de Paribas.

(6) Mr. McCormick is also a director of First Chicago NBD Inc., a regional bank holding company, and Rockwell International Inc., a diversified producer of products among which are electronic, industrial automation and avionics products.

(7) Mr. Primat and Mr. Seydoux are cousins.

(8) Ms. Stuntz is also a director of American Electric Power Company, Inc., an electric and power holding company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to persons known by the Company to be the beneficial owner of 5% or more of the Common Stock.

NAME AND ADDRESS	BENEFICIAL OWNERSHIP OF COMMON STOCK — NUMBER OF SHARES	PERCENTAGE OF CLASS
FMR Corp. (1) 85 Devonshire Street Boston, Massachusetts 02109	25,335,833	10.29%

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(1) Based on an Amendment to a Statement on Schedule 13G dated February 14, 1997. Such filing indicates that FMR Corp. has sole voting power with respect to 1,943,559 shares and sole dispositive power with respect to 25,335,833 shares. FMR Corp. is the parent of Fidelity Management & Research Company, investment adviser to the Fidelity group of investment companies. The filing indicates that the Common Stock was acquired in the ordinary course of business and not for the purpose of influencing control of the Company.

Following are the shares of the Company's Common Stock beneficially owned as of January 31, 1997 by all directors and nominees, by each of the named executive officers, and by the directors and officers as a group. Except as footnoted, each named individual has sole voting and investment power over the shares listed by that individual's name. As of January 31, 1997, no nominee for director owned more than 1.0% of the outstanding shares of the Company's Common Stock, except Mr. Primat who owned 1.13%. All 20 directors and executive officers as a group owned 1.93% of the outstanding shares of the Company, at January 31, 1997.

NAME	SHARES
Don E. Ackerman	1,000
D. Euan Baird	765,784(1)
John Deutch	1,300(2)
Victor E. Grijalva	205,858(3)
Denys Henderson	1,000
Andre Levy-Lang	2,000
Arthur Lindenauer	89,558(4)
Clermont Matton	158,998(5)
William T. McCormick	3,000
Didier Primat	2,780,050(6)
Nicolas Seydoux	428,887(7)
Ian Strecker	92,748(8)
Linda Gillespie Stuntz	1,700(9)
Sven Ullring	1,586
Eiji Umene	1,000
Yoshihiko Wakumoto	0
All directors and executive officers as a group (20 persons)	4,753,346(10)

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(1) Includes 500 shares owned by Mr. Baird's children, as to which he disclaims beneficial ownership, and 555,000 shares which are deemed to be beneficially owned by him because he has the right to acquire such shares within 60 days through the exercise of stock options.

(2) Includes 300 shares owned by Mr. Deutch's wife, as to which he disclaims beneficial ownership.

(3) Includes 300 shares owned by Mr. Grijalva's daughter, as to which he disclaims beneficial ownership, and 181,000 shares which are deemed to be beneficially owned by him because he has the right to acquire such shares within 60 days through the exercise of stock options.

(4) Includes 82,000 shares which are deemed to be beneficially owned by Mr. Lindenauer because he has the right to acquire such shares within 60 days through the exercise of stock options.

(5) Includes 155,000 shares which are deemed to be beneficially owned by Mr. Matton because he has the right to acquire such shares within 60 days through the exercise of stock options.

(6) Includes 280,000 shares as to which Mr. Primat shares investment power.

(7) Includes 310,807 shares owned by Mr. Seydoux's wife and his daughter as to which he shares voting and investment power.

(8) Includes 63,495 shares which are deemed to be beneficially owned by Mr. Strecker because he has the right to acquire such shares within 60 days through the exercise of stock options.

(9) Includes 700 shares as to which Ms. Stuntz shares voting power.

(10) Includes 1,228,645 shares which are deemed to be beneficially owned by executive officers as a group because they have the right to acquire such shares within 60 days through the exercise of stock options.

BOARD AND COMMITTEES

The Company has an Audit, a Compensation, a Finance and a Nominating Committee.

The Audit Committee assesses and monitors the corporate control environment and recommends for appointment by the Board of Directors, subject to approval by the stockholders, a firm of independent certified public accountants whose duty is to examine the consolidated financial statements of the Company. The Committee confers with the independent accountants and periodically reports to and advises the Board concerning the scope of the independent accountants' examinations and similar matters relating to the Company's accounting practices and internal accounting controls. The Committee also advises the Board concerning the fees of the independent accountants. Mr. Ullring is Chairman of the Audit Committee, and Messrs. Ackerman and Seydoux are the other members.

The Compensation Committee reviews and approves the compensation of the officers of the Company, advises on compensation and benefits matters and administers the Company's stock option plans. Mr. Ackerman is Chairman of the Compensation Committee. Sir Denys Henderson and Messrs. Primat and Umene are the other members.

The Finance Committee advises on various matters including dividend and financial policies, the borrowing of money, the purchase and sale of securities and the investment and reinvestment of surplus funds. The Committee periodically reviews the administration of the employee benefit plans of the Company and its subsidiaries. Messrs. Baird, Levy-Lang and McCormick and Ms. Stuntz are the members of this Committee.

The Nominating Committee recommends to the Board the number and names of persons to be proposed by the Board for election as directors at the annual general meetings of stockholders. Also, the Committee may recommend to the Board persons to be appointed by the Board or to be elected by the stockholders to fill any vacancies on the Board. Mr. McCormick is Chairman of this Committee, and Messrs. Baird, Seydoux and Ullring are the other members. The Nominating Committee will consider nominees recommended by stockholders. Stockholders may submit nominations to Chairman, Nominating Committee, care of the Secretary, Schlumberger Limited, 277 Park Avenue, New York, New York 10172-0266.

During 1996 the Board of Directors held four meetings. The Audit Committee met three times; the Compensation Committee held three meetings; the Finance Committee met once, and the Nominating Committee met three times. All present directors attended at least 75% of the aggregate of the meetings of the Board and of the Committees of the Board on which such directors served.

Directors who are employees of the Company do not receive compensation for serving on the Board or Committees of the Board. Board members who are not employees receive annual fees of

$40,000 each and additional annual fees of $10,000 as members of each of the Committees on which they serve, except that the Chairmen of the Audit, Compensation and Nominating Committees receive an additional annual fee of $20,000, rather than the $10,000 annual fee for Committee service.

In the past, the Company and its subsidiaries had banking relationships with Banque Paribas under which funds were deposited with, and borrowed from, Banque Paribas on terms the Company felt were competitive, reasonable, and customary. Such relationships may continue in 1997. Mr. Levy-Lang, nominee for election as director, is Chairman of the Board of Management of Banque Paribas.

EXECUTIVE COMPENSATION

SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

The following table shows, for the fiscal years ended December 31, 1996, 1995 and 1994, the cash compensation paid by the Company and its subsidiaries, as well as certain other compensation paid or accrued for those years, to the Chief Executive Officer and the next four most highly compensated executive officers of the Company:

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION		LONG-TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)(1)	BONUS ($)(1)	SECURITIES UNDERLYING OPTIONS (#)(2)	ALL OTHER COMPENSATION ($)(3)
D. E. Baird	1996	1,100,000	1,100,000	150,000	231,000
Chairman and Chief Ex-	1995	1,100,000	1,000,000	50,000	139,417
ecutive Officer	1994	1,100,000	500,000	175,000	144,000
V. E. Grijalva	1996	600,000	425,000	100,000	108,350
Executive Vice Presi-	1995	600,000	385,000	25,000	81,350
dent, Oilfield Services	1994	600,000	230,000	40,000	70,200
C. Matton	1996	500,000	115,000	100,000	83,600
Executive Vice Presi-	1995	500,000	260,000	25,000	56,948
dent,	1994	500,000	160,000	40,000	56,700
Measurement & Systems					
A. Lindenauer...........	1996	500,000	260,000	40,000	83,600
Executive Vice Presi-	1995	500,000	260,000	0	65,625
dent--Finance	1994	500,000	150,000	20,000	54,450
I. Strecker.............	1996	400,000	170,000	50,000	65,450
Executive Vice Presi-	1995	400,000	195,000	0	51,000
dent, Technology and	1994	400,000	110,000	10,000	45,450
Quality, Health, Safety & Environment					

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(1) Salary and bonus amounts include cash compensation earned and received and any amounts deferred under the Schlumberger Restoration Savings Plan ("Restoration Savings Plan").

