



Drilling

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Investor Conference 2014
TECHNOLOGY RELIABILITY EFFICIENCY INTEGRATION

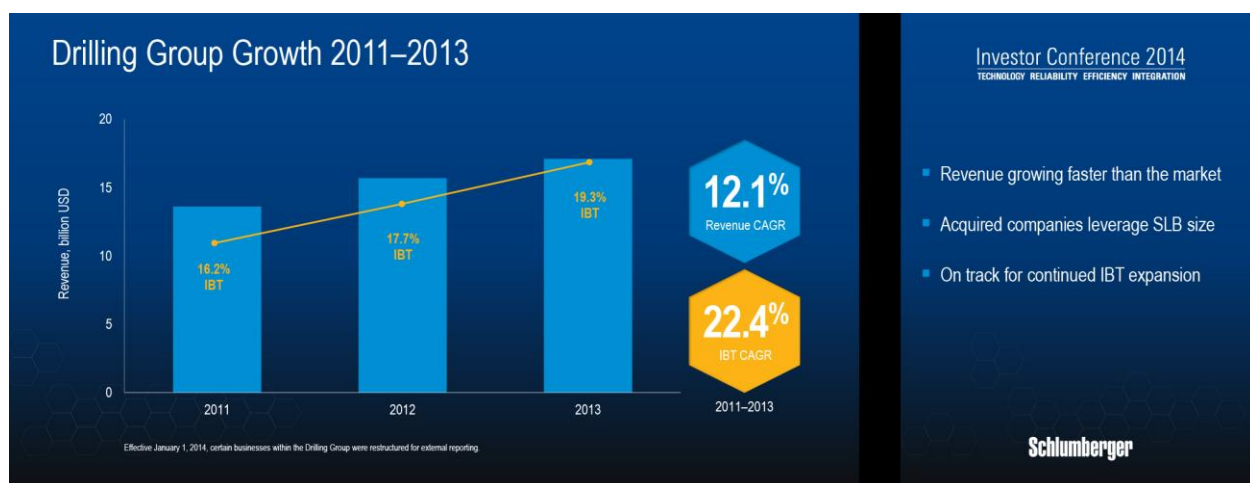
- Fully integrated technology offering
- Scientific approach to drilling
- Primed for accelerated performance

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Schlumberger has been developing drilling expertise, technologies and services for more than 30 years. Today we are clearly differentiated from our competitors in areas that are so unique they cannot be disputed and we are continuing to increase the gap and claim the number one position as leaders in directional drilling, measurements while drilling, drill bits, drilling fluids and mud logging.

We would like to show how our fully integrated drilling offering based on a scientific approach is positioning us for accelerated performance in the future.

