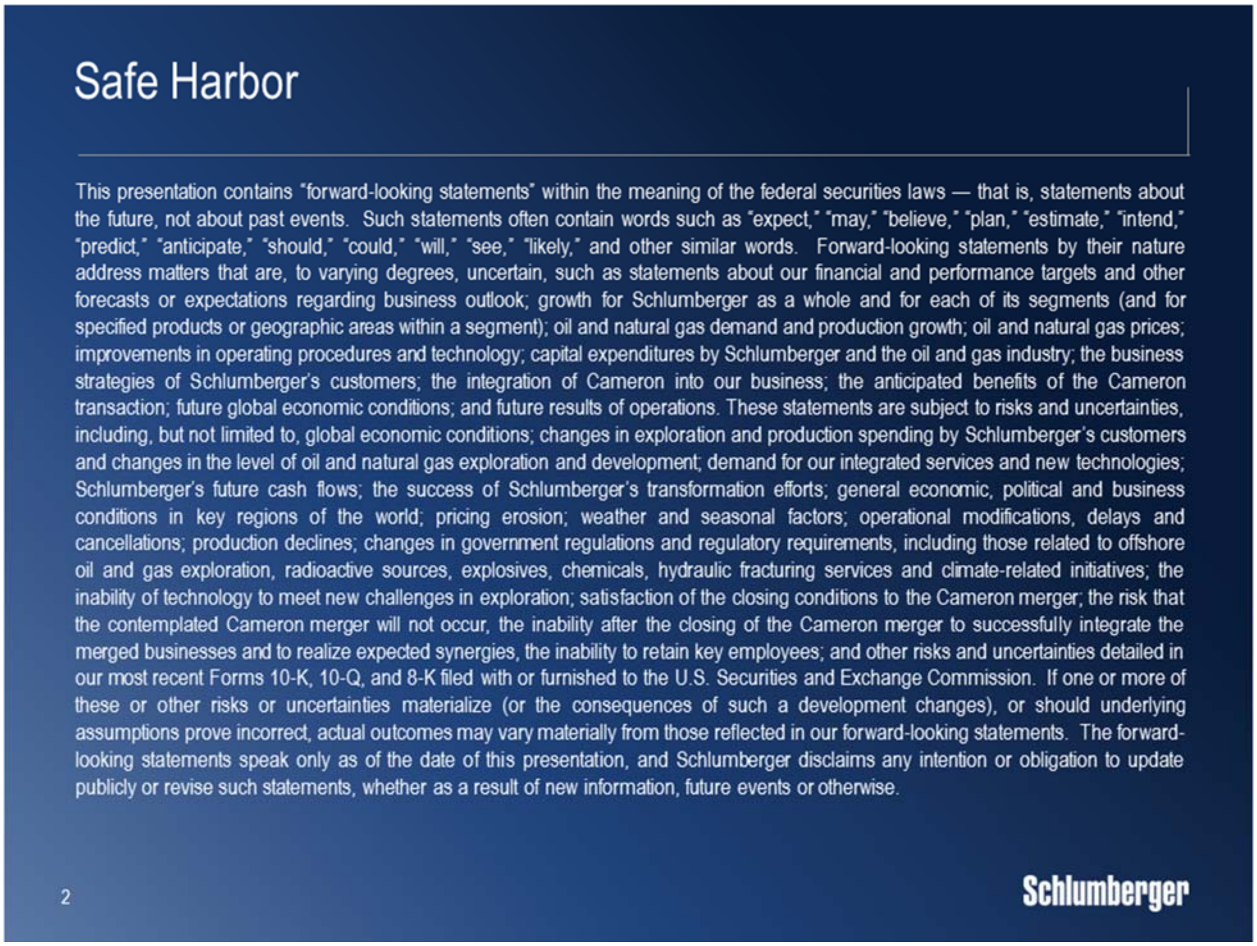
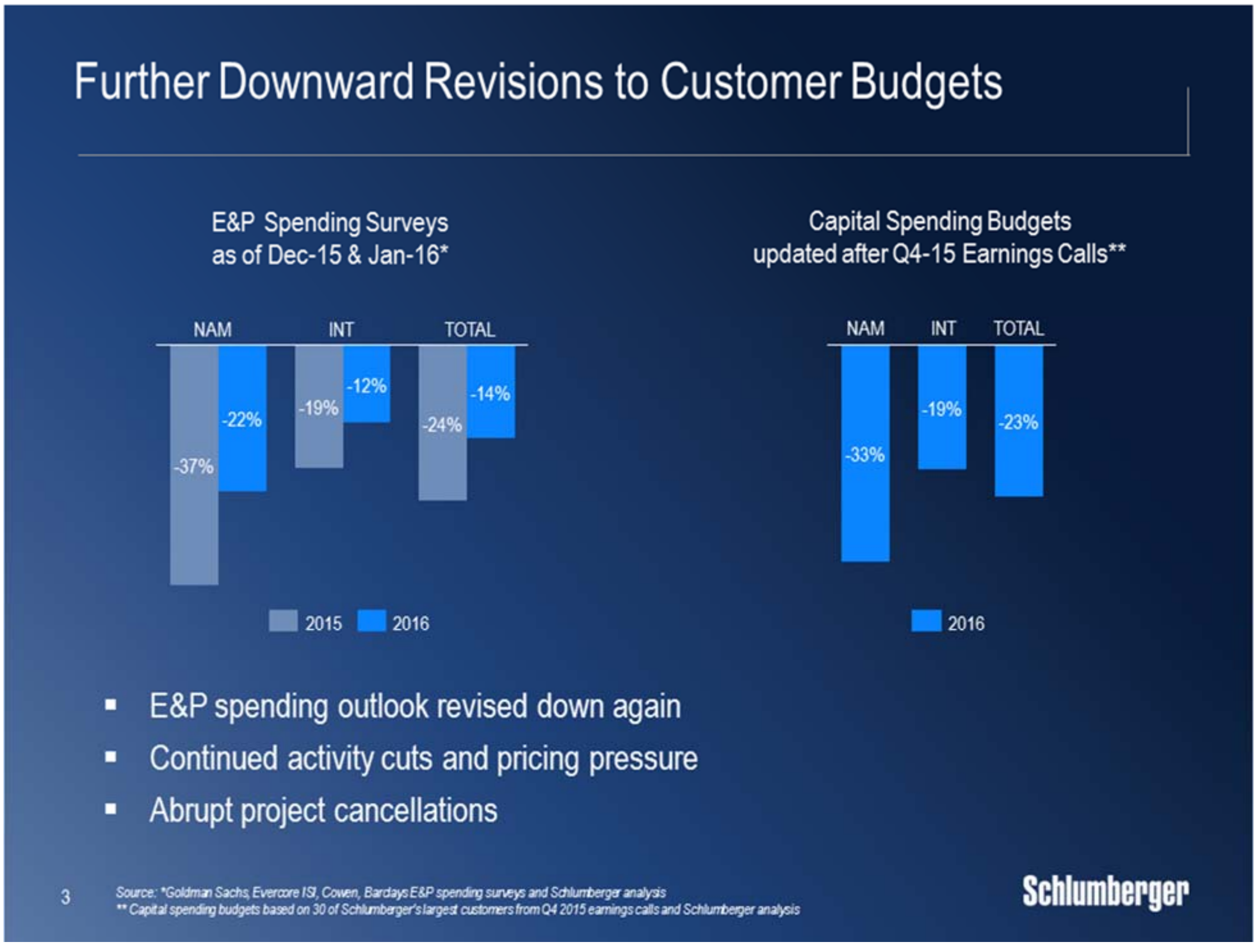
Ladies and gentlemen good morning. My thanks to Jim Wicklund and Credit Suisse for the opportunity to be back in Vail again. This time last year I discussed how the outlook for capital spending would challenge the oilfield services industry and why Schlumberger was optimally placed to outperform. Of course, 2015 turned out to be even more challenging than we thought.

