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

# FORM 10-Q

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

| For the quarterly period ended: | Commission file No.: |
|---|---|
| March 31, 2010 | 1-4601 |

# SCHLUMBERGER N.V.
# (SCHLUMBERGER LIMITED)

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| NETHERLANDS ANTILLES<br>(State or other jurisdiction of incorporation or organization) | 52-0684746<br>(I.R.S. Employer Identification No.) |
| 42 RUE SAINT-DOMINIQUE<br>PARIS, FRANCE | 75007 |
| 5599 SAN FELIPE, 17th FLOOR<br>HOUSTON, TEXAS, U.S.A. | 77056 |
| PARKSTRAAT 83<br>THE HAGUE,<br>THE NETHERLANDS<br>(Addresses of principal executive offices) | 2514 JG<br>(Zip Codes) |

**Registrant's telephone number: (713) 513-2000**

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

YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

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

| Class | Outstanding at March 31, 2010 |
|---|---|
| COMMON STOCK, $0.01 PAR VALUE PER SHARE | 1,192,808,544 |

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**SCHLUMBERGER LIMITED**
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## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements.

## SCHLUMBERGER LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME
**(Unaudited)**

*(Stated in millions, except per share amounts)*

| | Three Months Ended March 31, | |
|---|---|---|
| | **2010** | **2009** |
| *Revenue* | **$ 5,598** | $ 6,000 |
| *Interest & other income, net* | **64** | 77 |
| *Expenses* | | |
| Cost of revenue | **4,343** | 4,510 |
| Research & engineering | **207** | 190 |
| General & administrative | **144** | 130 |
| Merger & integration | **35** | — |
| Interest | **45** | 55 |
| *Income before taxes* | **888** | 1,192 |
| Taxes on income | **214** | 252 |
| *Net Income* | **674** | 940 |
| Net income attributable to noncontrolling interests | **(2)** | (2) |
| *Net Income attributable to Schlumberger* | **$ 672** | $ 938 |
| **Schlumberger amounts attributable to:** | | |
| Net Income | **$ 672** | $ 938 |
| **Basic earnings per share of Schlumberger:** | | |
| Net Income | **$ 0.56** | $ 0.78 |
| **Diluted earnings per share of Schlumberger:** | | |
| Net Income | **$ 0.56** | $ 0.78 |
| **Average shares outstanding:** | | |
| Basic | **1,195** | 1,196 |
| Assuming dilution | **1,215** | 1,210 |

See Notes to Consolidated Financial Statements

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# SCHLUMBERGER LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

| | Mar. 31, 2010 (Unaudited) | Dec. 31, 2009 |
|---|---|---|
| | | *(Stated in millions)* |
| ***ASSETS*** | | |
| *Current Assets* | | |
| Cash | **$ 271** | $ 243 |
| Short-term investments | **3,932** | 4,373 |
| Receivables less allowance for doubtful accounts (2010—$144; 2009—$160) | **5,972** | 6,088 |
| Inventories | **1,851** | 1,866 |
| Deferred taxes | **154** | 154 |
| Other current assets | **885** | 926 |
| | **13,065** | 13,650 |
| *Fixed Income Investments, held to maturity* | **708** | 738 |
| *Investments in Affiliated Companies* | **2,360** | 2,306 |
| *Fixed Assets less accumulated depreciation* | **9,545** | 9,660 |
| *Multiclient Seismic Data* | **333** | 288 |
| *Goodwill* | **5,397** | 5,305 |
| *Intangible Assets* | **840** | 786 |
| *Deferred Taxes* | **301** | 376 |
| *Other Assets* | **334** | 356 |
| | **$ 32,883** | $33,465 |
| ***LIABILITIES AND EQUITY*** | | |
| *Current Liabilities* | | |
| Accounts payable and accrued liabilities | **$ 4,705** | $ 5,003 |
| Estimated liability for taxes on income | **865** | 878 |
| Dividend payable | **250** | 253 |
| Long-term debt—current portion | **456** | 444 |
| Short-term borrowings | **179** | 360 |
| Convertible debentures | **299** | 321 |
| | **6,754** | 7,259 |
| *Long-term Debt* | **4,052** | 4,355 |
| *Postretirement Benefits* | **1,623** | 1,660 |
| *Other Liabilities* | **915** | 962 |
| | **13,344** | 14,236 |
| *Equity* | | |
| Common stock | **4,841** | 4,777 |
| Treasury stock | **(5,221)** | (5,002) |
| Retained earnings | **22,440** | 22,019 |
| Accumulated other comprehensive loss | **(2,632)** | (2,674) |
| Schlumberger stockholders' equity | **19,428** | 19,120 |
| Noncontrolling interests | **111** | 109 |
| | **19,539** | 19,229 |
| | **$ 32,883** | $33,465 |

See Notes to Consolidated Financial Statements

## SCHLUMBERGER LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS
**(Unaudited)**

| | *(Stated in million)* Three Months Ended March 31, | |
|---|---|---|
| | **2010** | **2009** |
| Cash flows from operating activities: | | |
| Net Income | **$ 674** | $ 940 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization [(1)] | **620** | 609 |
| Earnings of companies carried at equity, less dividends received | **(47)** | (55) |
| Deferred income taxes | **33** | 78 |
| Stock-based compensation expense | **47** | 47 |
| Pension and other postretirement benefits expense | **79** | 86 |
| Pension and other postretirement benefits funding | **(64)** | (273) |
| Other non-cash items | **2** | 39 |
| Change in assets and liabilities: [(2)] | | |
| Decrease (increase) in receivables | **125** | (429) |
| Decrease (increase) in inventories | **17** | (118) |
| Decrease (increase) in other current assets | **39** | (48) |
| Decrease in accounts payable and accrued liabilities | **(299)** | (285) |
| Decrease in estimated liability for taxes on income | **(1)** | (42) |
| (Decrease) increase in other liabilities | **(32)** | 23 |
| Other-net | **(204)** | (21) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | **989** | 551 |
| Cash flows from investing activities: | | |
| Capital expenditures | **(449)** | (748) |
| Multiclient seismic data capitalized | **(91)** | (48) |
| Business acquisitions and investments, net of cash acquired | **(117)** | (12) |
| Sale (purchase) of investments, net | **468** | (475) |
| Other | **(5)** | 66 |
| NET CASH USED BY INVESTING ACTIVITIES | **(194)** | (1,217) |
| Cash flows from financing activities: | | |
| Dividends paid | **(254)** | (251) |
| Proceeds from employee stock purchase plan | **84** | 1 |
| Proceeds from exercise of stock options | **31** | 14 |
| Tax benefits on stock options | **—** | 4 |
| Stock repurchase program | **(337)** | — |
| Proceeds from issuance of long-term debt | **—** | 1,287 |
| Repayment of long-term debt | **(109)** | (521) |
| Net (decrease) increase in short-term borrowings | **(182)** | 137 |
| NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES | **(767)** | 671 |
| Net increase (decrease) in cash before translation effect | **28** | 5 |
| Translation effect on cash | **—** | (2) |
| Cash, beginning of period | **243** | 189 |
| Cash, end of period | **$ 271** | $ 192 |

(1) Includes multiclient seismic data costs.
(2) Net of the effect of business acquisitions.