(2) The Company has granted no stock appreciation rights or restricted stock.

(3) The 1996 amounts disclosed in this column include:
  (a) Company contributions to the Schlumberger Profit Sharing Plan.
  (b) Company unfunded credits to the Schlumberger Supplementary Benefit Plan.
  (c) Company unfunded matching credits to the Restoration Savings Plan.

	(a)($)	(b)($)	(c)($)
Mr. Baird..	16,500	156,000	58,500
Mr. Grijalva...	16,500	66,800	25,050
Mr. Matton...	16,500	48,800	18,300
Mr. Lindenauer.......................................	16,500	48,800	18,300
Mr. Strecker...	16,500	35,600	13,350

The Company's matching credits under the Restoration Savings Plan are vested 33 1/3% at three years of service, 66 2/3% at four years, 100% at five years or at age 60, or upon death or upon change of control. The amounts credited under the Restoration Savings Plan will be paid upon termination or retirement, death, disability, or change in control.

STOCK OPTION GRANTS TABLE

The following table sets forth certain information concerning stock options granted during 1996 by the Company to the Chief Executive Officer and the next four most highly compensated executive officers of the Company. In addition, there are shown hypothetical gains that could be realized for the respective options, based on assumed rates of annual compound stock price appreciation of 5% and 10% from the date the options are granted over the ten-year term of the options. The actual gain, if any, realized upon exercise of the options will depend upon the market price of the Company's Common Stock relative to the exercise price of the option at the time the option is exercised. There is no assurance that the amounts reflected in this table will be realized.

OPTION GRANTS IN LAST FISCAL YEAR

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(#)(1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE ($/SH)(2)	EXPIRATION DATE	5%($)	10%($)
D. E. Baird.............	150,000	3.63	67.50	01/24/06	$6,367,558	$16,136,642
V. E. Grijalva..........	100,000	2.42	67.50	01/24/06	4,245,038	10,757,761
C. Matton...............	100,000	2.42	67.50	01/24/06	4,245,038	10,757,761
A. Lindenauer...........	40,000	0.96	67.50	01/24/06	1,698,015	4,303,104
I. Strecker.............	50,000	1.21	67.50	01/24/06	2,122,519	5,378,880

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(1) The Company has not granted any stock appreciation rights. These options become exercisable in installments of 20% each year following the date of grant. All outstanding stock options become fully exercisable prior to any reorganization, merger or consolidation of the Company where the Company is not the surviving corporation or prior to liquidation or dissolution of the Company, unless such merger, reorganization or consolidation provides for the assumption of such stock options.

(2) The exercise price of the options is equal to the average of the high and the low per share prices of the Common Stock on their respective dates of grant and may be paid in cash or by tendering shares of Common Stock. Applicable tax obligations may be paid in cash or by the withholding of shares of Common Stock.

STOCK OPTION EXERCISES AND DECEMBER 31, 1996 STOCK OPTION VALUE TABLE

The following table sets forth certain information concerning stock options exercised during 1996 by the Chief Executive Officer and the next four most highly compensated executive officers of the Company and the number and value of unexercised options at December 31, 1996. The Company has not granted stock appreciation rights. The values of unexercised in-the-money stock options at December 31, 1996 shown below are presented pursuant to Securities and Exchange Commission rules. The actual amount, if any, realized upon exercise of stock options will depend upon the market price of the Company's Common Stock relative to the exercise price per share of Common Stock of the stock option at the time the stock option is exercised. There is no assurance that the values of unexercised in-the-money stock options reflected in this table will be realized.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISES(#)	VALUE REALIZED($)(1)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END (#) EXERCISABLE/UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END ($)(2) EXERCISABLE/UNEXERCISABLE
D. E. Baird............	200,000	10,225,000	515,000/ 335,000	22,781,165/ 12,931,210
V. E. Grijalva..........	20,000	1,058,740	156,000/ 174,000	7,164,975/ 6,316,850
C. Matton...............	0	--	130,000/ 170,000	5,420,873/ 6,182,862
A. Lindenauer...........	30,000	1,533,750	74,000/ 56,000	3,777,242/ 1,982,748
I. Strecker.............	20,000	1,123,740	53,495/ 56,000	2,404,334/ 1,888,750

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(1) Market value of stock on date of exercise less exercise price.

(2) Closing price of stock on December 31, 1996 less exercise price.

PENSION PLANS

The Company and certain of its subsidiaries maintain pension plans for employees, including executive officers, providing for lifetime pensions upon retirement after a specified number of years of service. Employees may participate in one or more pension plans in the course of their careers with the Company or its subsidiaries, in which case they become entitled to a pension from each of such plans based upon the benefits accrued during the years of service related to each plan. Such plans are funded on an actuarial basis through cash contributions made by the Company or its subsidiaries; certain of these plans also permit or require contributions by employees.

Benefits under the International Staff Pension Plans of the Company and certain of its subsidiaries (the "International Plans") are based on a participant's pensionable salary (generally, base salary plus incentive) for each year in which the participant participates in the International Plans and the participant's length of service with the Company or any subsidiary. From January 1, 1993, the benefit earned is 3.2% of pensionable salary for each year of service. Benefits are payable upon normal retirement age at or after age 55 or upon early retirement. Estimated annual benefits from the International Plans payable upon retirement: $33,714 for Mr. Baird; $57,139 for Mr. Grijalva; $38,223 for Mr. Matton; and $83,379 for Mr. Strecker.

Benefits under the U.S. tax qualified pension plans of the Company and certain of its subsidiaries (the "U.S. plans") are based on a participant's admissible compensation (generally, base salary plus incentive) for each year in which the participant participates in the U.S. plans and the participant's length of service with the Company or any subsidiary. From January 1, 1989, the benefit earned is 1.5% of admissible compensation for service prior to the participant's completion of 15 years of active service and 2% of admissible compensation for service after completion of 15 years of active service. The Company has adopted a supplementary benefit plan for eligible employees, including executive officers. Amounts under the supplementary plan will be accrued under an unfunded arrangement to pay each individual the additional amount which would have been payable under the U.S. plans if the amount had not been subject to limitations imposed by law on maximum annual benefit payments and on annual compensation recognized to compute plan benefits. Assuming admissible compensation continues at the December 31, 1996 levels, estimated annual benefits payable upon retirement at normal retirement age (65) from the U.S. plans and the supplementary benefit plan: $603,236 for Mr. Baird; $279,287 for Mr. Grijalva; $244,714 for Mr. Matton; $229,945 for Mr. Lindenauer; and $195,000 for Mr. Strecker.

CORPORATE PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the Company's cumulative total stockholder return on its Common Stock (assuming reinvestment of dividends at date of payment into Common Stock of the Company) with the cumulative total return on the published Standard & Poor's 500 Stock Index and the cumulative total return on Value Line's Oilfield Services/Equipment Industry Group over the preceding five-year period. The following graph is presented pursuant to Securities and Exchange Commission rules. The Company believes that while total stockholder return is an important corporate performance indicator, it is subject to the vagaries of the market. In addition to the creation of stockholder value, the Company's executive compensation program is based on financial and strategic results, and the other factors set forth and discussed in the Compensation Committee Report on Page 14.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*
AMONG SCHLUMBERGER LIMITED, S&P 500 INDEX AND VALUE LINE'S OILFIELD SERVICES/EQUIPMENT INDUSTRY GROUP**

[GRAPH APPEARS HERE]

Measurement period (Fiscal year Covered)	Schlumberger	S&P 500 Index	Industry Group
Measurement PT - 12/31/91	$ 100	$ 100	$ 100
FYE 12/31/92	$ 94	$ 108	$ 106
FYE 12/31/93	$ 98	$ 118	$ 124
FYE 12/31/94	$ 86	$ 120	$ 120
FYE 12/31/95	$ 121	$ 165	$ 184
FYE 12/31/96	$ 177	$ 203	$ 278

Assumes $100 invested on December 31, 1991 in Schlumberger Common Stock, S&P 500 Index and Value Line's Oilfield Services/Equipment Industry Group.
* Total return assumes reinvestment of dividends.
** Fiscal year ending December 31.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Schlumberger Limited Board of Directors has only non-employee directors. The Committee acts on behalf of the Board to review and approve those compensation programs applicable to executive officers, as well as all specific awards under these programs.