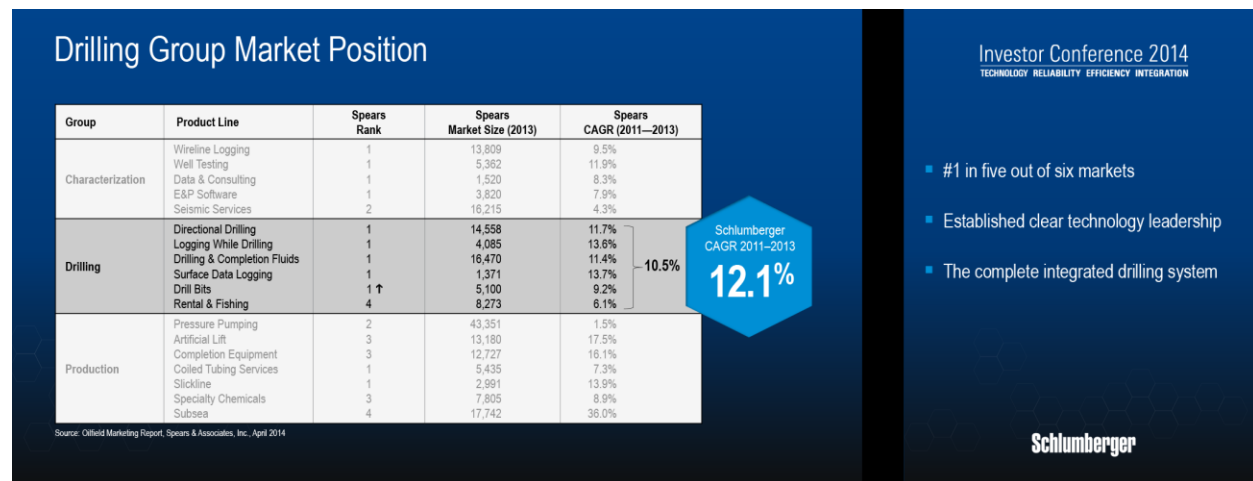


Since the acquisitions of Smith and Geoservices in 2010, we have outgrown the market by more than tripling our drilling revenue, improved profitability of all business units and significantly improved incremental margins on a yearly basis. To date this growth has been helped by our ability to internalize spend and to expand the Smith offering of products and services globally through leveraging the size and footprint of Schlumberger.

Over this period we have seen an increase in the drilling group revenue per rig by around 30%, which is a good indication of our ability to access a greater portion of the value chain as we place more

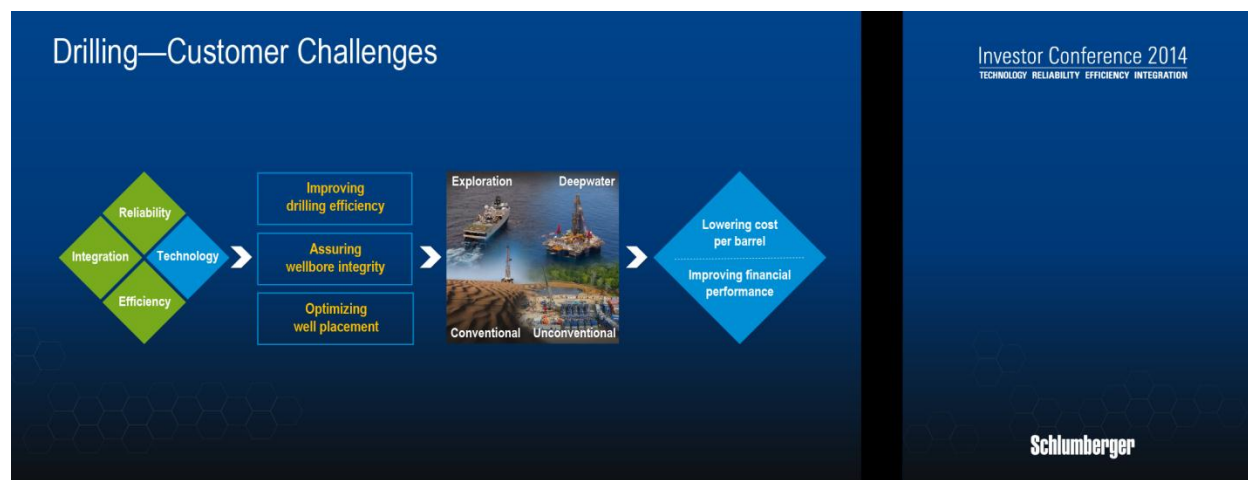
products and services on each rig. This then translates into greater technology pull-through and puts us on track to generate superior returns.

But, as essential as it is to strengthen each business individually, we recognize an even more important imperative—which is to expand our integration capabilities and thereby provide greater value to our customers and improve our own internal operating efficiency. Today, we would like to illustrate for you the commitment we have made to adopt a fully integrated approach to every aspect of our drilling business.



At the 2011 conference we described where we stood on organizational integration and positioning ourselves for cost and revenue. Since that time we have established clear technology leadership within the overall drilling market, and strengthened our position as the number one service provider in five out of six markets. Most notably in drill bits, we have moved the business from a number two Spears market share position to that of market leader.

The integration of both Smith and Geoservices has been completed, and we now have a strong Drilling Group structure that has brought the drilling product lines and domains of expertise together. Our focus today is on technology and workflow integration. We now provide our clients with tailored drilling systems and solutions, and this will evolve to include further surface and downhole integration, thus closing the loop.



We have one primary goal—call it our value proposition—and that is to lower our customers' finding and development costs per barrel while ensuring safe and compliant wells.