See Notes to Consolidated Financial Statements

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## SCHLUMBERGER LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF EQUITY
**(Unaudited)**

*(Stated in millions)*

| January 1, 2009 - March 31, 2009 | Common Stock Issued | Common Stock In Treasury | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests | Total |
|---|---|---|---|---|---|---|
| Balance, January 1, 2009 | $4,668 | $ (4,796) | $19,891 | $ (2,901) | $ 72 | $16,934 |
| Comprehensive income | | | | | | |
| Net income | | | 938 | | 2 | |
| Currency translation adjustments | | | | (118) | | |
| Changes in fair value of derivatives | | | | 12 | | |
| Deferred employee benefits liabilities | | | | 38 | | |
| Total comprehensive income | | | | | | 872 |
| Shares sold to optionees, less shares exchanged | (4) | 18 | | | | 14 |
| Shares issued under employee stock purchase plan | 9 | 61 | | | | 70 |
| Stock-based compensation cost | 47 | | | | | 47 |
| Other | (5) | | | | | (5) |
| Dividends declared ($0.21 per share) | | | (251) | | | (251) |
| Tax benefits on stock options | 4 | | | | | 4 |
| Balance, March 31, 2009 | $4,719 | $ (4,717) | $20,578 | $ (2,969) | $ 74 | $17,685 |

*(Stated in millions)*

| January 1, 2010 - March 31, 2010 | Common Stock Issued | Common Stock In Treasury | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests | Total |
|---|---|---|---|---|---|---|
| Balance, January 1, 2010 | $4,777 | $ (5,002) | $22,019 | $ (2,674) | $ 109 | $19,229 |
| Comprehensive income | | | | | | |
| Net income | | | 672 | | 2 | |
| Currency translation adjustments | | | | 11 | | |
| Changes in fair value of derivatives | | | | (22) | | |
| Deferred employee benefits liabilities | | | | 53 | | |
| Total comprehensive income | | | | | | 716 |
| Shares sold to optionees, less shares exchanged | | 31 | | | | 31 |
| Vesting of restricted stock | (8) | 8 | | | | — |
| Shares issued under employee stock purchase plan | 25 | 59 | | | | 84 |
| Stock repurchase program | | (337) | | | | (337) |
| Stock-based compensation cost | 47 | | | | | 47 |
| Shares issued on conversion of debentures | 2 | 20 | | | | 22 |
| Other | (2) | | | | | (2) |
| Dividends declared ($0.21 per share) | | | (251) | | | (251) |
| Balance, March 31, 2010 | $4,841 | $ (5,221) | $22,440 | $ (2,632) | $ 111 | $19,539 |

See Notes to Consolidated Financial Statements

## SCHLUMBERGER LIMITED AND SUBSIDIARIES

## SHARES OF COMMON STOCK
**(Unaudited)**

*(Stated in millions)*

| | Issued | In Treasury | Shares Outstanding |
|---|---|---|---|
| Balance, January 1, 2010 | 1,334 | (139) | 1,195 |
| Shares sold to optionees, less shares exchanged | — | 1 | 1 |
| Shares issued under employee stock purchase plan | — | 1 | 1 |
| Stock repurchase plan | — | (5) | (5) |
| Shares issued on conversion of debebtures | — | 1 | 1 |
| Balance, March 31, 2010 | 1,334 | (141) | 1,193 |

See Notes to Consolidated Financial Statements

**SCHLUMBERGER LIMITED AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

**1. Basis of Presentation**

The accompanying unaudited consolidated financial statements, which include the accounts of Schlumberger Limited and its subsidiaries ("Schlumberger"), have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the accompanying unaudited financial statements. All intercompany transactions and balances have been eliminated in consolidation. Operating results for the three month period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2010. The December 31, 2009 balance sheet information has been derived from the audited 2009 financial statements. For further information, refer to the *Consolidated Financial Statements* and notes thereto, included in the Schlumberger Annual Report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission on February 5, 2010.

Certain items from prior year have been reclassified to conform to the current year presentation.

**2. Recently Announced Transactions**

On February 21, 2010, Schlumberger and Smith International, Inc. ("Smith") jointly announced that their Boards of Directors approved a definitive merger agreement in which the companies would combine in a stock-for-stock transaction. Under the terms of the agreement, Smith shareholders will receive 0.6966 shares of Schlumberger in exchange for each Smith share. Schlumberger estimates that it will issue approximately 177 million shares of its common stock in this transaction. The value of this transaction using the Schlumberger's stock price at the end of March is approximately $11.2 billion. Such amount excludes Smith's net debt which was $1.2 billion as of December 31, 2009. Smith is a leading supplier of premium products and services to the oil and gas exploration and production industry and reported revenues of $8.2 billion in 2009. The transaction is subject to various conditions including Smith stockholder approval and customary regulatory approvals, including the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. It is anticipated that the closing of the transaction will occur in the latter half of 2010.

On March, 24, 2010, Schlumberger announced the acquisition of Geoservices, a privately owned oilfield services company specializing in mud logging, slickline and production surveillance operations. The purchase price is approximately $0.9 billion, excluding net debt assumed of approximately $0.1 billion. Geoservices' revenue in 2009 was approximately $0.5 billion. This transaction closed on April 23, 2010.

**3. Charges**

Schlumberger recorded the following charges during the first quarter of 2010:

- Schlumberger incurred $35 million of merger-related costs in connection with the Smith and Geoservices transactions. These costs primarily consist of advisory and legal fees and are classified in *Merger & integration* in the *Consolidated Statement of Income*.
- During March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law in the United States. Among other things, the PPACA eliminates the tax deductibility of retiree prescription drug benefits to the extent of the Medicare Part D Subsidy that companies, such as Schlumberger, receive. As a result of this change in law, Schlumberger recorded a $40 million charge to adjust its deferred tax assets to reflect the loss of this future tax deduction. This charge is classified in *Taxes on income* in the *Consolidated Statement of Income*.

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The following is a summary of these charges:

| | | | *(Stated in millions)* |
|---|---|---|---|
| | Pretax | Tax | Net |
| Charges | | | |
| - Merger-related transaction costs | $ 35 | $— | $35 |
| - Impact of elimination of tax deduction related to Medicare Part D subsidy | — | 40 | 40 |
| | $ 35 | $ 40 | $75 |

There were no charges in the first quarter of 2009.

**4. Earnings Per Share**

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

*(Stated in millions, except per share amounts)*

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | Schlumberger Net Income | Average Shares Outstanding | Earnings per Share | Schlumberger Net Income | Average Shares Outstanding | Earnings per Share |
| **First Quarter** | | | | | | |
| Basic | **$ 672** | **1,195** | **$ 0.56** | $ 938 | 1,196 | $ 0.78 |
| Assumed conversion of debentures | **2** | **7** | | 2 | 8 | |
| Assumed exercise of stock options | **—** | **11** | | — | 4 | |
| Unvested restricted stock | **—** | **2** | | — | 2 | |
| Diluted | **$ 674** | **1,215** | **$ 0.56** | $ 940 | 1,210 | $ 0.78 |

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

| | | *(Stated in millions)* |
|---|---|---|
| | 2010 | 2009 |
| First Quarter | **13** | 17 |

**5. Acquisitions**

During the first quarter of 2010, Schlumberger made certain acquisitions and minority interest investments for $117 million, net of cash acquired, none of which were significant on an individual basis or in the aggregate.

**6. Inventory**

A summary of inventory follows:

| | | *(Stated in millions)* |
|---|---|---|
| | Mar. 31 2010 | Dec. 31 2009 |
| Raw materials & field materials | **$1,643** | $1,646 |
| Work in process | **75** | 74 |
| Finished goods | **133** | 146 |
| | **$1,851** | $1,866 |

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## 7. Fixed Assets

A summary of fixed assets follows:

| | Mar. 31 2010 | Dec. 31 2009 |
|---|---|---|
| | | *(Stated in millions)* |
| Property, plant & equipment | **$21,820** | $21,505 |
| Less: Accumulated depreciation | **12,275** | 11,845 |
| | **$ 9,545** | $ 9,660 |

Depreciation expense relating to fixed assets was $547 million and $530 million in the first quarters of 2010 and 2009, respectively.

## 8. Multiclient Seismic Data

The change in the carrying amount of multiclient seismic data for the three months ended March 31, 2010 was as follows:

| | *(Stated in millions)* |
|---|---|
| Balance at December 31, 2009 | $ 288 |
| Capitalized in period | 91 |
| Charged to cost of revenue | (46) |
| Balance at March 31, 2010 | $ 333 |

## 9. Goodwill

The changes in the carrying amount of goodwill by business segment for the three months ended March 31, 2010 were as follows:

| | Oilfield Services | Western Geco | Total |
|---|---|---|---|
| | | | *(Stated in millions)* |
| Balance at December 31, 2009 | $4,290 | $1,015 | $5,305 |
| Additions | 70 | 24 | 94 |
| Impact of change in exchange rates | (2) | — | (2) |
| Balance at March 31, 2010 | $4,358 | $1,039 | $5,397 |

## 10. Intangible Assets

Intangible assets principally comprise software, technology and customer relationships. The gross book value and accumulated amortization of intangible assets were as follows:

| | Mar. 31, 2010 | | | Dec. 31, 2009 | | *(Stated in millions)* |
|---|---|---|---|---|---|---|
| | Gross Book Value | Accumulated Amortization | Net Book Value | Gross Book Value | Accumulated Amortization | Net Book Value |
| Software | **$ 328** | **$ 256** | **$ 72** | $ 339 | $ 262 | $ 77 |
| Technology | **595** | **163** | **432** | 527 | 163 | 364 |
| Customer Relationships | **357** | **86** | **271** | 355 | 80 | 275 |
| Other | **121** | **56** | **65** | 121 | 51 | 70 |
| | **$ 1,401** | **$ 561** | **$ 840** | $ 1,342 | $ 556 | $ 786 |

Amortization expense charged to income was $28 million during the first quarter of 2010 and $29 million during the same period of 2009.