Three programs are central to the competitive compensation provided executive officers:

--Base Salaries
--Annual Cash Incentive Awards
--Stock Option Grants

The Company has long adhered to a compensation structure which is simple, credible and easily applicable to its thousands of managerial and professional employees throughout the world. Since the Company recruits college and university graduates in more than 70 countries worldwide and then places great emphasis on promotion from within, the clarity and equity of its compensation programs are of obvious importance.

As managerial and professional employees are transferred throughout the Schlumberger universe, they participate in the three programs noted above for executive officers. Certain changes, however, will typically occur during an extended career:

--the mix of cash compensation between base salary and annual incentive will shift so that an increasing portion of total cash will be represented by a variable annual incentive as an individual advances. As incentive participation increases, base salary movement slows.

--within the first few years after being hired, employees with strong performance and demonstrated potential may be awarded stock option grants, which are discretionary in nature.

--with these two changes, an employee progressing within Schlumberger will have an increasing portion of total compensation leveraged against yearly results and Company long-term performance.

In addition to the base salary, incentive award and stock option grant programs, many of the Company's subsidiaries have profit sharing plans which provide annual deferred awards that reflect the results of the subsidiary sponsoring each plan. These awards increase the portion of total compensation which is leveraged against business results.

Base salaries are established following an annual review of comparator company data provided by outside compensation consultants. The companies in the data base are in oil-related, high technology and high volume manufacturing activities. In their entirety, they create a data base which reflects the industry segments in which the company is active. Slight changes in the roster of participating companies take place from year to year as companies enter or leave the data base and as companies merge or are acquired. The companies used to establish base salary ranges for the executive officers are the same companies used for creation of the base salary ranges for professional and managerial employees of the Company around the world.

The comparator companies used for compensation purposes are different from those in the Corporate Performance Graph (the Value Line Oilfield Services/Equipment Industry Group). The Value Line companies are not a source of recruits nor do they mirror all the industry segments in which the Company operates.

At executive officer level, the Company does not adjust base salaries on an annual basis. Rather, the pattern has been established to consider base salary changes only every three to five years, save for a significant change in the executive officer's level of responsibility. In the environment of low inflation we have been experiencing, this has allowed the Company to easily exercise its preference to place more emphasis on variable rather than fixed compensation.

Consistent with this policy, none of the salaries of the named executive officers was adjusted in 1996.

Annual cash incentive awards for executive officers are based on performance against established targets or objectives for the completed fiscal year, with payment being made early in the new year.

Maximum incentive awards reflect the potential impact of the executive officer's position on the results of the Company. For 1996, the incentive award ranges of the named executive officers were:

--0 to 100% of 1996 base salary for Mr. Baird,
--0 to 75% of 1996 base salary for Messrs. Grijalva and Matton,
--0 to 60% of 1996 base salary for Messrs. Lindenauer and Strecker.

For each executive officer, one-half of the incentive potential is a function of performance against specific numerical targets established early in the fiscal year. For executive officers with corporate responsibility (Messrs. Baird, Lindenauer and Strecker) this is an earnings-per-share target for the fiscal year. For Messrs. Grijalva and Matton the target is a measure of performance against net income objectives for their respective business sectors.

The second half of the incentive potential is a measure of performance against various objectives of each executive officer. These objectives may be strategic or personal and may relate to the fiscal year only or be interim measures against a longer-range objective. Such objectives are established early each year. Achievement is generally determined on a subjective basis and is not typically influenced by corporate performance.

When both Company and individual performance are strong, the target delivery for executive officers is the range between 60th and 75th percentiles of total cash compensation in the comparator company data base discussed earlier. The performance of the Company overall and of the Oilfield Services sector in particular were exceptionally strong in 1996, resulting in the cash compensation of Messrs. Grijalva, Lindenauer and Strecker exceeding the targeted objective.

Stock option grants were awarded in 1996 on a general basis throughout the Company in the group of professional, managerial and technical employees deemed eligible for consideration. The Company periodically conducts such comprehensive reviews of its worldwide optionable population. Additionally, it may provide grants between these reviews in instances of promotions, substantial changes in responsibility and significant individual or team achievements.

Stock option grants continue to be awarded on an entirely discretionary basis to individuals demonstrating exceptional performance in their current positions as well as the likelihood of continuing high quality performance in the future.

Each of the named executive officers received a stock option grant in 1996.

The Company's stock option program, like its cash compensation program, is designed to be simple and consistent in its terms for executive officers and all other option grant recipients. Thus, the features of grants provided the named executive officers--10-year term, vesting in 20% steps at the first through fifth anniversary of grant date, and option price equal to fair market value on date of grant--are precisely the same as those in grants provided all other optionees.

The Company does not utilize below market options, stock appreciation rights, phantom stock, restricted stock, performance units or reload options.

Section 162(m) of the Internal Revenue Code limits the deductibility of certain compensation expenses in excess of $1,000,000 per individual. The Committee does not believe that the cash compensation payable in excess of this amount for fiscal year 1996 will result in any material loss of tax deduction for the Company. Therefore, the Committee has elected not to follow the provisions of Section 162(m) with regard to cash compensation. The Company's stock option plans are believed to be in compliance with the provisions of Section 162(m).

Bases for the Compensation of the Chief Executive Officer

The salary range of the Chief Executive Officer is derived from the same comparator company data used to establish salary ranges for other executive officers as well as a large segment of the Company's international work force. Comparator companies are active in the oil-related, high technology and high volume manufacturing activities which reflect the Company's own industry segments.

The Chief Executive Officer's 1996 base salary of $1,100,000 was established in 1992 and remained unchanged through 1996, in keeping with the Committee's preference to consider officer salary adjustments infrequently.

The cash incentive award potential for the Chief Executive Officer in 1996 was 100% of base salary. One-half of this award was a measure of performance against targeted earnings per share for the Company. The targeted objective for 1996 was exceeded.

The second half of the incentive award is based on the Committee's evaluation of Mr. Baird's performance against strategic objectives established for 1996. In a year of exceptional overall financial growth for the Company, several pivotal objectives were met or exceeded. These included penetration of CIS and India, as well as continued expansion in China, a dramatic increase in smart card activity and the return of the seismic business to profitability for the year. Disclosure of the specific measures applied to evaluate achievement of these objectives as well as the content of certain other objectives could adversely affect the Company's competitive position.

The total cash incentive awarded Mr. Baird for 1996 performance was $1,100,000. Base salary plus incentive placed him above the targeted 60th to 75th percentile of total cash compensation in the comparator company survey data.

During 1996 Mr. Baird received a stock option grant of 150,000 shares. Like the grants of all other optionees, his grant was of 10-year duration, vesting in 20% steps on each of the first through fifth anniversary of grant date, and priced at fair market value on grant date.

As is the case with all other executive officers of the Company, Mr. Baird has no employment agreement.

SUBMITTED BY THE COMPENSATION COMMITTEE OF THE COMPANY'S
BOARD OF DIRECTORS

Don E. Ackerman, Chairman	Didier Primat
Denys Henderson	Eiji Umene

2. FINANCIAL STATEMENTS

The Company's Consolidated Balance Sheet as at December 31, 1996, its Consolidated Statement of Income for the year ended December 31, 1996, and the amount of dividends declared by the Board of Directors during 1996 are submitted to the stockholders pursuant to the Deed of Incorporation of the Company.