That goal will be reached by meeting three long-term objectives. These are to improve drilling efficiency, by increasing the feet drilled per day and eliminating non-productive time; to assure a high-quality wellbore that allows easy access to and from the reservoir; and to optimize placement of the well and quantitative formation evaluation in real time.

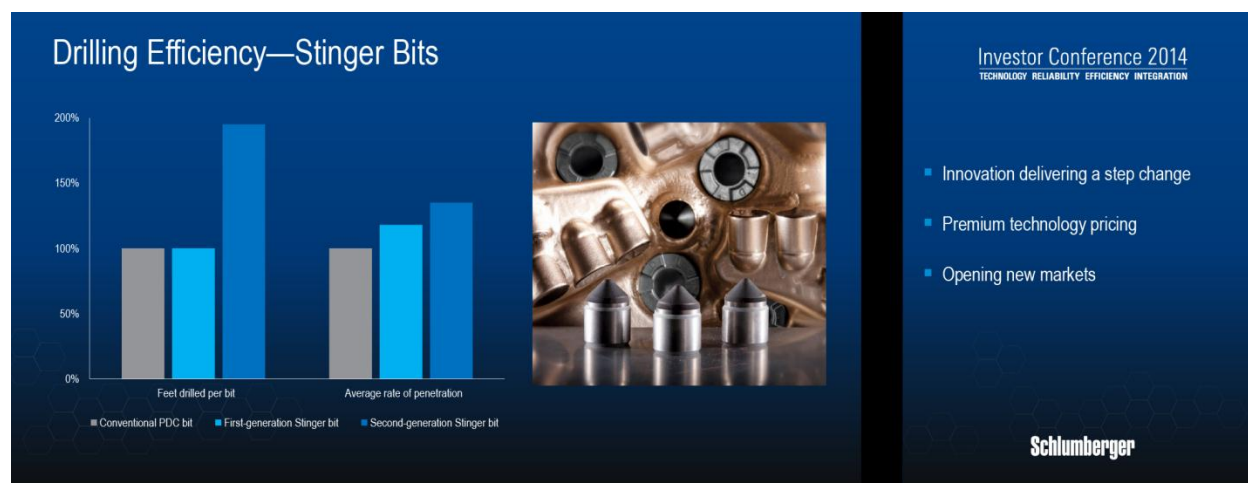
In our 2011 investor conference, we highlighted the need to drill increasingly complex wells both offshore and on land as a means of maintaining production levels. Since that time we have seen this trend accelerate, with deepwater activity moving from a predominantly vertical exploration and appraisal drilling market to one of increased directional development activity. This trend will continue as customers seek to master drilling the presalt in Brazil, the subsalt in the US Gulf of Mexico and West Africa, and be able to manage drilling programs in water depths in excess of 10,000 ft and downhole pressures in excess of 20,000 psi.

In the unconventional reservoir market we are also pushing the envelope in horizontal trajectories as customers strive to gain more efficiency. This increase in geometric complexity, combined with greater subsurface uncertainty as our clients move into less well defined environments, provides the Drilling Group with significant new business opportunities.

Our ability to accurately place wells both geologically and geometrically becomes increasingly difficult as our customers push the horizontal reach requirements from the rig to the reservoir, and new world records have been set in the horizontal displacement of wells.

For example in Qatar, we helped Maersk drill wells exceeding 35,000 ft in length, a record distance for a vertical depth of only 3,600 ft. In Sakhalin, we were instrumental in enabling ExxonMobil reach more than 38,000 ft. This is like drilling a well starting from here at the Lincoln Center to past the Statue of Liberty. These records will continue to be broken as we see extended-reach drilling activity spread into multiple geographic locations such as the UAE, West Africa, and Alaska. Indeed our customers are already designing trajectories in excess of 50,000 ft.