The weighted average amortization period for all intangible assets is approximately 12 years.

Based on the net book value of intangible assets at March 31, 2010, amortization charged to income for the subsequent five years is estimated to be: remainder of 2010 – $91 million; 2011 – $109 million; 2012– $90 million; 2013 – $73 million; 2014 – $68 million and 2015 – $61 million.

**11. Derivative Instruments and Hedging Activities**

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

*Foreign Currency Exchange Rate Risk*

As a multinational company, Schlumberger conducts its business in approximately 80 countries. Schlumberger's functional currency is primarily the US dollar, which is consistent with the oil and gas industry. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens (strengthens) in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar – reported expenses will increase (decrease).

Schlumberger is exposed to risks on future cash flows to the extent that local currency expenses exceed revenues denominated in local currency that are other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges, with the effective portion of changes in the fair value of the hedge recorded on the *Consolidated Balance Sheet* and in *Other Comprehensive Income (Loss).* Amounts recorded in *Other Comprehensive Income (Loss)* are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings. The ineffective portion of changes in the fair value of the hedged item is recorded directly to earnings.

At March 31, 2010, Schlumberger recognized a cumulative net $18 million gain in *Equity* relating to revaluation of foreign currency forward contracts and foreign currency options designated as cash flow hedges, the majority of which is expected to be reclassified into earnings within the next twelve months.

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

At March 31, 2010, contracts were outstanding for the US dollar equivalent of $4.3 billion in various foreign currencies.

*Commodity Price Risk*

Schlumberger is exposed to the impact of market fluctuations in the price of commodities, such as copper and lead. Schlumberger has entered into forward contracts on these commodities to manage the price risk associated with forecasted purchases. The objective of these contracts is to reduce the variability of cash flows associated with the forecasted purchase of those commodities. These contracts do not qualify for hedge accounting treatment and therefore, changes in the fair value of the forward contracts are recorded directly to earnings.

*Interest Rate Risk*

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

During the third quarter of 2009, Schlumberger entered into interest rate swaps relating to two of its debt instruments. The first swap was for a notional amount of $600 million in order to hedge a portion of the changes in fair value of Schlumberger's $650 million 6.50% Notes due 2012. Under the terms of this swap agreement, Schlumberger will receive interest at a fixed rate of 6.5% semi-annually and will pay interest semi-annually at a floating rate of one-month LIBOR plus a spread of 4.84%. The second swap was for a notional amount of $450 million in order to hedge changes in the fair value of Schlumberger's $450 million 3.00% Notes due 2013. Under the terms of this swap, Schlumberger will receive interest at a fixed rate of 3.0% annually and will pay interest quarterly at a floating rate of three-month LIBOR plus a spread of 0.765%.

These interest rate swaps are designated as fair value hedges of the underlying debt. These derivative instruments are marked to market with gains and losses recognized currently in income to offset the respective losses and gains recognized on changes in the fair value of the hedged debt. This results in no net gain or loss being recognized in the *Consolidated Statement of Income*.

At March 31, 2010, Schlumberger had fixed rate debt aggregating approximately $3.0 billion and variable rate debt aggregating approximately $2.0 billion, after taking into account the effects of the interest rate swaps.

*Short-term investments* and *Fixed income investments*, *held to maturity*, totaled approximately $4.6 billion at March 31, 2010, and are comprised primarily of money market funds, eurodollar time deposits, certificates of deposit, commercial paper, euro notes and Eurobonds, and are substantially all denominated in US dollars. The carrying value of these investments approximates fair value, which was estimated using quoted market prices for those or similar investments.

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

*(Stated in millions)*

| | Fair Value of Derivatives | | Classification |
|---|---|---|---|
| | Mar. 31 2010 | Dec. 31 2009 | |
| **Derivative assets** | | | |
| Derivative designated as hedges: | | | |
| Foreign exchange contracts | **$ 11** | $ 14 | *Other current assets* |
| Foreign exchange contracts | **65** | 216 | *Other Assets* |
| Interest rate swaps | **11** | — | *Other Assets* |
| | **$ 87** | $ 230 | |
| Derivative not designated as hedges: | | | |
| Commodity contracts | **$ 2** | $ 1 | *Other current assets* |
| Foreign exchange contracts | **7** | 11 | *Other current assets* |
| Foreign exchange contracts | **5** | 28 | *Other Assets* |
| | **$ 14** | $ 40 | |
| | **$ 101** | $ 270 | |
| **Derivative Liabilities** | | | |
| Derivative designated as hedges: | | | |
| Foreign exchange contracts | **$ 28** | $ 15 | *Accounts payable and accrued liabilities* |
| Foreign exchange contracts | **28** | 51 | *Other Liabilities* |
| | **$ 56** | $ 66 | |
| Derivative not designated as hedges: | | | |
| Commodity contracts | **$ —** | $ 3 | *Accounts payable and accrued liabilities* |
| Foreign exchange contracts | **5** | — | *Accounts payable and accrued liabilities* |
| Foreign exchange contracts | **—** | 25 | *Other Liabilities* |
| | **$ 5** | $ 28 | |
| | **$ 61** | $ 94 | |

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

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

*(Stated in millions)*

| | Gain/(Loss) Recognized in Income Three Months | | Classification |
|---|---|---|---|
| | 2010 | 2009 | |
| Derivatives designated as fair value hedges: | | | |
| Foreign exchange contracts | **$ (13)** | $ (22) | *Cost of revenue* |
| Interest rate swaps | **5** | — | *Interest expense* |
| | **$ (8)** | $ (22) | |
| Derivatives not designated as hedges: | | | |
| Foreign exchange contracts | **$ (7)** | $ (23) | *Cost of revenue* |
| Commodity contracts | **(1)** | (1) | *Cost of revenue* |
| | **$ (8)** | $ (24) | |

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The effect of derivative instruments in cash flow hedging relationships on income and other comprehensive income (OCI) was as follows:

*(Stated in millions)*

| | Gain (Loss) Reclassified from Accumulated OCI into Income | | |
|---|---|---|---|
| | Three Months | | |
| | **2010** | **2009** | **Classification** |
| Foreign exchange contracts | **$ (135)** | $ (64) | *Cost of revenue* |
| Foreign exchange contracts | **(1)** | (7) | *Research & engineering* |
| | **$ (136)** | $ (71) | |

*(Stated in millions)*

| | Gain (Loss) Recognized in OCI | |
|---|---|---|
| | Three Months | |
| | **2010** | **2009** |
| Foreign exchange contracts | **$ (158)** | $ (59) |

## 12. Long-term Debt

A summary of *Long-Term Debt* follows:

*(Stated in millions)*

| | Mar. 31, 2010 | Dec. 31, 2009 |
|---|---|---|
| 5.25% Guaranteed Notes due 2013 | **$ 674** | $ 727 |
| 6.50% Notes due 2012 | **649** | 649 |
| 5.875% Guaranteed Bonds due 2011 | **341** | 362 |
| 4.50% Guaranteed Bonds due 2014 | **1,348** | 1,449 |
| 3.00% Guaranteed Notes due 2013 | **450** | 449 |
| Commercial paper borrowings | **200** | 358 |
| Other variable rate debt | **379** | 360 |
| | **4,041** | 4,354 |
| Fair value adjustment—hedging | **11** | 1 |
| | **$4,052** | $4,355 |

The fair value adjustment presented above represents changes in the fair value of the portion of Schlumberger's fixed rate debt that is hedged through the use of interest rate swaps.

The fair value of Schlumberger's *Long-term Debt* at March 31, 2010 and December 31, 2009 was $4.3 billion and $4.6 billion, respectively and was estimated based on quoted market prices.

At March 31, there were $299 million outstanding of 2.125% Series B Convertible Debentures due June 1, 2023. During the first quarter of 2010, approximately $22 million of these debentures were converted by holders into 565,000 shares of Schlumberger common stock. On June 1, 2010, holders may require Schlumberger to repurchase their Series B debentures for cash. Accordingly, these debentures are classified within *Current Liabilities* on the *Consolidated Balance Sheet* at March 31, 2010. The fair value of these Series B debentures at March 31, 2010 and December 31, 2009 was $705 million and $527 million, respectively. For further information regarding the debentures refer to Note 11 to the *Consolidated Financial Statements* included in the Schlumberger Annual Report on Form 10-K for the year ended December 31, 2009.