A majority of the votes cast is required for the approval of the financial results as set forth in such financial statements and of the declaration of dividends by the Board of Directors reflected in the Company's 1996 Annual Report.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM 2.

3. AMENDMENT OF DEED OF INCORPORATION

The Board of Directors has approved and recommended for submission to the stockholders an amendment to the Company's Deed of Incorporation which would increase the authorized Common Stock of the Company from its present 500,000,000 shares to 1,000,000,000 shares of U.S.$0.01 each. The authorized Common Stock of the Company has not been increased since 1981 when the stockholders voted to increase the authorized shares of Common Stock to 500,000,000 from 300,000,000.

As the Company enters into a new era of growth, the Board of Directors believes that there should be a sufficient number of authorized but unissued shares of Common Stock available for issue from time to time to enable the Board of Directors to authorize the issuance of additional shares without necessarily requiring an amendment to the Deed of Incorporation at the time of such action.

The following resolution, which will be presented to the Annual General Meeting of Stockholders, sets forth the proposed amendment to the Deed of Incorporation of the Company and proposes to increase the authorized Common Stock:

> RESOLVED, that Section 1. of Article IV, "Capital and Shares", of the Deed of Incorporation of the Company be, and it hereby is, amended to read in its entirety as follows:
>
> "1. The authorized capital of the Company shall be TWELVE MILLION UNITED STATES DOLLARS (U.S.$12,000,000), divided into (a) one billion (1,000,000,000) shares of Common Stock of the par value of One United States Cent (U.S.$0.01) per share and (b) two hundred million (200,000,000) shares of cumulative Preferred Stock of the par value of One United States Cent (U.S.$0.01) per share, which may be issued in separate series."

The affirmative vote of a majority of the Company's shares outstanding and entitled to vote is required for the adoption of the foregoing resolution.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM 3.

4. APPOINTMENT OF AUDITORS

Price Waterhouse LLP, who have served as auditors for the Company since its organization, have been selected by the Board of Directors as independent public accountants to audit the accounts of the Company for the year 1997. The Company's By-Laws provide that the selection of auditors is subject to approval by the stockholders, and a majority of the votes cast is required for such approval.

A representative of Price Waterhouse LLP will attend the Meeting and will have the opportunity to make a statement and respond to questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM 4.

STOCKHOLDER PROPOSALS FOR 1998 ANNUAL GENERAL MEETING

In order for a stockholder proposal to be considered for inclusion in the Proxy Statement for the 1998 Annual General Meeting of Stockholders, written proposals must be received by the Secretary of the Company, 277 Park Avenue, New York, New York 10172-0266, no later than November 10, 1997.

OTHER MATTERS

Stockholders may obtain a copy of Form 10-K filed with the United States Securities and Exchange Commission without charge by writing to the Secretary of the Company, 277 Park Avenue, New York, New York 10172-0266.

The Board of Directors knows of no other matter to be presented at the Meeting. If any additional matter should be presented properly, it is intended that the enclosed proxy will be voted in accordance with the discretion of the persons named in the proxy.

Please sign, date and return the accompanying proxy in the enclosed envelope at your earliest convenience.

By order of the Board of Directors,

David S. Browning
Secretary

New York, N.Y.
March 7, 1997

[LOGO] SCHLUMBERGER

NOTICE OF
ANNUAL GENERAL MEETING
OF STOCKHOLDERS
AND
PROXY STATEMENT
APRIL 9, 1997

Please sign your proxy card and
return it in the enclosed
envelope so that you may be
represented at the Meeting.

PRELIMINARY COPY

SCHLUMBERGER LIMITED (SCHLUMBERGER N.V.)

PROXY SOLICITATION ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL GENERAL MEETING OF STOCKHOLDERS

PROXY

The undersigned, having received the Notice and Proxy Statement for the Annual General Meeting of Stockholders and the 1996 Annual Report to Stockholders, hereby appoints A. L. A. Bosnie, M. P. Dommisse, I. R. Gouverneur, and M. M. H. van Dooren and each of them, proxies, with power of substitution, to vote in the manner indicated on the reverse side hereof, and with discretionary authority as to any other matters that may properly come before the meeting, all my (our) shares of record of Schlumberger Limited (Schlumberger N.V.) at the Annual General Meeting of Stockholders to be held at the Avila Beach Hotel, Penstraat 130, Willemstad, Curacao, Netherlands Antilles on April 9, 1997, and at any adjournment or adjournments thereof.

If no other indication is made, the proxies will vote FOR the election of the director nominees and FOR Proposals 2, 3 and 4.

SEE REVERSE SIDE
Continued and to be signed on reverse side

[X]Please mark
votes as in
this example.

Unless you indicate otherwise, this proxy will be voted in accordance with the Board of Directors' recommendations.

Directors recommend a vote FOR items 1, 2, 3, and 4.

1. Election of 11 Directors
   NOMINEES: D.E. Ackerman, D.E. Baird, J. Deutch, D. Henderson, A. Levy-Lang, W.T. McCormick, Jr., D. Primat, N. Seydoux, L.G. Stuntz, S. Ullring, Y. Wakumoto

FOR ALL NOMINEES [_]   WITHHELD ALL NOMINEES [_]

For, except vote withheld from the following nominee(s):

____

	FOR	AGAINST	ABSTAIN
2. Approval of Financials and Dividends	[_]	[_]	[_]
3. Approval of Increase in Authorized Common Stock	[_]	[_]	[_]
4. Approval of Auditors	[_]	[_]	[_]

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT [_]

Please sign names exactly as printed hereon. In signing as attorney, administrator, executor, guardian or trustee, please give full title as such. Please sign, date and return in the enclosed envelope.

Signature __________________________ Date __________ Signature _____________ Date

Common Stock, Market Prices and
Dividends Declared per Share

Quarterly high and low prices for the Company's Common Stock as reported by The New York Stock Exchange (composite transactions), together with dividends declared per share in each quarter of 1996 and 1995 were:

	PRICE RANGE HIGH	PRICE RANGE LOW	DIVIDENDS DECLARED
1996 QUARTERS			
First	$ 80 5/8	$65 3/8	$0.375
Second	91 3/8	80 1/8	0.375
Third	89 1/8	79 3/8	0.375
Fourth	108 1/4	84 1/4	0.375
1995 QUARTERS			
First	$ 60 1/8	$50 1/8	$0.300
Second	66 5/8	58 1/8	0.375
Third	69 5/8	61 1/4	0.375
Fourth	70 1/2	58 7/8	0.375

The number of holders of record of the Common Stock of the Company at December 31, 1996, was approximately 22,000. There are no legal restrictions on the payment of dividends or ownership or voting of such shares. United States stockholders are not subject to any Netherlands Antilles withholding or other Netherlands Antilles taxes attributable to ownership of such shares.

CONSOLIDATED STATEMENT OF INCOME

Year Ended December 31,	1996	1995	1994
	(Stated in thousands except per share amounts)		
Revenue			
Operating	$8,956,150	$7,621,694	$6,696,845
Interest and other income	69,515	91,536	83,898
	9,025,665	7,713,230	6,780,743
Expenses			
Cost of goods sold and services	6,835,444	5,804,157	5,107,889
Research & engineering	452,608	427,848	418,871
Marketing	301,304	283,790	251,750
General	355,392	345,441	321,433
Interest	72,020	81,620	63,328
Unusual items	333,091	-	-
Taxes on income	(175,677)	121,217	81,395
	8,174,182	7,064,073	6,244,666
Net Income	$ 851,483	$ 649,157	$ 536,077
Net income per share	$ 3.47	$ 2.69	$ 2.21
Average shares outstanding	245,021	242,374	243,423