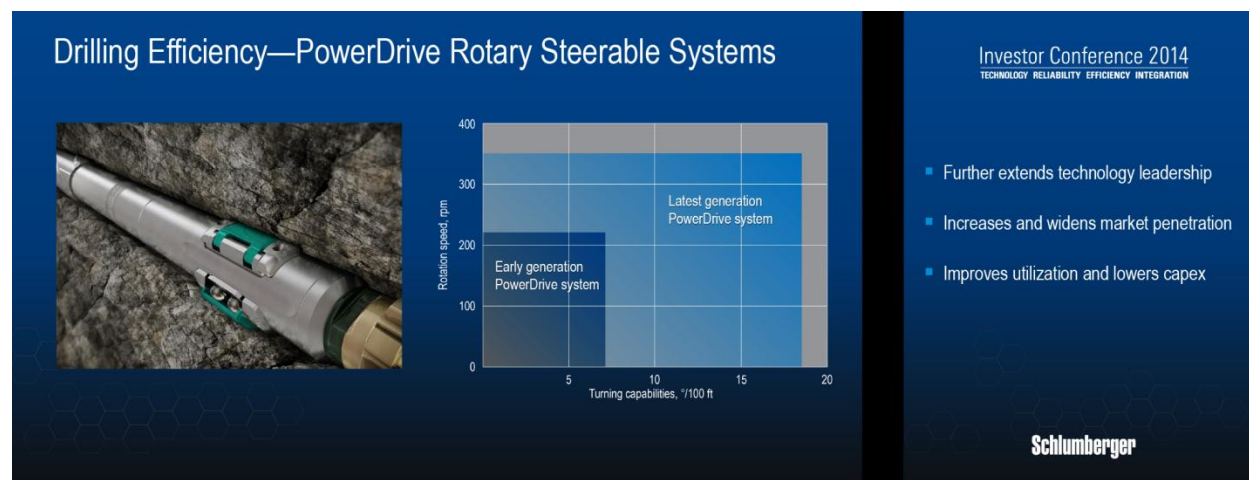
So the future for the Drilling Group is exceedingly bright as our customers will clearly require new technology and improved operational efficiency in all aspects of drilling. This will be founded on a step change in service reliability and integration.



Starting with drilling efficiency, in drill bits, our Stinger* conical element is a novel cutting structure that significantly reduces shock and vibration when it is placed in the center of the bit. In a wide range of field applications, this unique intellectual property has demonstrated greater reliability and stability compared to standard polycrystalline diamond compact (PDC) bits, while also increasing the rate of penetration by around 15% on average, and by as much as 60% in single cases. We have rapidly developed this technology to a second generation using multiple stingers. In the first 100 runs, this second generation has proven to be even more reliable, drilling over 90% farther than standard bits, and resulting in less trips out of the hole.

Second-generation Stinger bits are delivering the most value when being run in hard interbedded formations that damage the cutting structures of conventional PDC Bits. To date, the technology has had excellent international successes with many customers such as, Pemex in Mexico, Total in the North Sea, and Shell in Turkey, as well as in the US with Statoil in the Williston basin, Apache in the Permian Basin, and Occidental in Bakersfield to name but a few.

It is through innovative technologies like this that we are able to command a significant pricing premium over base bit technologies, move away from the traditional business model, and strengthen our market position particularly as we are now able to open new markets by drilling formations that were previously undrillable with PDC technology.



We continue to extend the PowerDrive* family of rotary steerable tools, which has now been in service for 16 years and has drilled more than 140 million feet globally – more than one trip around the world. We have now taken the most reliable rotary steerable system on the market and gone two steps further to extend our technology leadership. First, we have taken reliability to the next level, and second, increased the tool's operating range to vastly expand the types of rigs on which this technology can be applied. This allows us to penetrate more markets, pull through more Drilling Group products and services, and increase pricing.

The new-generation PowerDrive Orbit* tool was introduced to the market in North America earlier this year. Its extended capabilities were driven by new engineering validation and verification techniques which include our horizontal drilling test facility and integrated drilling dynamics simulation tools. To date we have over 140 tools in the market and have drilled over 350 wells.

The system has been used extensively in the US Land Marcellus shale with various North American customers. For one customer, we saved three days by drilling one hole section in one run. We know that similar value can be obtained in comparable markets within the US, and internationally in areas like Argentina, China and Europe.

Indeed we have already seen strong uptake in Saudi Arabia where we are able to further optimize the drilling of horizontal lateral sections; in Venezuela to combat challenging interbedded formations; and in Mexico, both on land and offshore, where we are now achieving record length runs.