On April 26, 2010, Schlumberger caused a notice to be mailed to holders of the 2.125% Series B Convertible Debentures due 2023 stating that it is calling for redemption on June 9, 2010 all of the outstanding 2.125% Series B debentures . The redemption price will be 100% of the principal amount thereof, plus accrued and unpaid interest up to, but not including, the redemption date.

### 13. Income Tax

*Income from Continuing Operations before taxes* which were subject to US and non-US income taxes was as follows:

| | *(Stated in millions)* First Quarter | |
|---|---|---|
| | **2010** | **2009** |
| United States | **$ 61** | $ 103 |
| Outside United States | **827** | 1,089 |
| | **$ 888** | $ 1,192 |

The components of net deferred tax assets were as follows:

| | *(Stated in millions)* | |
|---|---|---|
| | **Mar. 31 2010** | **Dec. 31 2009** |
| Postretirement benefits, net | **$ 403** | $ 447 |
| Multiclient seismic data | **111** | 104 |
| Intangible assets | **(152)** | (122) |
| Other, net | **93** | 101 |
| | **$ 455** | $ 530 |

The above deferred tax assets at March 31, 2010 and December 31, 2009 are net of valuation allowances relating to net operating losses in certain countries of $239 million and $251 million, respectively. The deferred tax assets are also net of valuation allowances relating to a capital loss carryforward of $16 million at March 31, 2010 ($17 million at December 31, 2009), which expires in 2010 and a foreign tax credit carryforward of $30 million at March 31, 2010 ($30 million at December 31, 2009) which expires in 2012.

The components of consolidated *Taxes on income* were as follows:

| | *(Stated in millions)* First Quarter | |
|---|---|---|
| | **2010** | **2009** |
| Current: | | |
| United States - Federal | **$ 22** | $ (35) |
| United States - State | **3** | (1) |
| Outside United States | **156** | 210 |
| | **$ 181** | $ 174 |
| Deferred: | | |
| United States - Federal | **$ 42** | $ 74 |
| United States - State | **2** | 4 |
| Outside United States | **(10)** | 1 |
| Valuation allowance | **(1)** | (1) |
| | **$ 33** | $ 78 |
| Consolidated taxes on income | **$ 214** | $ 252 |

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

| | First Quarter 2010 | First Quarter 2009 |
|---|---|---|
| US federal statutory rate | **35%** | 35% |
| Non-US income taxed at different rates | **(16)** | (13) |
| Effect of equity method investment | **—** | (1) |
| Charges (See Note 3) | **5** | — |
| Effective income tax rate | **24%** | 21% |

**14. Contingencies**

In 2007, Schlumberger received an inquiry from the United States Department of Justice ("DOJ") related to the DOJ's investigation of whether certain freight forwarding and customs clearance services of Panalpina, Inc., and other companies provided to oil and oilfield service companies, including Schlumberger, violated the Foreign Corrupt Practices Act. Schlumberger is cooperating with the DOJ and is currently continuing its own investigation with respect to these services.

In 2009, Schlumberger learned that United States officials began a grand jury investigation and an associated regulatory inquiry, both related to certain Schlumberger operations in specified countries that are subject to United States trade and economic sanctions. Schlumberger is cooperating with the governmental authorities and is currently unable to predict the outcome of these matters.

Schlumberger and its subsidiaries are party to various other legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. At this time the ultimate disposition of these proceedings is not determinable and therefore, it is not possible to estimate the amount of loss or range of possible losses that might result from an adverse judgment or settlement in any of these matters. However, in the opinion of management, any liability that might ensue would not be material in relation to Schlumberger's consolidated liquidity, financial position or future results of operations.

**15. Segment Information**

Schlumberger operates two business segments: Oilfield Services and WesternGeco.

*(Stated in millions)*

| | First Quarter 2010 | | First Quarter 2009 | |
|---|---|---|---|---|
| | Revenue | Income before taxes | Revenue | Income before taxes |
| **Oilfield Services** | | | | |
| North America | **$1,033** | **$ 83** | $1,191 | $ 163 |
| Latin America | **1,057** | **185** | 1,029 | 203 |
| Europe/CIS/Africa | **1,625** | **294** | 1,803 | 467 |
| Middle East & Asia | **1,322** | **410** | 1,375 | 456 |
| Other | **60** | **(3)** | 41 | (34) |
| | **5,097** | **969** | 5,439 | 1,255 |
| **WesternGeco** | **472** | **67** | 551 | 55 |
| **Corporate & Other** | **29** | **(82)** | 10 | (91) |
| **Interest Income** (1) | **—** | **13** | — | 14 |
| **Interest Expense** (2) | **—** | **(44)** | — | (41) |
| **Charges** | **—** | **(35)** | — | — |
| | **$5,598** | **$ 888** | $6,000 | $1,192 |

1. Excludes interest income included in the segment results ($3 million in 2010; $4 million in 2009).
2. Excludes interest expense included in the segment results ($1 million in 2010; $14 million in 2009).

## 16. Pension and Other Postretirement Benefits

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

*(Stated in millions)*

| | First Quarter | | | |
|---|---|---|---|---|
| | US | | Int'l | |
| | 2010 | 2009 | 2010 | 2009 |
| Service cost—benefits earned during period | **$ 15** | $ 16 | **$ 14** | $ 14 |
| Interest cost on projected benefit obligation | **36** | 27 | **52** | 45 |
| Expected return on plan assets | **(48)** | (31) | **(58)** | (40) |
| Amortization of net loss | **16** | 9 | **5** | — |
| Amortization of prior service cost | **1** | 2 | **28** | 31 |
| | **$ 20** | $ 23 | **$ 41** | $ 50 |

During the first quarter of 2010, Schlumberger made contributions to its international defined benefit pension plans of $38 million.

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

*(Stated in millions)*

| | First Quarter | |
|---|---|---|
| | 2010 | 2009 |
| Service cost—benefits earned during period | **$ 5** | $ 7 |
| Interest cost on accumulated postretirement benefit obligation | **15** | 12 |
| Expected return on plan assets | **(1)** | (1) |
| Amortization of prior service cost | **(5)** | (7) |
| Amortization of net loss | **4** | 3 |
| | **$18** | $14 |

During the first quarter of 2010, Schlumberger made a contribution to the US postretirement medical plan of $26 million.

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

**BUSINESS REVIEW**

**First Quarter 2010 Compared to Fourth Quarter 2009**

| | First Quarter 2010 | Fourth Quarter 2009 | *(Stated in millions)* % chg |
|---|---|---|---|
| **Oilfield Services** | | | |
| Revenue | **$ 5,097** | $ 5,170 | (1)% |
| Pretax Operating Income | **$ 969** | $ 1,006 | (4)% |
| **WesternGeco** | | | |
| Revenue | **$ 472** | $ 549 | (14)% |
| Pretax Operating Income | **$ 67** | $ 115 | (41)% |

Pretax operating income represents the segments' income before taxes and noncontrolling interests. The pretax operating income excludes such items as corporate expenses and interest income and interest expense not allocated to the segments as well as the charges described in detail in Note 3 to the *Consolidated Financial Statements*, interest on postretirement medical benefits and stock-based compensation costs.

First-quarter 2010 revenue was $5.60 billion versus $5.74 billion in the fourth quarter of 2009. Income from continuing operations attributable to Schlumberger was $672 million versus $817 million in the previous quarter. First-quarter 2010 results included charges of $40 million for the reduction in future tax deductions for retiree medical benefits as a result of the passage during the quarter of the Patient Protection and Affordable Care Act in the United States and $35 million for transaction costs in connection with the Smith International, Inc. merger and the Geoservices acquisition.

Oilfield Services first-quarter revenue was down 1% sequentially as a strong performance in North America and continued strength in the Middle East and Asia offset an overall decline in product and software sales from the high levels of the fourth quarter and a sharp drop in the North Sea and Russia primarily due to lower drilling activity and adverse weather. North American margins improved in all GeoMarkets as activity increased. While strong performances were recorded in the Latin America and Middle East and Asia Areas, overall international margins decreased slightly due to adverse winter weather conditions in the Europe, Africa and CIS Area.

WesternGeco registered a sequential decline in Multiclient revenue following the traditional fourth quarter surge while Marine activity improved slightly with higher vessel utilization.