This year I'd like to do things a little differently by only taking 10 minutes and 5 slides for my prepared remarks. These will cover how we expect the start of the year to evolve before I open the floor to a longer-than-usual Q&A session.



First the legal information. Some of the statements I will be making today are forward-looking. These statements are subject to risks and uncertainties that could cause our results to materially differ from those projected in these statements. I therefore refer you to our latest 10-K and other SEC filings.

Thank you, let's move on.

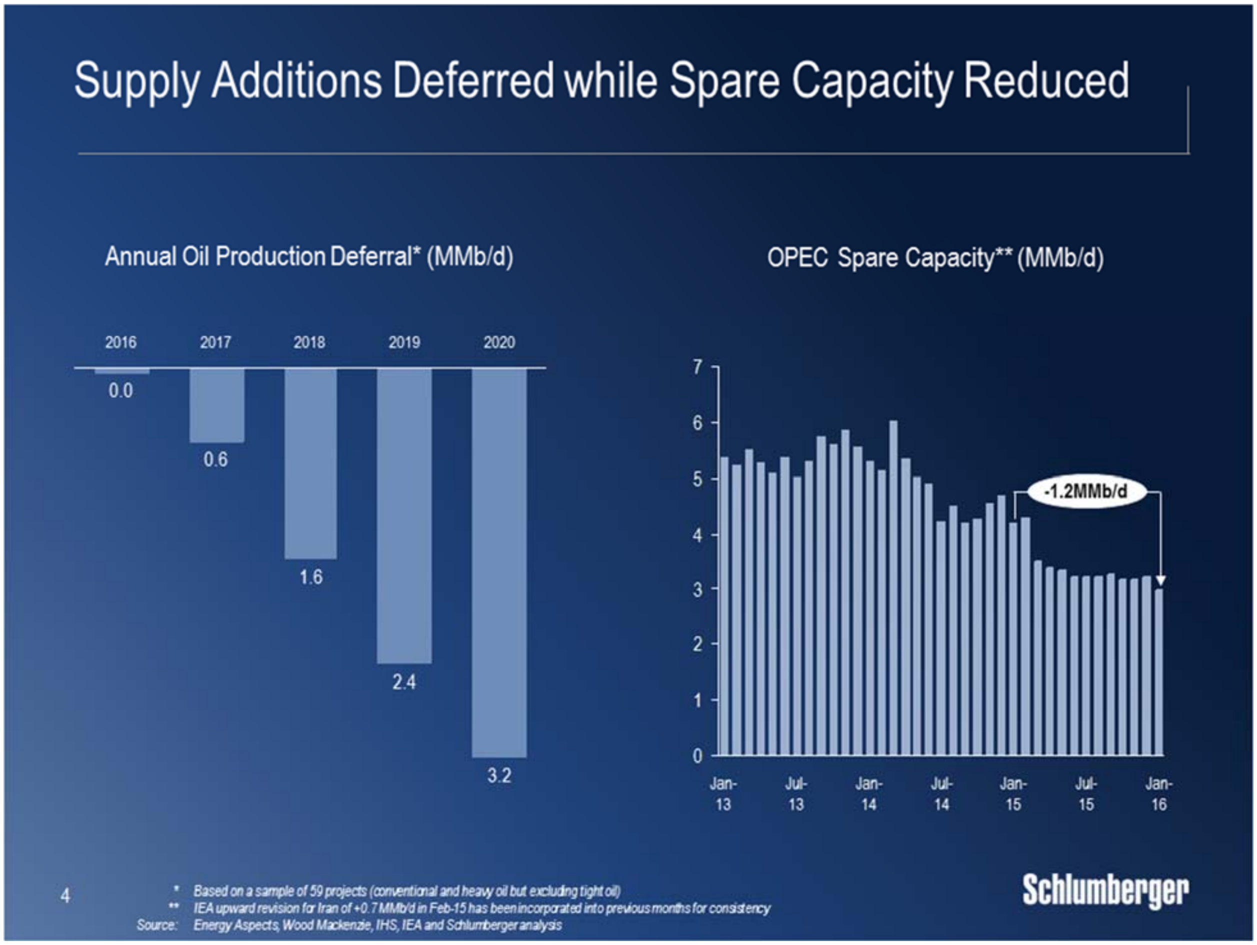


2015 saw commodity prices fall dramatically with oil dropping to a 12-year low by the end of the year, radically curtailing upstream investment that dropped 24% on a worldwide basis. The most significant fall occurred in North America, where US land rig count fell below 700 in late December.

Looking forward, forecasts from the major E&P investment surveys have already been published, and point to a further fall of 14% in 2016. But the situation is deteriorating rapidly. Customer budgets are already showing reductions in excess of the 14% survey figure, and more recent data are increasingly negative with 2016 spend likely to fall by a further 19% internationally and by as much as 33% in North America. In the US, land rig count has already dropped by just under 190 rigs since the end of December, and reading between the lines of US customer budgets, we expect further rigs to stop by the end of the second quarter. Internationally, projects across all Areas are being delayed, or are experiencing significant disruption.