The new design advances and scalability features of the PowerDrive Orbit system have also helped drive more efficient utilization of our entire fleet of tools. Overall, we have managed to improve reliability and increase the asset utilization of our global PowerDrive fleet by more than 30%, which has created significant capex savings.

The slide features a blue background. On the left, a photograph shows a blue and white reamer tool in a rock formation. To its right, a diagram compares a 'Traditional' reamer with a 'Rhino XC reamer'. The traditional reamer is shown with a long section of 'Rathole elimination' marked as 'saves 150-200 ft'. The Rhino XC reamer is shown as a more compact tool. On the right side of the slide, the text 'Investor Conference 2014' is followed by 'TECHNOLOGY RELIABILITY EFFICIENCY INTEGRATION'. Below this, a bulleted list highlights three points: 'Smith integrated technology development', 'Reduces drilling and saves rig time', and 'Strengthens deepwater leadership'. The Schlumberger logo is at the bottom right.

Wellbore Assurance—Rhino XC Reamer

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- Smith integrated technology development
- Reduces drilling and saves rig time
- Strengthens deepwater leadership

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When it comes to wellbore quality, the Rhino* reamer, first developed by Smith, is the leading hole enlargement tool in the industry. It is used extensively in deepwater operations to manage complex hole size requirements and help manage borehole quality. Today we have introduced the latest version of the Rhino reamer, which uses a novel flow-based activation system. The tool can now be placed anywhere in the bottom hole assembly and we can integrate it with our rotary steerable technology and drill bits such that the borehole enlargement process can be achieved from a position much closer to the bit, thus saving unnecessary rig time in making separate hole enlargement operations. This provides tremendous value to customers by typically saving a day of rig time, which represents about a million dollars on a deepwater well.

Rhino technology has now been applied successfully in the US Gulf of Mexico, Norway, and West Africa. For example, for Hess in deepwater US Gulf of Mexico, we helped save one trip and 22 hours of rig time on one hole section. The technology has applications across the entire deepwater market and

through this integration we are now able to bring Smith Bits, drilling tools and directional services together as a compelling combined offering on any deepwater rig within the Europe/Africa Area, and specifically in the North Sea and West and East Africa.

Wellbore Assurance—RHELIANT PLUS Drilling Fluid



- Major advance in drilling fluids science
- High thermal and pressure stability
- Significant benefits for deepwater drilling

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Drilling fluid is instrumental in assuring a high-quality wellbore and maintaining well integrity while ensuring that all other drilling system components work effectively.

M-I SWACO has an industry-leading position in the market, especially in the deepwater environment where we see our market share position continuing to grow, driven by activity in West Africa and the US Gulf of Mexico. Our technical expertise and our global footprint are key elements in this growth, and are underpinned by differentiated technology. RHELIANT PLUS* drilling fluid for example is our latest generation fluid targeted at the deepwater market. Deepwater environments present vast ranges of pressures and temperatures that have a major impact on the properties of the drilling fluid. Fluctuations in drilling fluid properties can compromise wellbore integrity but the unique feature of RHELIANT PLUS fluid is its insensitivity to changes in pressure and temperature and it is therefore able to provide stable drilling conditions.

The RHELIANT* family of fluids has been successfully deployed in all deepwater markets by all major operators with over 480 deepwater wells drilled and more than 60% of our global deepwater operations run RHELIANT technology. RHELIANT PLUS is the next evolution of this drilling fluid.

Well Placement—GeoSphere Service



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- Maximized reservoir contact
- Optimized landing, eliminates pilot hole
- Rapid adoption at premium pricing

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In terms of well placement, we continue to enhance the value of our high-quality quantitative drilling measurements. Our drilling product lines acquire geological and geophysical data while drilling that is turned into 3D solutions for formation evaluation.

From this perspective, we are leading the way in quantitative formation evaluation in horizontal wells. Our expertise in modeling, combined with the latest-generation of deep-reading azimuthal tools, now allows us to maximize reservoir contact in real time with new GeoSphere* technology. With this, we have taken deep-reading measurements to a new level, going from 20 ft to over 100 ft with look-around capabilities in real time. This has been enabled by our unique cloud-based high-performance computing infrastructure leveraged from WesternGeco.