Schlumberger's outlook for the remainder of 2010 confirms the optimism expressed at the beginning of the year. At WesternGeco, while the second quarter will see increased vessel transits, strong tendering activity in Marine is leading to much improved visibility on the remainder of 2010 and utilization will be higher than originally planned. However, new capacity entering the market is likely to limit pricing gains until later in the year. In North America, commitment drilling to hold leases as well as interest in domestic oil plays should sustain current activity levels in the US through the second quarter, while Canada will experience the normal spring break-up. Beyond that, the picture is less clear as natural gas prices and the fundamentals of the natural gas market remain uncertain. Higher oil prices are leading to tangible evidence that operators are contemplating higher levels of activity than originally planned in international markets. Schlumberger reiterates its comment from the last quarter that we see improvements in some offshore markets notably the UK sector of the North Sea, Latin America and West Africa as well as on land in Russia.

Two significant events were announced during the quarter—the proposed merger with Smith International, Inc. and the planned acquisition of Geoservices.

In the proposed merger with Smith, the companies' complementary products and services will lead to the development of engineered drilling systems that optimize all the components of the drillstring to allow customers to drill more economically in demanding conditions. This step change in drilling performance and well productivity will come from combining measurement and steering capabilities with the engineering and design of the complete bottom-hole assembly and its various components—including the drilling fluid and the drillbit.

The addition of Geoservices mud-logging technology to the Schlumberger portfolio will also be an important step in the development of higher-performance drilling systems. The combination of Schlumberger real-time downhole measurements with Geoservices' drilling mud analysis will help customers better identify and react to drilling hazards, while the combination of mud logging with Schlumberger formation evaluation measurements will bring a more complete understanding of rock lithology and fluid content.

In addition to Geoservices' mud-logging technology and expertise, Geoservices' footprint, expertise and technology in slickline well intervention and field production surveillance will complement existing Schlumberger activities.

## OILFIELD SERVICES

First-quarter revenue of $5.10 billion decreased 1% sequentially. The Europe/CIS/Africa Area revenue decreased significantly from lower Testing Services equipment sales and Schlumberger Information Solutions (SIS) software sales in addition to the effects of severe weather in Russia and activity slow-downs in the North Sea and Libya GeoMarkets. Latin America Area revenue fell mostly from a slow-down in activity in Mexico/Central America as well as from currency devaluation and lower Integrated Project Management (IPM) revenue in Venezuela. These decreases were partially offset by an improvement in activity across North America. Middle East & Asia Area revenue was essentially flat with the previous quarter.

Among the Technologies, sequential revenue declines were most notable in SIS and Artificial Lift resulting from lower software and product sales following the seasonally strong fourth quarter, and in Testing Services following the completion of large equipment sale deliveries in Europe/CIS/Africa in the fourth quarter. These decreases were partially offset by an increase in Well Services revenue, which was largely attributable to the activity increase in North America.

First-quarter pretax operating income of $969 million fell 4% sequentially. Pretax operating margin slipped 46 basis points (bps) sequentially to 19.0% primarily due to lower sales of SIS software, Testing Services equipment and Artificial Lift products; reduced activity in Russia and the North Sea; and the impact of lower pricing in international markets. These effects were partially offset by the impact of the improved activity in North America.

### North America

Revenue of $1.03 billion was 18% higher compared to the fourth quarter of 2009. Pretax operating income of $83 million improved 359% versus the fourth quarter of 2009.

All North America GeoMarkets recorded revenue growth. US Land grew on increased drilling activity coupled with pockets of pricing improvements that benefited Well Services technologies. Canada experienced significant growth as the result of a strong winter drilling season, particularly for oil basins in the West, which led to higher demand for Well Services, Wireline and Drilling & Measurements services. US Gulf of Mexico revenue was higher sequentially on increased shelf and deepwater activity that resulted in strong demand for Drilling & Measurements, Testing Services and Wireline technologies. Alaska revenue grew from seasonally high exploration activity.

Pretax operating margin increased 594 bps sequentially to 8.0% primarily due to the increased activity across the Area, supplemented by the pricing improvements for Well Services technologies.

**Latin America**

Revenue of $1.06 billion decreased 6% sequentially. Sequentially, pretax operating income of $185 million increased 4%.

Mexico/Central America GeoMarket revenue decreased primarily due to weather-related slow-downs that affected offshore activity and to delays in the finalization of contracts for SIS and Data & Consulting Services activities. Venezuela/Trinidad & Tobago GeoMarket revenue fell from the impact of the devaluation of the Venezuelan currency and from the absence of deferred revenue recognized in the prior quarter, the effects of which were partially offset by increased demand for SIS software. Revenue in the Brazil and Peru/Columbia/Ecuador GeoMarkets decreased mostly due to lower Completions products and SIS software sales partially offset by an increase in IPM activity. Argentina/Bolivia/Chile GeoMarket revenue decreased primarily due to lower SIS software sales.

Pretax operating margin increased 174 bps sequentially to 17.5% primarily due to a more favorable revenue mix and wellsite efficiency improvements for IPM in the Mexico/Central America GeoMarket and to the positive impact of the currency devaluation along with a more favorable revenue mix in the Venezuela/Trinidad & Tobago GeoMarket.

**Europe/CIS/Africa**

Revenue of $1.63 billion decreased 9% versus the prior quarter. Pretax operating income of $294 million was down 24% sequentially.

The fall in revenue was largely due to lower Testing Services equipment sales and SIS software sales, the effect of lower pricing, and the weakening of local currencies against the US dollar. Among the GeoMarkets, revenue in the North Sea decreased resulting from a combination of lower drilling activity that impacted Drilling & Measurements; delays in project start-ups that affected Testing Services; and lower Well Services stimulation activities. Russia revenue was lower primarily as the result of severe winter weather while Libya GeoMarket revenue fell on early completion of exploration campaigns.

Pretax operating margin decreased 353 bps to 18.1% primarily due to the reduced activity in Russia and the North Sea; the lower Testing Services and SIS sales; and the generally lower pricing in the Area.

**Middle East & Asia**

Revenue of $1.32 billion was essentially flat compared to the previous quarter. Pretax operating income of $410 million was 4% lower sequentially.

Growth was recorded in the Australia/Papua New Guinea and East Mediterranean GeoMarkets from increased offshore activity while East Asia GeoMarket revenue increased on higher IPM activity. These increases were offset across much of the Area by decreases in Artificial Lift product and SIS software sales following the year-end seasonal surge, and by lower activity in the Arabian, Gulf, Qatar and Indonesia GeoMarkets.

Pretax operating margin fell 136 bps sequentially to 31.0% primarily due to the lower activity and less favorable revenue mix in the Arabian, Gulf, Qatar and Indonesia GeoMarkets as well as the lower Artificial Lift and SIS sales across the Area.

## WESTERNGECO

First-quarter revenue of $472 million decreased 14% versus the fourth quarter of 2009. Pretax operating income of $67 million decreased 41% sequentially.

Increased Marine revenue from high vessel utilization was more than to offset by a fall in Multiclient revenue following the year-end surge in North America sales and lower Land revenue due to completion of contracts in the Middle East and North Africa.

Pretax operating margin declined 659 bps sequentially to 14.3% reflecting the reduced Multiclient sales and decreased Land activity.

Revenue backlog was $940 million at March 31, 2010, compared to $1.0 billion at December 31, 2009.

**First Quarter 2010 Compared to First Quarter 2009**

| | | *(Stated in millions)* | |
|---|---|---|---|
| | First Quarter | | |
| | **2010** | **2009** | **% chg** |
| **Oilfield Services** | | | |
| Revenue | **$5,097** | $ 5,439 | (6)% |
| Pretax Operating Income | **$ 969** | $ 1,255 | (23)% |
| **WesternGeco** | | | |
| Revenue | **$ 472** | $ 551 | (14)% |
| Pretax Operating Income | **$ 67** | $ 55 | 23% |

First-quarter 2010 revenue was $5.60 billion versus $6.00 billion in the first quarter of 2009. Income from continuing operations attributable to Schlumberger was $672 million, a decrease of 28% year-on-year, and included the previously mentioned charges of $75 million.

## OILFIELD SERVICES

First-quarter 2010 revenue of $5.10 billion was 6% lower compared to the same period last year primarily from reduced activity and generally lower pricing in the Europe/CIS/Africa, North America and Middle East & Asia Areas. However, these decreases were partially offset by growth in the Latin America Area as the result of higher IPM activity in the Brazil and Peru/Colombia/Ecuador GeoMarkets partially offset by a slow-down in activity in the Mexico/Central America and the Venezuela/Trinidad & Tobago GeoMarkets in addition to the negative impact of the devaluation of Venezuelan currency. Among the Technologies, revenue decreases were highest in Drilling & Measurements, Well Services and Wireline.