This is the direct result of lower commodity prices, as competing sources of supply from OPEC and North American unconventional resources continue to battle for market share in the context of global demand growth expectations. And although production declines in combination with significantly reduced investment levels will remove barrels from the market, record inventory levels and the return of Iranian production to the market will limit commodity price recovery for a few more quarters. With oversupply persisting in spite of economic growth, we therefore expect oil prices to remain low for at least the first half 2016. As a result, we also expect activity to continue to suffer from the type of cuts that we saw in the fourth quarter of last year, while pricing pressure for oilfield services will remain acute.

The current downturn is now 16 months long since the US land rig count peaked in October 2014. It already outpaces that of 1986/87. The effect of the current two-year cut in investment puts the likely 2016 spend more than a third below that of 2014. Such a figure implies that overall production capacity may not be increased, and that production lost to decline will not be immediately replaced. This sets the scene for supply and demand to balance, and hence for recovery to begin.

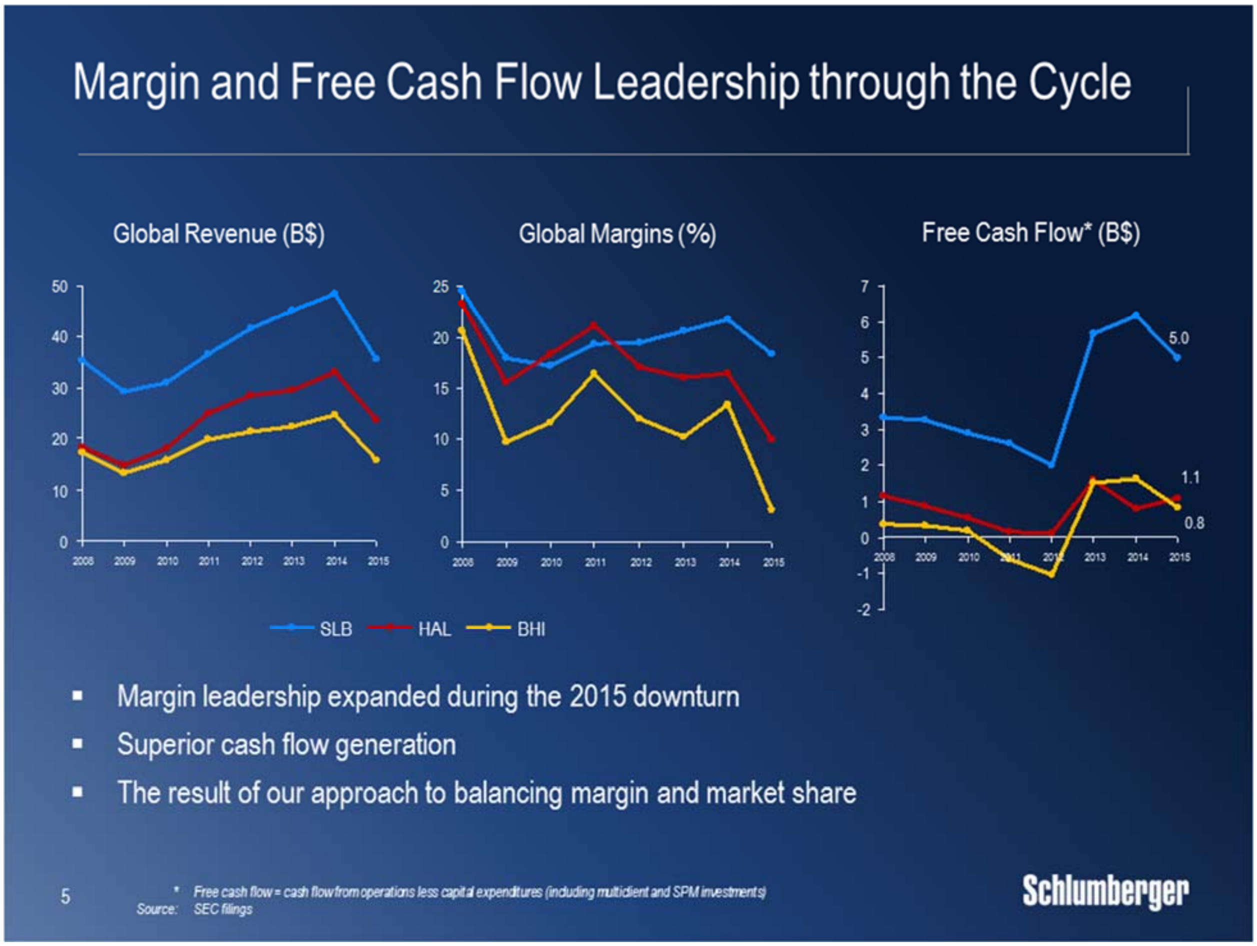


To illustrate this in more detail, here are the effects of boosting marketed supply without adding sufficient new supply as low commodity prices persist. We have analyzed close to 60 new oil project developments that have been deferred or cancelled since 2015 and we estimate that this will translate into a loss of more than three million bbl/d in production by 2020, and as many as six million bbl/d by 2022 if more delays turn into cancellations. At the same time, few customers expect to make new final investment decisions this year, with this gap in investment impacting future supply in the short- to medium-term.