The uptake of this technology has been amazing. We have now run it in over 150 wells. We have not seen a market pull like this since the introduction of rotary steerable technology over 15 years ago.

We have deployed the Geosphere service for various applications in the North Sea both in Norway and UK sectors such as eliminating pilot holes during landing operations, and discovering new reservoir sections during reservoir steering and mapping operations. Customers in the North Sea who have used this technology for this include ExxonMobil, Statoil, Eni, Nexen, and Talisman.

GeoSphere technology has also been rapidly adopted to produce more hydrocarbons by positioning the well at the sweetest spots away from water-bearing formations and to map the entire reservoir layer. Shell and Petrobras in Brazil; Apache and Chevron in Australia; and Saudi Aramco in Saudi Arabia are just some of the customers who have deployed the technology for these purposes. We also have examples where GeoSphere technology has increased production by more than 8,000 bbl/d for a given well. This premium service opens a new dimension to our drilling business as it provides a quantum leap in reservoir understanding.

Bringing It Together—Complete Drilling System Offering



The diagram illustrates a complete drilling system offering, showing the integration of various components from the surface rig to the drill bit. The components labeled include: Rigs, Mud logging, Managed pressure drilling, Solids control, Fishing and sidetracking, Drilling tools, Drilling fluids, Logging while drilling, Directional drilling, and Drill bits. The Schlumberger logo is visible in the bottom right corner.

- The complete system from bit to rig
- Beyond integration to performance
- Value through new business models

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Our unique portfolio of drilling products and services spans the complete drilling market from the drill bit all the way to the rig at the surface. By bringing all these discrete pieces together, we are now able to take a truly integrated approach and engineer customized drilling systems that provide a step change in drilling performance. In May this year, we complemented our range of services with the acquisition of Saxon Energy Services, a land drilling rig contractor with a fleet of over 80 rigs. Through this acquisition, we are now in a position to further expand the value of our integrated drilling system methodology to include the design of the rig itself—this is where drilling automation will be enabled.

Bringing It Together—Petrotechnical Engineering Centers



The slide features a world map with blue dots indicating the locations of 21 Petrotechnical Engineering Centers (PTECs) across various global regions. An inset image shows three people in a meeting room, with one person pointing at a large screen displaying a colorful 3D geological model. The Schlumberger logo is visible in the bottom right corner.

- 21 drilling centers of excellence
- Fully integrated drilling software platform
- Delivering record drilling performance

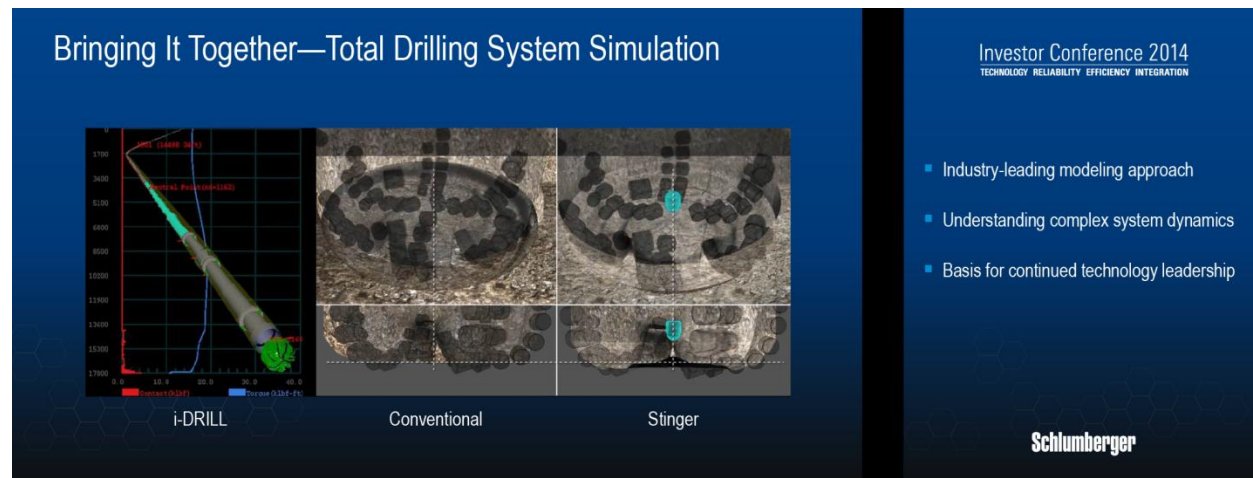
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Key to supporting and differentiating our portfolio of products and services are our drilling engineering and modeling capabilities. Today, we have the largest petrotechnical community in the industry, including drilling engineers, fluid engineers and domain experts in geomechanics, petrophysics and geology. By systematically co-locating these experts within our GeoMarkets over the last few years, we have been able to start concurrently engineering all of the products and services in our drilling portfolio. We call these co-located centers Petrotechnical Engineering Centers, or PTECs.