First-quarter 2010 pretax operating income of $969 million was 23% lower year-on-year. Pretax operating margin declined 408 bps to 19.0% mostly as the result of the lower activity and pricing in the Europe/CIS/Africa, North America and Middle East & Asia Areas and to a less favorable revenue mix in Latin America.

### North America

First-quarter 2010 revenue of $1.03 billion fell 13% versus the same period last year as continued low natural gas prices resulted in a drop in activity and significantly lower pricing in the US Land, Canada and US Gulf of Mexico GeoMarkets.

Year-on-year, pretax operating margin decreased 567 percentage bps to 8.0% primarily due to the impact of the lower activity across the Area and the related pricing erosion that was most acute for Well Services and Wireline technologies.

### Latin America

First-quarter 2010 revenue of $1.06 billion was 3% higher than the same period last year primarily due to increased IPM activity in the Brazil and Peru/Colombia/Ecuador GeoMarkets. These increases were partially offset by lower revenue in the Venezuela/Trinidad & Tobago GeoMarket as the result of a significant drop in activity and the impact of the devaluation of the Venezuelan currency and in the Mexico/Central America GeoMarket due to reduced non-IPM related activity.

Year-on-year, pretax operating margin was down 216 bps to 17.5% primarily due to a less favorable revenue mix in the Mexico/Central America and Brazil GeoMarkets partially offset by the positive impact from the devaluation of the Venezuelan currency.

### Europe/CIS/Africa

First-quarter 2010 revenue of $1.63 billion was 10% lower year-on-year. The decrease was largely attributable to reduced activity coupled with the impact of lower pricing that affected the North Sea, Caspian, Continental Europe, West & South Africa and Libya GeoMarkets as well as Russia. Among the Technologies, revenue decreases were most notable in Drilling & Measurements and Wireline. These decreases were partially offset by an increase in the North Africa GeoMarket on increased IPM activity and strong Testing Services equipment sales.

Year-on-year, pretax operating margin decreased 785 bps to 18.1% primarily as the result of the lower overall activity and the impact of generally lower pricing across the Area.

### Middle East & Asia

First-quarter 2010 revenue of $1.32 billion was 4% below the same period last year mostly due to lower exploration-related activity in the Gulf, East Mediterranean and Qatar GeoMarkets as well as reduced pricing across the Area. These decreases were partially offset by an increase in the Australia/Papua New Guinea GeoMarket revenue as a result of stronger offshore drilling activity and an increase in the East Asia GeoMarket revenue from higher IPM activity.

Year-on-year, pretax operating margin decreased 209 bps to 31.0% primarily due to the reduced mix of high margin exploration-related services in the Gulf and East Mediterranean GeoMarkets, a less favorable revenue mix in the East Asia GeoMarket and the impact of the lower pricing across the Area.

## WESTERNGECO

First-quarter 2010 revenue of $472 million was 14% lower year-on-year primarily in Marine as the result of reduced activity and lower pricing. However, this decrease was partially offset by an increase in Multiclient revenue due to sales of new wide-azimuth multiclient surveys in the US Gulf of Mexico.

Year-on-year, pretax operating margin increased 435 points to 14.3% mostly on the higher Multiclient revenue partially offset by the reduced activity and lower pricing in Marine.

### Interest & Other Income

Interest & other income consisted of the following for the first quarters of 2010 and 2009:

*(Stated in millions)*

| | First Quarter | |
|---|---|---|
| | **2010** | **2009** |
| Interest income | **$ 17** | $ 18 |
| Equity in net earnings of affiliated companies | **47** | 59 |
| | **$ 64** | $ 77 |

The decrease in equity in net earnings of affiliated companies was primarily due to the results of the M-I SWACO drilling fluids joint venture between Schlumberger and Smith International, Inc.

## Other

Gross margin was 22.4% and 24.8% in the first quarter of 2010 and 2009, respectively. The decrease in gross margin was largely due to lower activity and consequent pricing pressure for Oilfield Services particularly in the Europe/CIS/Africa, North America, and Middle East & Asia Areas.

*Research & engineering and General & administrative* expenses, as a percentage of *Revenue*, for the first quarter ended March 31, 2010 and 2009 were as follows:

| | First Quarter | |
| --- | --- | --- |
| | 2010 | 2009 |
| Research & engineering | **3.7%** | 3.2% |
| General & administrative | **2.6%** | 2.2% |

Research and engineering expenditures, by business segment, for the first quarter ended March 31, 2010 and 2009 were as follows:

| | *(Stated in millions)* First Quarter | |
| --- | --- | --- |
| | 2010 | 2009 |
| Oilfield Services | **$ 177** | $ 158 |
| WesternGeco | **27** | 27 |
| Other | **3** | 5 |
| | **$ 207** | $ 190 |

The effective tax rate for the first quarter of 2010 was 24.1% compared to 21.1% for the same period in 2009. The charges described in Note 3 to the *Consolidated Financial Statements* negatively impacted the effective tax rate in the first quarter of 2010 by approximately 5 percentage points. Excluding the impact of these charges the effective tax rate decreased as compared to the same period last year. This decrease was primarily attributed to the lower proportion of pretax earnings in North America in the first quarter of 2010 as compared to the first quarter of 2009.

## CHARGES

Schlumberger recorded charges during the first quarter of 2010. These charges, which are summarized below, are more fully described in Note 3 to the *Consolidated Financial Statements*.

The following is a summary of the first quarter 2010 Charges:

| | *(Stated in millions)* Pretax | Tax | Net | Income Statement Classification |
| --- | --- | --- | --- | --- |
| Charges | | | | |
| - Merger-related transaction costs | $ 35 | $— | $35 | *Merger & integration* |
| - Impact of elimination of tax deduction related to Medicare Part D subsidy | — | 40 | 40 | *Taxes on income* |
| | $ 35 | $ 40 | $75 | |

There were no charges in the first quarter of 2009.

**CASH FLOW**

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

Details of Net Debt follow:

*(Stated in millions)*

| | Mar. 31 2010 | Mar. 31 2009 |
|---|---|---|
| Net Debt, beginning of year | **$ (126)** | $(1,129) |
| Net income | **674** | 940 |
| Depreciation and amortization [(1)] | **620** | 609 |
| Pension and other postretirement benefits expense | **79** | 86 |
| Pension and other postretirement benefits funding | **(64)** | (273) |
| Excess of equity income over dividends received | **(47)** | (55) |
| Stock-based compensation expense | **47** | 47 |
| Increase in working capital | **(152)** | (904) |
| Capital expenditure | **(449)** | (748) |
| Multiclient seismic data capitalized | **(91)** | (48) |
| Dividends paid | **(254)** | (251) |
| Stock repurchase program | **(337)** | — |
| Proceeds from employee stock plans | **115** | 15 |
| Business acquisitions and minority interest investments | **(117)** | (12) |
| Conversion of debentures | **23** | — |
| Translation effect on Net Debt | **24** | 25 |
| Other | **(20)** | 171 |
| Net Debt, end of period | **$ (75)** | $(1,527) |

(1) Includes Multiclient seismic data costs.

*(Stated in millions)*

| **Components of Net Debt** | **Mar. 31 2010** | **Mar. 31 2009** | **Dec. 31 2009** |
|---|---|---|---|
| Cash | **$ 271** | $ 192 | $ 243 |
| Short-term investments | **3,932** | 3,994 | 4,373 |
| Fixed income investments, held to maturity | **708** | 453 | 738 |
| Short-term borrowings and current portion of long-term debt | **(635)** | (1,591) | (804) |
| Convertible debentures | **(299)** | (321) | (321) |
| Long-term debt | **(4,052)** | (4,254) | (4,355) |
| | **$ (75)** | $(1,527) | $ (126) |

Key liquidity events during the first three months of 2010 and 2009 included:

- During the first quarter of 2009, Schlumberger entered into a €3.0 billion Euro Medium Term Note program. This program provides for the issuance of various types of debt instruments such as fixed or floating rate notes in Euro, US dollar or other currencies.