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies

CONSOLIDATED BALANCE SHEET

ASSETS December 31,	(Stated in thousands) 1996	 1995
Current Assets		
Cash and short-term investments	$ 1,358,948	$ 1,120,533
Receivables less allowance for doubtful accounts (1996 $58,981; 1995 $58,246)	2,260,091	1,939,873
Inventories	938,974	782,168
Deferred taxes on income	222,456	-
Other current assets	262,148	181,129
	5,042,617	4,023,703
Long-Term Investments, held to maturity	323,717	279,950
Fixed Assets less accumulated depreciation	3,358,581	3,118,458
Excess of Investment Over Net Assets of Companies Purchased less amortization	1,225,335	1,330,490
Deferred Taxes on Income	203,983	-
Other Assets	170,818	157,499
	$10,325,051	$ 8,910,100

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,200,161	$ 1,773,605
Estimated liability for taxes on income	367,562	299,841
Bank loans	743,018	515,703
Dividend payable	92,842	91,706
Long-term debt due within one year	70,827	83,417
	3,474,410	2,764,272
Long-Term Debt	637,203	613,404
Postretirement Benefits	383,129	354,830
Other Liabilities	203,929	213,577
	4,698,671	3,946,083
Stockholders' Equity		
Common stock	818,803	737,328
Income retained for use in the business	7,137,744	6,654,072
Treasury stock at cost	(2,315,946)	(2,414,577)
Translation adjustment	(14,221)	(12,806)
	5,626,380	4,964,017
	$10,325,051	$ 8,910,100

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Dollar amounts in thousands)

	COMMON STOCK					
	ISSUED		IN TREASURY			INCOME RETAINED FOR USE IN THE BUSINESS
	SHARES	AMOUNT	SHARES	AMOUNT	TRANSLATION ADJUSTMENT	
Balance, January 1, 1994	306,667,168	$ 660,129	63,118,111	$2,283,743	$(76,507)	$6,106,461
Translation adjustment					19,403	
Sales to optionees less shares exchanged		(366)	(702,621)	(25,511)		
Purchases for treasury			2,754,000	148,089		
Employee stock purchase plan	734,284	36,183				
Net income						536,077
Dividends declared ($1.20 per share)						(292,105)
Balance, December 31, 1994	307,401,452	695,946	65,169,490	2,406,321	(57,104)	6,350,433
Translation adjustment					44,298	
Sales to optionees less shares exchanged		5,223	(871,330)	(32,296)		
Purchases for treasury			690,000	40,552		
Employee stock purchase plan	724,794	36,159				
Net income						649,157
Dividends declared ($1.425 per share)						(345,518)
Balance, December 31, 1995	308,126,246	737,328	64,988,160	2,414,577	(12,806)	6,654,072
Translation adjustment					(1,415)	
Sales to optionees less shares exchanged		42,668	(2,657,348)	(98,631)		
Purchases for treasury						
Employee stock purchase plan	741,747	38,807				
Net income						851,483
Dividends declared ($1.50 per share)						(367,811)
Balance, December 31, 1996	308,867,993	$ 818,803	62,330,812	$2,315,946	$(14,221)	$7,137,744

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAl STATEMENTS

Summary of Accounting Policies

The Consolidated Financial Statements of Schlumberger Limited and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the accounts of majority-owned subsidiaries. Significant 20%-50% owned companies are carried on the equity method and classified in Other Assets. The Company's pro rata share of after-tax earnings is included in Interest and other income. Equity in undistributed earnings of all 50% owned companies at December 31, 1996, was not material.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While actual results could differ from these estimates, management believes that the estimates are reasonable.

REVENUE RECOGNITION

Generally, revenue is recognized after services are rendered and products are shipped.

TRANSLATION OF NON-US CURRENCIES

All assets and liabilities recorded in functional currencies other than US dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to the Stockholders' Equity section of the Consolidated Balance Sheet. Revenue and expenses are translated at the weighted average exchange rates for the period. All realized and unrealized transaction gains and losses are included in income in the period in which they occur. Included in the 1996 results were transaction gains of $10 million, compared to a loss of $2 million and a gain of $2 million in 1995 and 1994, respectively.

Currency exchange contracts are entered into as a hedge against the effect of future settlement of assets and liabilities denominated in other than the functional currency of the individual businesses. Gains or losses on the contracts are recognized when the currency exchange rates fluctuate, and the resulting charge or credit offsets the unrealized currency gains or losses on those assets and liabilities. At December 31, 1996, contracts were outstanding to purchase the US dollar equivalent of $103 million in various foreign currencies and to sell the equivalent of $62 million at forward rates on the dates the contracts were entered. These contracts mature on various dates in 1997.

INVESTMENTS

The Consolidated Balance Sheet reflects the Company's investment portfolio separated between current and long-term based on maturity. Except for $111 million of investments which are considered trading at December 31, 1996 (1995-$104 million), it is the Company's intent to hold the investments until maturity.

Both short-term and long-term investments held to maturity are stated at cost plus accrued interest, which approximates market, and comprise primarily Eurodollar time deposits, certificates of deposit and commercial paper, Euronotes and Eurobonds, substantially all denominated in US dollars. Substantially all the investments designated as held to maturity that were purchased and sold during the year had original maturities of less than three months. Short-term investments that are designated as trading are stated at market. The unrealized holding gain on such securities was not significant.

Long-term investments mature in 1998-$78 million, in 1999-$92 million and $154 million thereafter.

For purposes of the Consolidated Statement of Cash Flows, the Company does not consider short-term investments to be cash equivalents as they generally have original maturities in excess of three months. Short-term investments at December 31, 1996 and 1995 were $1.2 billion and $1.0 billion, respectively.

INVENTORIES

Inventories are stated principally at average or standard cost, which approximates average cost, or at market, if lower. Inventory consists primarily of materials and supplies.

EXCESS OF INVESTMENT OVER NET ASSETS OF COMPANIES PURCHASED

Cost in excess of net assets of purchased companies is amortized on a straight-line basis over periods ranging from 7 to 40 years. Accumulated amortization was $287 million and $278 million at December 31, 1996 and 1995, respectively.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets by the straight-line method. Fixed assets include the manufacturing cost (average cost) of oilfield technical equipment manufactured by subsidiaries of the Company. Expenditures for renewals, replacements and betterments are capitalized. Maintenance and repairs are charged to operating expenses as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

TAXES ON INCOME

The Company and its subsidiaries compute taxes on income in accordance with the tax rules and regulations of the many taxing authorities where the income is earned. The income tax rates imposed by these taxing authorities vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that differences are due to revenue or expense items reported in one period for tax purposes and in another period for financial accounting purposes, an appropriate provision for deferred income taxes is made.

Approximately $2.5 billion of consolidated income retained for use in the business at December 31, 1996, represented undistributed earnings of consolidated subsidiaries and the Company's pro rata share of 20%-50% owned companies. No provision is made for deferred income taxes on those earnings considered to be indefinitely reinvested or earnings that would not be taxed when remitted.

Tax credits and other allowances are credited to current income tax expense on the flow-through method of accounting.

NET INCOME PER SHARE

Net income per share is computed by dividing net income by the average number of common shares outstanding during the year. The effect of common stock equivalents on the computation of earnings per share was not significant.

RESEARCH & ENGINEERING

All research & engineering expenditures are expensed as incurred, including costs relating to patents or rights that may result from such expenditures.

Unusual Items

The Company announced a charge of $300 million after tax in the third quarter related primarily to the Electricity & Gas and Geco-Prakla Land and Transition Zone businesses. During the quarter, the Electricity and Gas Management product lines were combined into a single business in response to the huge market and technology changes occurring in the energy supply sector. This combination will result in lower headcount and fewer manufacturing facilities and products. At Geco-Prakla, the Land and Transition Zone businesses have improved, however, they are still in a loss position and accordingly, require radical changes in organization and structure, and the write-off of Land goodwill. The after-tax charge of $300 million includes pre-tax charges of $112 million for severance and termination costs, other facilities' closure costs of $39 million, goodwill write-offs of $122 million, and other asset impairments/charges of $60 million.

The severance and termination costs relate to less than 5% of the worldwide workforce primarily in Europe and pertain to both manufacturing and operating personnel in about 30 locations. Most of the other facilities closure costs relate to the write-down of buildings, equipment and other assets to net realizable value.