Nowhere is the synergy of the Drilling Group business units more evident than in the PTECs. We now have 21 of these centers of excellence across our global GeoMarket organization. The PTECs bring

together domain experts from all of the drilling businesses to develop fully integrated workflows and solutions for our customers.



However, we recognize that co-locating people is only part of the solution. We also need to give them tools so they can work efficiently together, such as our market-leading subsurface software Petrel and Techlog platforms. Through the Smith acquisition and the extensive work done by our research and engineering centers, we have further developed these industry-leading modeling capabilities that allow our experts to simulate the complete drilling system prior to drilling the well. High performance computing has enabled us to reduce simulation times of complex system dynamics from days to hours.

On the left is an example of the i-Drill* engineered drilling system design software simulating the dynamics of a complete drillstring all the way from the bit to surface. The video on the right shows how such techniques can be used to engineer specific drilling components, such as the drill bit, to ensure optimum performance. In this example the left simulation shows the bit to be unstable as it moves around laterally. By adding a Stinger conical element as described earlier, we see that the bit becomes stabilized and therefore better designed for faster rates of penetration.

Capabilities such as these represent a clear advantage to our clients as they can see the differentiated performance of our products and services before they go into the actual drilling operation.

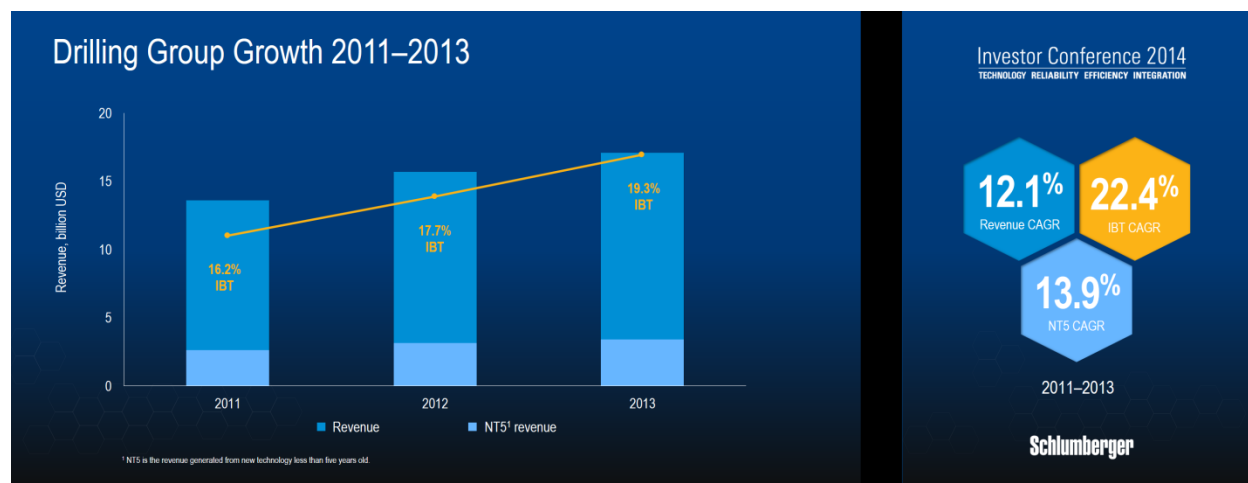
Let's conclude with an example from the North Sea that shows how this is applied.