  During the first quarter of 2009, Schlumberger issued €1.0 billion 4.50% Guaranteed Notes due 2014 under this program. Schlumberger entered into agreements to swap these euro notes for US dollars on the date of issue until maturity, effectively making this a US dollar denominated debt on which Schlumberger will pay interest in US dollars at a rate of 4.95%. The proceeds from these notes were used to refinance existing debt obligations and for general corporate purposes.

- On April 17, 2008, the Schlumberger Board of Directors approved an $8 billion share repurchase program for shares of Schlumberger common stock, to be acquired in the open market before December 31, 2011, of which $1.77 billion had been repurchased as of March 31, 2010.

  The following table summarizes the activity, during the first quarter of 2010, under the April 17, 2008 share repurchase program:

*(Stated in thousands, except per share amounts)*

| | Total cost of shares purchased | Total number of shares purchased | Average price paid per share |
|---|---|---|---|
| First quarter of 2010 | $ 337,262 | 5,292.8 | $ 63.72 |

  Schlumberger did not repurchase any shares during the first three months of 2009.

- During the first quarter of 2010 Schlumberger made contributions of $64 million to its defined benefit pension plans as compared to $273 million during the same period last year.
- Cash flow provided by operations was $1.0 billion in the first quarter of 2010 compared to $551 million in the first quarter of 2009. The increase in cash flow from operations in 2010 as compared to 2009 reflected an improvement in working capital requirements combined with a decrease in pension plan contributions which was offset in part by the decrease in net income.
- Capital expenditures were $0.4 billion in the first quarter of 2010 compared to $0.7 billion during the first quarter of 2009. Oilfield Services capital expenditures are expected to approach $2.8 billion for the full year of 2010 as compared to $1.9 billion in 2009. WesternGeco capital expenditures are expected to approach $0.3 billion for the full year 2010 as compared to $0.5 billion in 2009.
- During the first quarter of 2010 approximately, $22 million of the 2.125% Series B Convertible Debentures due June 1, 2023 were converted by holders into 565,000 shares of Schlumberger common stock.

As of March 31, 2010 Schlumberger had $4.2 billion of cash and short-term investments on hand. Schlumberger had separate committed debt facility agreements aggregating $3.8 billion with commercial banks, of which $2.9 billion was available and unused as of March 31, 2010. This included $2.3 billion of unused committed facilities which support commercial paper borrowings in the United States and Europe. Schlumberger believes that these amounts are sufficient to meet future business requirements for at least the next twelve months.

Schlumberger's total outstanding debt at March 31, 2010 was $5.0 billion and included $0.2 billion of commercial paper borrowings. The total outstanding debt decreased $0.5 billion compared to December 31, 2009.

Although the functional currency of Schlumberger's operations in Venezuela is the US dollar, a portion of the transactions are denominated in local currency. For financial reporting purposes, such transactions are remeasured into US dollars at the official exchange rate, which until January 2010 was fixed at 2.15 Venezuela bolivares fuertes per US dollars, despite significant inflation in recent periods. In January 2010, Venezuela's currency was devalued and a new dual exchange rate system was announced. During the first quarter of 2010, Schlumberger began to apply an exchange rate of 4.3 Venezuelan bolivares fuertes per US dollar to its local currency denominated transactions in Venezuela. The devaluation did not have an immediate significant impact to Schlumberger. Further, although this devaluation does result in a reduction in the US dollar reported amount of local currency denominated revenues and expenses, the impact is not material to Schlumberger's consolidated financial statements.

**FORWARD-LOOKING STATEMENTS**

This Form 10-Q and other statements we make contain "forward-looking statements" within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of Oilfield Services and WesternGeco (and for specified products or geographic areas within each segment); timing of the closing of the Smith merger; the integration of Geoservices into our business; the anticipated benefits of those transactions; oil and natural gas demand and production growth; oil and natural gas prices; operating margins; the Schlumberger effective tax rate; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger's customers; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, the current global economic downturn; changes in exploration and production spending by Schlumberger's customers and changes in the level of oil and natural gas exploration and development; general economic and business conditions in key regions of the world; pricing erosion; seasonal factors; satisfaction of the closing conditions to the Smith merger; the risk that the contemplated Smith merger does not occur, negative effects from the pendency of the contemplated Smith merger, the ability after the closing of the Smith merger to successfully integrate the merged businesses and to realize expected synergies, the inability to retain key employees; costs and expenses for the merger; and other risks and uncertainties detailed in our first-quarter 2010 earnings release, our most recent Form 10-K and other filings that we make with the Securities and Exchange Commission. If one or more of these risks or uncertainties materialize (or the consequences of such a development changes), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For quantitative and qualitative disclosures about market risk affecting Schlumberger, see Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," of the Schlumberger Annual Report on Form 10-K for the fiscal year ended December 31, 2009. Schlumberger's exposure to market risk has not changed materially since December 31, 2009.

## Item 4. Controls and Procedures.

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



* Mark of Schlumberger

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings.

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

### Item 1A. Risk Factors.

As of the date of this filing, there have been no material changes from the risk factors previously disclosed in Part 1, Item 1A, of Schlumberger's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, except as follows:

**The ability of Smith and Schlumberger to complete the merger is subject to certain closing conditions, including the approval of Smith stockholders and the receipt of consents and approvals from government entities, which may impose conditions that could adversely affect the combined company or cause the merger to be abandoned.**

The merger agreement contains closing conditions, including approval of the merger by Smith stockholders, the absence of injunctions or other legal restrictions and no material adverse effect having occurred with respect to either company. In addition, Smith and Schlumberger will be unable to complete the merger until approvals are received from the Antitrust Division of the U.S. Department of Justice, the European Commission and various other governmental entities. We can provide no assurance that the various closing conditions will be satisfied and that the necessary approvals will be obtained, or that any required conditions will not materially adversely affect the combined company following the merger. In addition, we can provide no assurance that these conditions will not result in the abandonment or delay of the merger.

**Failure to complete the merger with Smith could negatively impact Schlumberger's stock price and our future business and financial results.**

If the merger with Smith is not completed, the ongoing businesses and the market price of the common stock of Schlumberger may be adversely affected and Schlumberger will be subject to several risks, including being required, under specified circumstances, to pay Smith a termination fee of $615 million; having to pay certain costs relating to the merger; and diverting the focus of management from pursuing other opportunities that could be beneficial to Schlumberger, in each case, without realizing any of the benefits that might have resulted had the merger been completed.

**The pendency of the merger could adversely affect Schlumberger.**

In connection with the pending merger, some of Schlumberger's customers may delay or defer purchasing decisions, which could negatively impact revenues, earnings and cash flows regardless of whether the merger is completed. Additionally, Schlumberger has agreed in the merger agreement to refrain from taking certain actions with respect to its business and financial affairs during the pendency of the merger. These restrictions could be in place for an extended period of time if completion of the merger is delayed, and could adversely impact Schlumberger's financial condition, results of operations or cash flows.

**Schlumberger's stockholders will be diluted by the merger.**

The merger will dilute the ownership position of Schlumberger's current stockholders. We currently estimate that, upon completion of the merger, Schlumberger's stockholders before the merger will own approximately 87% of the combined company and former Smith stockholders will own approximately 13% of the combined company's outstanding common stock.

**Following the merger, Schlumberger may be unable to successfully integrate Smith's and Schlumberger's businesses and realize the anticipated benefits of the merger.**

The merger involves the combination of two companies that currently operate as independent public companies. Schlumberger will be required to devote management attention and resources to integrating the two companies' business practices and operations. Potential difficulties that Schlumberger may encounter in the integration process include the following:

- the inability to integrate the Smith and Schlumberger businesses in a manner that permits Schlumberger to achieve the cost savings and operating synergies anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized partly or wholly in the time frame currently anticipated or at all;
- lost sales and customers as a result of certain customers of either or both of the two companies deciding not to do business with the combined company, or deciding to decrease their amount of business in order to reduce their reliance on a single company;
- integrating personnel from the two companies while maintaining focus on providing consistent, high quality products and customer service;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and
- performance shortfalls at the combined company as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations.

**Business issues currently faced by one company may be imputed to the operations of the other company.**

To the extent that either Schlumberger or Smith currently has or is perceived by customers to have operational challenges, such as on-time performance, safety issues or workforce issues, those challenges may raise concerns by existing customers of the other company following the merger, which may limit or impede Schlumberger's future ability to obtain additional work from those customers.