Within OPEC, the high levels of production have boosted total OPEC supply to levels exceeding 32.5 million bbl/d, simply by lowering spare capacity from four to three million bbl/d. Saudi Arabia accounts for two of the three million barrels while the remainder lies mainly in Iran. At the same time, the drop in spare capacity is almost equal to the increase in inventory levels, indicating that the fundamentals of global supply and demand are reasonably well-balanced.

Deferred production capacity must be also be considered, along with production lost to decline, in meeting the annual supply replacement challenge of 8 to 10 million bbl/d. The latest forecasts indicate that non-OPEC production will decline between 500,000 and 700,000 bbl/d in 2016, with January data already indicating that higher OPEC production was insufficient to overcome lower non-OPEC performance. So far, the fall in non-OPEC production puts non-OPEC supply in January 2016 almost flat with that of January 2015.

This analysis, together with the unknown reservoir effect of keeping the production taps wide open, leads us to believe that production fundamentals are solid and that market tightening is inevitable, although the timing remains difficult to call.



In our January full-year 2015 earnings call we mentioned the strength of our financial performance in 2015. This enabled us to generate a record level of free cash flow even after our investment in future revenue streams and in capital expenditure, which remained significant. Moreover, we returned a high level of cash to our shareholders, and spent $500 million on a series of technology acquisitions that broadened and extended our technology portfolio. All of this was achieved with just a relatively small increase in net debt—in a year in which revenue contracted 27%.

These results were delivered through a combination of excellence in execution, proactive cost control, and efficient operational management—all supported by the acceleration of our transformation. And, in spite of unrelenting pressure on pricing, we were able to hold new technology sales at 24% in 2015, highlighting that even in such a challenging market, customers are ready to pay for the higher technologies that help improve their reservoirs' performance.

I would also add that our margin leadership in North America actually grew in 2015, while our international margin remained at its prior-year high. We believe that the results of the transformation program contributed to these results together with our successful approach of balancing margin and market share in a difficult commercial landscape.

Looking ahead, while the outlook for North America margin remains somewhat weak, international margin looks more solid on the back of increased tender wins and overall market encroachment. Once again, the transformation program will, in effect, protect our margin even if revenue levels continue to drop.

While visibility remains very limited on the timing of the inevitable recovery, I'd like to point out a number of positive factors. First, our earnings already reflect the negative effects of limited seismic acquisition, reduced exploration, and lower deepwater activity. These are markets that differentially favor Schlumberger. All will eventually rebound. Second, our level of free cash flow offers a critical advantage, particularly at this point in the cycle, to capitalize on further technology acquisitions and production management opportunities. Third, we have already been preparing for growth through organization, infrastructure and technology integration—all of which apply just as much to ourselves as they will to Cameron once the final regulatory approvals are in place.

Ladies and gentlemen, before we turn to Q&A, let me just summarize the major points that I have made.

Exploration and production activity has continued to weaken, even further than we indicated in our full-year 2015 earnings call only a month ago. We expect this environment to continue well into the second half of this year. Persistently low prices have forced operators to cut activity or delay projects to protect their own financial positions. This will mean that a recovery in service activity will lag higher oil prices by some time.

Longer term, the market will return to growth as the production deficit becomes more pronounced. The effects of natural production decline and new production deferral in combination with today's significantly reduced upstream investment make this inevitable. The longer investment falls below production replacement needs, the sharper the recovery will have to be to meet market demand.

Against this landscape, Schlumberger remains the leading oilfield services company supported by our strong balance sheet and free cash flow. In addition to the growing benefits of the transformation program, these provide us with the freedom and independence of action to generate further opportunities for growth through M&A activity and investment in new production management projects.

Ladies and gentlemen, we believe that we have the organization, the infrastructure, and the technology portfolio for growth once activity returns, and the coiled spring is released.

Thank you.