In Norway, Schlumberger provided integrated drilling services on the Gaube field for BG where the challenge was to cost-effectively and efficiently drill and land two horizontal wells through a challenging sequence of chalk and potentially unstable shale formations. The Stavanger PTEC brought multiple disciplines together for planning, engineering, and real-time execution. A unique drilling system was designed using integration technologies to simulate a virtual well based on drilling system dynamics and hydraulics, integrated with the subsurface formation properties. The resulting drilling system included a customized Smith bit and roller reamers, combined with a PowerDrive rotary steerable and a comprehensive suite of logging while drilling services in conjunction with an M-I SWACO drilling fluid system. Geoservices provided 24/7 monitoring of the wellbore quality and drilling performance.

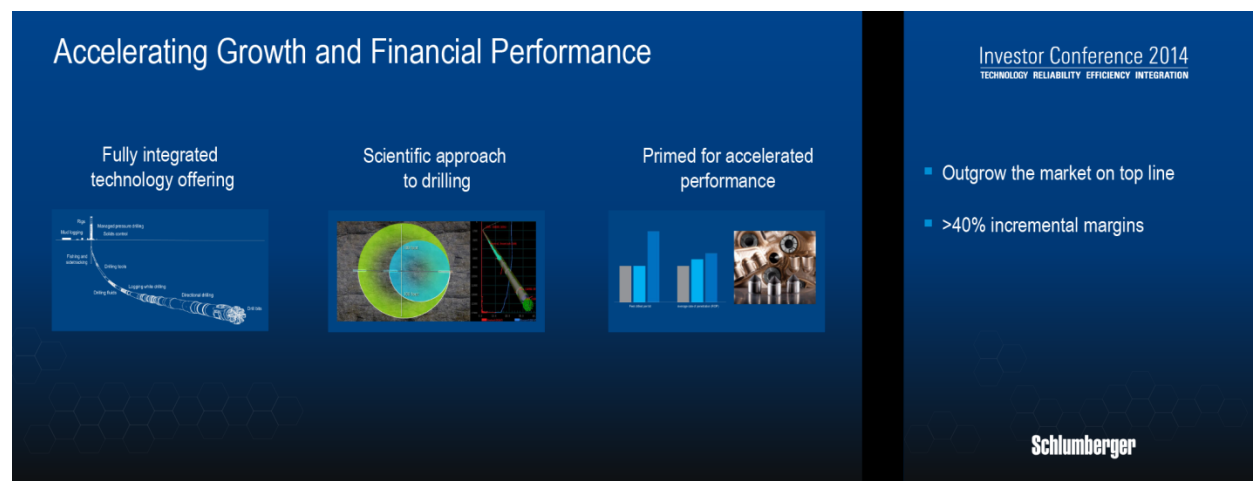
The end result was the project exceeded client stretch targets, saving 18 days of rig time over the two wells, which broke an existing industry drilling record for subsea development wells in the North Sea.

The strength of the results on this field was influential in the award of the drilling services work on the subsequent development to Schlumberger.



Ladies and gentlemen, we have shown you just a few of the exciting new technologies and some of the integrated approaches that we are pursuing in the Drilling Group. Our technology portfolio is stronger than ever and you will be introduced to other products and services at the technology session later today. Each industry-leading technology not only brings discrete value to the drilling process but also allows us to impact our customers' drilling challenges through an integrated drilling systems methodology.

Our new technology sales have grown at 13.9% CAGR since 2011. With each new technology, we extract a pricing premium and are able to adopt more innovative, value-based pricing mechanisms that help us generate superior margins.



In summary, the Drilling Group provides superior value to customers and clear differentiation from competitors through a fully integrated offering, based on a scientific approach. Our products and services will continue to accelerate growth as we capitalize on our customers' increasing needs to drill more complex wells from unconventional land reservoirs to deepwater frontiers.

We are positioned for further growth in three key ways. First, we have significant room for international expansion as legacy Smith services and products continue to benefit from the global Schlumberger footprint. Second, the aggressive introduction of premium technology will allow us to continue to outpace market growth as our new-technology pipeline is primed with services and products focused on meeting our customers continuing drilling challenges. Thirdly, the real accelerator will be the further evolution of our integrated drilling system offering, enabled by our extensive engineering and simulation capabilities.

Our ambition is to continue to outgrow the market on the top line, with incremental margins increasing by more than 40%.