In addition, the Company recorded a charge of $58 million after tax, including a loss on the divestiture of the remaining defense-related activity, certain asset impairments and other charges. The amount is classified in cost of goods solds and services ($47 million) and taxes on income ($11 million).

As of December 31, 1996, $12 million of the severance and termination had been spent. The remainder should be spent within the next 18 months.

Acquisitions

During 1996, subsidiaries of the Company acquired Solaic, SA (on December 31, 1996), a magnetic and smart card manufacturer; an 80% interest in Printer, a magnetic stripe card manufacturer; Oilphase Sampling Services Ltd., a reservoir fluid sampling company; The Production Analyst* and OilField Manager* software products from OGCI Software, Inc.; Germann, a turnkey gasoline station provider; Gueant, a gas dispenser service company; and a 33% equity interest in DAP Technologies Limited, a developer and manufacturer of rugged handheld computer products. The purchase prices were $75 million, $9 million, $7 million, $8 million, $8 million, $7 million and $4 million, respectively. These acquisitions were accounted for as purchases. Costs in excess of net assets acquired were $91 million which are being amortized on a straight-line basis over periods between 7 and 25 years.

During 1995, subsidiaries of the Company acquired a further 40% interest in CGST Save, a French gas meter service company; the remaining 40% interest in J.B. Rombach, a German metering business; G.S.I. Saudi Arabia Ltd., a land seismic company; the Petroleum Division of Intera Information Technologies Corporation, a reservoir simulation software company; and Danyl Inc., a point-of-sale terminal manufacturer. The purchase prices were $71 million, $42 million, $15 million, $59 million and $12 million, respectively. These acquisitions were accounted for as purchases. Costs in excess of net assets acquired were $167 million which are being amortized on a straight-line basis over periods between 15 and 25 years.

Fixed Assets

A summary of fixed assets follows:

(Stated in millions) December 31,	1996	1995
Land	$ 71	$ 78
Buildings & improvements	1,040	1,027
Machinery and equipment	8,467	8,003
Total cost	9,578	9,108
Less accumulated depreciation	6,219	5,990
	$3,359	$3,118

Estimated useful lives of Buildings & improvements range from 5 to 50 years and of Machinery and equipment from 2 to 25 years.

Long-Term Debt

A summary of long-term debt by currency follows:

(Stated in millions) December 31,	1996	1995
US dollar	$ 195	$ 110
German mark	185	165
UK pound	137	192
Japanese yen	101	113
Other	19	33
	$ 637	$ 613

Long-term debt is at variable rates; substantially all of the debt is at rates up to 7%. Such rates are reset every six months or sooner. Accordingly, the carrying value of long-term debt at December 31, 1996 approximates the aggregate fair value.

Long-term debt at December 31, 1996, is due $208 million in 1998, $33 million in 1999, $190 million in 2000, $101 million in 2001 and $105 million thereafter.

At December 31, 1996, there were no interest rate swap arrangements outstanding. At times, interest rate swap arrangements are entered into to adjust non-US dollar denominated debt and interest rates into US dollars. Interest rate swap arrangements had no impact in 1996 and an immaterial effect on consolidated interest expense in 1995. The exposure in the event of nonperformance by the other parties to the arrangements is not significant.

Lines of Credit

At December 31, 1996, the Company's principal US subsidiary had an available unused Revolving Credit Agreement with a group of banks. The Agreement provided that the subsidiary may borrow up to $500 million until December 1998 at money market-based rates. In addition, at December 31, 1996, the Company and its subsidiaries had available unused lines of credit of approximately $626 million.

Capital Stock

The Company is authorized to issue 500,000,000 shares of Common Stock, par value $0.01 per share, of which 246,537,181 and 243,138,086 shares were outstanding on December 31, 1996 and 1995, respectively. The Company is also authorized to issue 200,000,000 shares of cumulative Preferred Stock, par value $0.01 per share, which may be issued in series with terms and conditions determined by the Board of Directors. No shares of Preferred Stock have been issued. Holders of Common Stock and Preferred Stock are entitled to one vote for each share of stock held.

In January 1993, Schlumberger acquired the remaining 50% interest in the Dowell Schlumberger group of companies. The purchase price included a warrant, expiring in 7.5 years and valued at $100 million, to purchase 7.5 million shares of Schlumberger Limited Common Stock at an exercise price of $59.95 per share. The warrant is fully vested and nontransferable.

Stock Compensation Plans

As of December 31, 1996, the Company has two types of stock-based compensation plans, which are described below. The Company applies APB Opinion 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for its stock option plans and its stock purchase plan. Had compensation cost for the Company's stock-based plans been determined based on the fair value at the grant dates for awards under those plans, consistent with the method of FASB Statement 123, the Company's net income and earnings per share would have been the pro forma amounts indicated below:

(Stated in millions except per share amounts)

	1996	1995
Net Income		
As reported	$ 851	$ 649
Pro forma	$ 809	$ 641
Earnings per share		
As reported	$3.47	$2.69
Pro forma	$3.30	$2.65

As required by FASB Statement 123, the above pro forma data reflects the effect of stock option grants and the employee stock purchase plan during 1996 and 1995.

STOCK OPTION PLANS

During 1996, 1995 and in prior years, officers and key employees were granted stock options under the Company's stock option plans. The exercise price of each option equals the market price of the Company's stock on the date of grant, an option's maximum term is ten years, and options generally vest in 20 percent increments over five years.

As required by FASB Statement 123, the fair value of each grant is estimated on the date of grant using the multiple option Black-Scholes option-pricing model with the following weighted-average assumptions used for 1996 and 1995: dividend yield of 1.5 percent; expected volatility of 20 percent; risk free interest rates for 1996 grants of 5.38 - 6.36 percent for officers and 5.09 -6.01 percent for all other employees; risk-free interest rates for 1995 grants of 5.85 - 7.88 percent for officers and 5.70 - 7.66 percent for all other employees; and expected option lives of 5.50 years for officers and 2.39 years for other employees. The weighted-average fair value of options granted during 1996 and 1995 is $21.07 and $17.40, respectively.

A summary of the status of the Company's stock option plans as of December 31, 1996 and 1995 and changes during the years ending on those dates is presented below :

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding		
Jan. 1, 1995	11,560,849	$56
Granted	753,700	$62
Exercised	(897,919)	$44
Lapsed or cancelled	(346,150)	$61
Outstanding		
Dec. 31, 1995	11,070,480	$58
Granted	4,131,000	$79
Exercised	(2,758,242)	$54
Lapsed or cancelled	(244,840)	$64
Outstanding		
Dec. 31, 1996	12,198,398	$65
Exercisable at		
Dec. 31, 1995	6,259,270	
Dec. 31, 1996	4,963,908	
Available for grant		
Dec. 31, 1995	9,444,095	
Dec. 31, 1996	5,557,935	

The following table summarizes information concerning currently outstanding and exercisable options by two ranges of exercise prices:

Range of exercise prices	$29.250 - $64.500
Number outstanding at 12/31/96	7,343,448
Weighted average remaining contractual life	5.93
Weighted average exercise price	$58
Number exercisable at 12/31/96	4,494,418
Weighted average exercise price	$58

Range of exercise prices	$64.813 - $93.625
Number outstanding at 12/31/96	4,854,950
Weighted average remaining contractual life	8.83
Weighted average exercise price	$77
Number exercisable at 12/31/96	469,490
Weighted average exercise price	$59

EMPLOYEE STOCK PURCHASE PLAN

Under the Schlumberger Discounted Stock Purchase Plan, the Company is authorized to issue up to 8,000,000 shares of Common Stock to its employees. Under the terms of the Plan, employees can choose each year to have up to 10 percent of their annual earnings withheld to purchase the Company's Common Stock. The purchase price of the stock is 85 percent of the lower of its beginning or end of the plan year market price. Under the Plan, the Company sold 741,747 shares and 724,794 shares to employees in 1996 and 1995, respectively. Compensation cost has been computed for the fair value of the employees' purchase rights, which was estimated using the Black-Scholes model with the following assumptions for 1996 and 1995: dividend yield of 1.5 percent; expected life of one year; expected volatility of 20 percent; and risk-free interest rates of 5.71 percent for 1996 and 5.61 percent for 1995. The weighted-average fair value of those purchase rights granted in 1996 and 1995 is $19.45 and $14.42, respectively.

Income Tax Expense

With increasing profitability and strong outlook in the US, in the third quarter of 1996 the Company recognized 50% of the US income tax benefit related to its US subsidiary's tax loss carryforward and all temporary differences. This resulted in a credit of $360 million.

The Company and its subsidiaries operate in over 100 taxing jurisdictions.

At December 31, 1996, the US deferred tax asset was $381 million and the valuation allowance was $53 million.

The Company's US consolidated group has a net operating loss carryforward at December 31, 1996 of $293 million and net deductible temporary differences were $782 million. Significant temporary differences pertain to postretirement medical benefits and fixed assets. Most of the tax loss carryforward will expire in the years 2002 - 2003.

The normal recurring provision for income taxes in 1996 was $206 million; effective tax rate was 20%. In 1995 and 1994, the effective tax rates were 16% and 13%, respectively. The effect of the US operating loss carryforward was a significant reconciling item between the US statutory federal tax rate (35%) and the Company's effective tax rate in each year.

The Company's provision for deferred taxes (excluding the effect of the unusual items) was less than $5 million in each of the three years in the period ended December 31, 1996. The remaining component of income tax expense was the current provision in each year.

Leases and Lease Commitments

Total rental expense was $232 million in 1996, $206 million in 1995 and $192 million in 1994. Future minimum rental commitments under noncancelable leases for years ending December 31 are: 1997 $90 million; 1998 $72 million; 1999 $58 million; 2000 $40 million; and 2001 $30 million. For the ensuing three five-year periods, these commitments decrease from $35 million to $3 million. The minimum rentals over the remaining terms of the leases aggregate $25 million.

Contingencies

The Company and its subsidiaries comply with government laws and regulations and responsible management practices for the protection of the environment. The Consolidated Balance Sheet includes accruals for the estimated future costs associated with certain environmental remediation activities related to the past use or disposal of hazardous materials. Substantially all such costs relate to divested operations and to facilities or locations that are no longer in operation. Due to a number of uncertainties, including uncertainty of timing, the scope of remediation, future technology, regulatory changes and other factors, it is possible that the ultimate remediation costs may exceed the amounts accrued. However, in the opinion of management, such additional costs are not expected to be material relative to consolidated liquidity, financial position or future results of operations.

In a case in Texas involving the validity of a 1988 settlement and release in connection with an incidental business venture, the trial court, in 1993, rendered a judgment notwithstanding the verdict of the jury, exonerating Schlumberger from any liability. In late 1994, a Texas Court of Appeals reversed the trial court judgment and reinstated the jury award of about $75 million against Schlumberger. The Texas Supreme Court granted the Schlumberger motion to hear the case. Oral argument was held before the Texas Supreme Court on October 11, 1995. Schlumberger and outside counsel believe the decision of the trial court was correct. Consequently, no provision has been made in the consolidated financial statements for this matter.

In May 1996, in a case involving a $3 million contract dispute, the trial court in Johnson County, Texas, entered judgment on jury findings adverse to Schlumberger for $23 million in damages, which has been doubled, plus attorneys' fees and interest. The Company and its outside counsel believe the findings and the judgment are not supported by the evidence and law, and have filed an appeal. Accordingly, no provision has been made in the accompanying financial statements for this matter.

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

Segment Information

The Company's business comprises three segments: Oilfield Services, Measurement & Systems and Omnes. Services and products are described in more detail on pages 64-65 in this report. Oilfield Services and Measurement & Systems are reportable segments.

Financial information for the years ended December 31, 1996, 1995 and 1994 by industry segment and by geographic area is as follows:

(Stated in millions)

	OILFIELD SERVICES	MEASUREMENT & SYSTEMS	ADJUST. & ELIM.	CONSOL-IDATED
INDUSTRY SEGMENT 1996				
Operating revenue				
Customers	$6,129	$2,827	$ -	$8,956
Inter-segment transfers	-	7	(7)	-
	$6,129	$2,834	$ (7)	$8,956
Operating income	$ 986	$ 124	$ (52)	$1,058
Interest expense				(72)
Interest and other income				70
Unusual items				(380)
Income before taxes				$ 676
Depreciation expense	$ 700	$ 111	$ 8	$ 819
Fixed asset additions	$1,018	$ 131	$ 9	$1,158
At December 31				
Identifiable assets	$5,961	$2,518	$ (41)	$8,438
Corporate assets				1,887
Total assets				$10,325
INDUSTRY SEGMENT 1995				
Operating revenue				
Customers	$4,867	$2,755	$ -	$7,622
Inter-segment transfers	1	4	(5)	-
	$4,868	2,759	$ (5)	$7,622
Operating income	$ 627	$ 151	$ (17)	$ 761
Interest expense				(82)
Interest and other income less other charges -$1				91
Income before taxes				$ 770
Depreciation expense	$ 650	$ 104	$ 6	$ 760
Fixed asset additions	$ 800	$ 122	$ 17	$ 939
At December 31				
Identifiable assets	$5,192	$2,213	$ (29)	$7,376
Corporate assets				1,534
Total assets				$ 8,910
INDUSTRY SEGMENT 1994				
Operating revenue				
Customers	$4,362	$2,335	$ -	$ 6,697
Inter-segment transfers	3	4	(7)	-
	$4,365	$2,339	$ (7)	$ 6,697
Operating income	$ 495	$ 121	$ (23)	$ 593
Interest expense				(63)
Interest and other income plus other credits -$3				87
Income before taxes				$ 617
Depreciation expense	$ 625	$ 92	$ 5	$ 722
Fixed asset additions	$ 661	$ 91	$ 31	$ 783
At December 31				
Identifiable assets	$4,766	$1,936	$ (14)	$ 6,688
Corporate assets				1,634
Total assets				$ 8,322

Transfers between segments and geographic areas are for the most part made at regular prices available to unaffiliated customers. Certain Oilfield Services segment fixed assets are manufactured within that segment.

During the years ended December 31, 1996, 1995 and 1994, neither sales to any government nor sales to any single customer exceeded 10% of consolidated operating revenue.

Corporate assets largely comprise short-term and long-term investments.

(Stated in millions)

	WESTERN HEMISPHERE		EASTERN HEMISPHERE			
	US	OTHER	EUROPE	OTHER	ADJUST. & ELIM.	CONSOL-IDATED
GEOGRAPHIC AREA 1996						
Operating revenue						
Customers	$2,103	$1,150	$3,065	$ 2,638	$ -	$ 8,956
Inter-area transfers	443	7	169	35	(654)	-
	$2,546	$1,157	$3,234	$ 2,673	$(654)	$ 8,956
Operating income	$ 195	$ 166	$ 243	$ 546	$ (92)	$ 1,058
Interest expense						(72)
Interest and other income						70
Unusual items						(380)
Income before taxes						$ 676
At December 31						
Identifiable assets	$2,249	$ 885	$3,300	$ 2,069	$ (65)	$ 8,438
Corporate assets						1,887
Total assets						$10,325
GEOGRAPHIC AREA 1995						
Operating revenue						
Customers	$1,826	$ 905	$2,779	$ 2,112	$ -	$ 7,622
Inter-area transfers	358	17	149	30	(554)	-
	$2,184	$ 922	$2,928	$ 2,142	$(554)	$ 7,622
Operating income	$ 130	$ 135	$ 170	$ 367	$ (41)	$ 761
Interest expense						(82)
Interest and other income less other charges - $1						91
Income before taxes						$ 770
At December 31						
Identifiable assets	$1,748	$ 720	$2,894	$ 2,025	$ (11)	$ 7,376
Corporate assets						1,534
Total assets						$ 8,910
GEOGRAPHIC AREA 1994						
Operating revenue						
Customers	$1,650	$ 749	$2,299	$ 1,999	$ -	$ 6,697
Inter-area transfers	251	10	140	30	(431)	-
	$1,901	$ 759	$2,439	$ 2,029	$(431)	$ 6,697
Operating income	$ 177	$ 106	$ 49	$ 304	$ (43)	$ 593
Interest expense						(63)
Interest and other income plus other credits - $3						87
Income before taxes						$ 617
At December 31						
Identifiable assets	$1,660	$ 620	$2,387	$ 2,210	$(189)	$ 6,688
Corporate assets						1,634
Total assets						$8,322

Pension and Other Benefit Plans

US PENSION PLANS

The Company and its US subsidiary sponsor several defined benefit pension plans that cover substantially all employees. The benefits are based on years of service and compensation on a career-average pay basis. These plans are substantially fully funded with a trustee in respect to past and current service. Charges to expense are based upon costs computed by independent actuaries. The funding policy is to contribute annually amounts that are allowable for federal income tax purposes. These contributions are intended to provide for benefits earned to date and those expected to be earned in the future.

The assumed discount rate, compensation increases and return on plan assets used to determine pension expense in all years were 7.5%, 4.5% and 8.5%, respectively.

Net pension cost in the US for 1996, 1995 and 1994 included the following components:

(Stated in millions)	1996	1995	1994
Service cost - benefits earned during the period	$ 27	$ 26	$ 25
Interest cost on projected benefit obligation	50	46	44
Expected return on plan assets (actual return: 1996 $94; 1995 $137; 1994 $3)	(52)	(47)	(46)
Amortization of transition asset	(2)	(2)	(2)
Amortization of prior service cost/other	4	4	6
Net pension cost	$ 27	$ 27	$ 27

Effective January 1, 1996, the Company and its subsidiaries amended their pension plans to improve retirement benefits for current employees. The funded status at December 31, 1995, reflects the amendment.

The funded status of the plans at December 31, 1996 and 1995, was as follows:

(Stated in millions)	1996	1995
Actuarial present value of obligations:		
Vested benefit obligation	$ 639	$ 615
Accumulated benefit obligation	$ 641	$ 617
Projected benefit obligation	$ 700	$ 675
Plan assets at market value	771	698
Excess of assets over projected benefit obligation	71	23
Unrecognized net gain	(155)	(96)
Unrecognized prior service cost	34	39
Unrecognized net asset at transition date	(7)	(9)
Pension liability	$ (57)	$ (43)

Assumed discount rate and rate of compensation increases used to determine the projected benefit obligations were 8% and 4.5%, respectively; the expected long-term rate of return on plan assets was 8.5%. Plan assets at December 31, 1996, consist of common stocks ($504 million), cash or cash equivalents ($42 million), fixed income investments ($135 million) and other investments ($90 million). Less than 1% of the plan assets at December 31, 1996, represented Schlumberger Limited Common Stock.

NON-US PENSION PLANS

Outside of the US, subsidiaries of the Company sponsor several defined benefit and defined contribution plans that cover substantially all employees who are not covered by statutory plans. For defined benefit plans, charges to expense are based upon costs computed by independent actuaries. These plans are substantially fully funded with trustees in respect to past and current service. For all defined benefit plans, pension expense was $16 million, $13 million and $16 million in 1996, 1995 and 1994, respectively. The only significant defined benefit plan is in the UK.

The assumed discount rate, compensation increases and return on plan assets used to determine pension expense in all years were 7.5%, 5% and 8.5%, respectively.

Net pension cost in the UK plan for 1996, 1995 and 1994 (translated into US dollars at the average exchange rate for the periods) included the following components:

	(Stated in millions) 1996	1995	1994
Service cost - benefits earned during the period	$ 12	$ 10	$ 10
Interest cost on projected benefit obligation	9	9	10
Expected return on plan assets (actual return: 1996 $36; 1995 $43; 1994 $(11))	(18)	(16)	(15)
Amortization of transition asset and other	(3)	(2)	(3)
Net pension cost	$ -	$ 1	$ 2

The funded status of the plan (translated into US dollars at year-end exchange rates) was as follows:

	(Stated in millions) 1996	1995
Actuarial present value of obligations:		
Vested benefit obligation	$ 132	$ 108
Accumulated benefit obligation	$ 132	$ 108
Projected benefit obligation	$ 150	$ 129
Plan assets at market value	276	222
Excess of assets over projected benefit obligation	126	93
Unrecognized net gain	(111)	(85)
Unrecognized prior service cost	4	4
Unrecognized net asset at transition date	(4)	(5)
Pension asset	$ 15	$ 7

The assumed discount rate and rate of compensation increases used to determine the projected benefit obligation were 8% and 5%, respectively; the expected long-term rate of return on plan assets was 8.5%. Plan assets consist of common stocks ($219 million), cash or cash equivalents ($6 million) and fixed income investments ($52 million). None of the plan assets represents Schlumberger Limited Common Stock.

For defined contribution plans, funding and cost are generally based upon a predetermined percentage of employee compensation. Charges to expense in 1996, 1995 and 1994 were $15 million, $14 million and $12 million, respectively.

OTHER DEFERRED BENEFITS

In addition to providing pension benefits, the Company and its subsidiaries have other deferred benefit programs. Expense for these programs was $93 million, $80 million and $71 million in 1996, 1995 and 1994, respectively.

HEALTH CARE BENEFITS

The Company and its US subsidiary provide health care benefits for certain active employees. The cost of providing these benefits is recognized as expense when incurred and aggregated $38 million, $37 million and $34 million in 1996, 1995 and 1994, respectively. Outside of the United States, such benefits are mostly provided through government-sponsored programs.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company and its US subsidiary provide certain health care benefits to former employees who have retired under the US pension plans.

In 1996, service cost and interest cost expenses were $13 million and $26 million, respectively, compared to $12 million and $25 million in 1995. The principal actuarial assumptions used to measure the above-mentioned costs were a discount rate of 7.5% in 1996 and 7.5% in 1995, and a medical cost trend rate of 10% graded to 6% over the next six years and 6% thereafter.

The funded status at December 31, 1996 and 1995, was as follows:

(Stated in millions)	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$ 143	$ 173
Fully eligible	8	6
Actives	135	181
	$286	$ 360
Unrecognized net gain (loss)	92	(5)
Unrecognized prior service	5	-
Postretirement benefit liability at December 31	$ 383	$ 355

The assumed discount rate used to determine the accumulated postretirement benefit obligation was 8% for 1996 and 7.5% in 1995. At December 31, 1996, the medical cost trend rate has been lowered to reflect actual experience over the last four years to 9% graded to 5% over the next six years and 5% thereafter.

If the assumed medical cost trend rate was increased by one percentage point, health care cost in 1996 would have been $45 million, and the accumulated postretirement benefit obligation would have been $324 million at December 31, 1996.

Supplementary Information

Operating revenue and related cost of goods sold and services comprised the following:

Year ended December 31, (Stated in millions)	1996	1995	1994
Operating revenue			
Sales	$2,428	$2,372	$2,019
Services	6,528	5,250	4,678
	$8,956	$7,622	$6,697
Direct operating costs			
Goods sold	$1,704	$1,645	$1,372
Services	5,131	4,159	3,736
	$6,835	$5,804	$5,108

Cash paid for interest and income taxes was as follows:

Year ended December 31, (Stated in millions)	1996	1995	1994
Interest	$ 73	$ 81	$ 64
Income taxes	$ 179	$ 132	$ 148

Accounts payable and accrued liabilities are summarized as follows:

December 31, (Stated in millions)	1996	1995
Payroll, vacation and employee benefits	$ 488	$ 425
Trade	712	564
Taxes, other than income	182	156
Other	818	629
	$2,200	$1,774

The caption "Interest and other income" includes interest income, principally from short-term and long-term investments, of $73 million, $89 million and $78 million for 1996, 1995 and 1994, respectively, partially offset by the Company's share of the loss of the Omnes joint venture of $5 million in 1996.