**Failure to retain key employees and skilled workers could adversely affect Schlumberger following the merger.**

Schlumberger's performance following the merger could be adversely affected if the combined company is unable to retain certain key employees and skilled workers of Smith. The loss of the services of one or more of these key employees and skilled workers could adversely affect Schlumberger's future operating results because of their experience and knowledge of Smith's business. In addition, current and prospective employees of Schlumberger and Smith may experience uncertainty about their future roles with their company until after the merger is completed. This may adversely affect the ability of both Schlumberger and Smith to attract and retain key personnel.

**The required regulatory approvals may not be obtained or may contain materially burdensome conditions that could have an adverse effect on Schlumberger.**

Completion of the pending merger is conditioned upon the receipt of certain governmental approvals, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, the issuance by the European Commission of a decision under the EC Merger Regulation declaring the merger compatible with the common market and the approval of the merger by the antitrust regulators in other specified jurisdictions. Although Schlumberger and Smith have agreed in the merger agreement to use their reasonable best efforts to obtain the requisite governmental approvals, there can be no assurance that these approvals will be obtained. In addition, the governmental authorities from which these approvals are required may impose conditions on the completion of the merger or require changes to the terms of the merger. Under the terms of the merger agreement, Schlumberger is required to agree to take all actions demanded by an antitrust regulator in order to resolve any objections to the merger (including divestitures, hold-separate restrictions or other restrictions) if doing so would not exceed a specified threshold, which is referred to as the detriment limit. The detriment limit would be exceeded if the required divestitures or hold-separate restrictions affect assets other than (1) the W-H Energy Services business and corresponding Schlumberger operations and (2) other assets accounting for Schlumberger or Smith revenues of not more than $190 million in 2009, excluding from such calculation any W-H Energy Services operations and Smith's Wilson business unit. If Schlumberger agrees to undertake divestitures or comply with operating restrictions in order to obtain any approvals required to complete the merger, Schlumberger may be less able to realize anticipated benefits of the merger, and the business and results of operations of the combined company after the merger may be adversely affected.

**A significant portion of the combined company's revenue will be dependent on the activity level of natural gas exploration and production in North America.**

Upon consummation of the merger, a larger portion of our revenues will be derived from our North American operations. Because of the current economic environment and related decrease in demand for energy, natural gas exploration and production in North America have decreased significantly from their peak levels in the summer of 2008. Warmer than normal winters in North America, among other factors, may adversely impact demand for natural gas and, therefore, demand for oilfield services. If the economic conditions deteriorate further or do not improve, the decline in natural gas exploration and production could cause a decline in the demand for the services and products of the combined company. Such decline could result in a significant adverse effect on our operating results.

**The market value of Schlumberger common stock could decline if large amounts of its common stock are sold following the merger.**

Following the merger, stockholders of Schlumberger and former stockholders of Smith will own interests in a combined company operating an expanded business with more assets and a different mix of liabilities. Current stockholders of Schlumberger and Smith may not wish to continue to invest in the combined company, or may wish to reduce their investment in the combined company, in order to comply with institutional investing guidelines, to increase diversification or to track any rebalancing of stock indices in which Schlumberger or Smith common stock is included. If, following the merger, large amounts of Schlumberger common stock are sold, the price of its common stock could decline.

**The merger may be dilutive to Schlumberger's earnings per share in the near term, which may negatively affect the market price of Schlumberger common stock.**

The merger may be dilutive to earnings per share in the near term. Future events and conditions could decrease or delay any accretion, result in dilution or cause greater dilution than is currently expected, including:

- adverse changes in energy market conditions;
- commodity prices for oil, natural gas and natural gas liquids;
- production levels;
- reserve levels;
- operating results;
- competitive conditions;
- laws and regulations affecting the energy business;
- capital expenditure obligations; and
- general economic conditions.

Any dilution of, or decrease or delay of any accretion to, Schlumberger's earnings per share could cause the price of Schlumberger's common stock to decline.

**Demand for our products and services could be reduced or eliminated by governmental regulation or a change in the law.**

International, national, and state governments and agencies are currently evaluating and promulgating climate-related legislation and regulations that are focused on restricting greenhouse gas ("GHG") emissions. In the United States, the Environmental Protection Agency ("EPA") is taking steps to require monitoring and reporting of GHG emissions and to regulate GHGs as pollutants under the Clean Air Act ("CAA"). The EPA's "Mandatory Reporting of Greenhouse Gases" rule established a comprehensive scheme of regulations that require monitoring and reporting of GHG emissions that began in 2010. Furthermore, the EPA recently proposed additional GHG reporting rules specifically for the oil and gas industry. The EPA has also published a final rule, the "Endangerment Finding", finding that GHGs in the atmosphere endanger public health and welfare, and that emissions of GHGs from mobile sources cause or contribute to the GHG pollution. Following issuance of the Endangerment Finding, the EPA promulgated final motor vehicle GHG emission standards on April 1, 2010. The EPA has asserted that the final motor vehicle GHG emission standards will trigger construction and operating permit requirements for stationary sources. In addition, climate change legislation is pending in the United States Congress. These developments may curtail production and demand for fossil fuels such as oil and gas in areas of the world where our customers operate and thus adversely affect future demand for our services and products, which may in turn adversely affect future results of operations. Additionally, legislation to reduce greenhouse gases may have an adverse effect on our operations, including payment of additional costs due to carbon emissions. Higher carbon emission activities include transportation, including marine vessels, cement production (by third party suppliers), and electricity generation (by third party suppliers) as well as other activities. Finally, our business could be negatively affected by climate change related physical changes or changes in weather patterns, which could result in damages to or loss of our physical assets, impacts to our ability to conduct operations and/or disruption of our customers' operations.

Legislation is pending in the United States Congress that would authorize the EPA to regulate hydraulic fracturing under the Safe Drinking Water Act. The legislation would require the reporting and public disclosure of chemicals that could adversely affect drinking water supplies. In addition a number of states are evaluating the adoption of legislation or regulations governing hydraulic fracturing. Such regulations or legislation could reduce demand for pressure pumping services. If federal and/or state legislation or regulations were enacted, it could adversely affect our financial condition, results of operations and cash flows. We are unable to predict whether the proposed legislation, regulations, or any other proposals will ultimately be enacted.

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

Unregistered Sales of Equity Securities

During the quarter ended March 31, 2010, Schlumberger issued 565,000 shares of its common stock upon conversion by holders of $22.6 million aggregate principal amount of its 2.125% Series B Convertible Debentures due June 1, 2023. Such shares were issued in transactions exempt from registration under Section 3(a)(9) of the Securities Act of 1933, as amended.

Issuer Repurchases of Equity Securities

On April 17, 2008, the Schlumberger Board of Directors approved an $8 billion share repurchase program for Schlumberger common stock, to be acquired in the open market before December 31, 2011.

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Schlumberger's common stock repurchase program activity for the three months ended March 31, 2010 was as follows:

*(Stated in thousands, except per share amounts)*

| | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of publicly announced program | Maximum value of shares that may yet be purchased under the program |
|---|---|---|---|---|
| January 1 through January 31, 2010 | 400.0 | $ 65.70 | 400.0 | $ 6,539,339 |
| February 1 through February 28, 2010 | 1,810.8 | $ 64.10 | 1,810.8 | $ 6,423,271 |
| March 1 through March 31, 2010 | 3,082.0 | $ 63.24 | 3,082.0 | $ 6,228,356 |
| | 5,292.8 | $ 63.72 | 5,292.8 | |

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

## Item 3. Defaults Upon Senior Securities.

None.

## Item 4. [Removed and Reserved].

## Item 5. Other Information.

None.

## Item 6. Exhibits.

Exhibit 3.1 - Articles of Incorporation of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3.1 to Schlumberger's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2006).

Exhibit 3.2 - Amended and Restated Bylaws of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on April 22, 2005).

Exhibit 10.1 - Schlumberger 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Schlumberger's Current Report on Form 8-K filed with the SEC on April 9, 2010).

Exhibit 10.2 - Schlumberger Discounted Stock Purchase Plan, as amended and restated January 1, 2010 (incorporated by reference to Exhibit 10.2 to Schlumberger's Current Report on Form 8-K filed with the SEC on April 9, 2010).

* Exhibit 10.3 - Employment Agreement dated March 9, 2010 and effective as of February 9, 2010, between Schlumberger Limited and Chakib Sbiti.

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

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

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

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

** Exhibit 101 - The following materials from Schlumberger Limited's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income, (ii) Consolidated Balance Sheet, (iii) Consolidated Statement of Cash Flows, (iv) Consolidated Statement of Equity and (v) Notes to Consolidated Financial Statements, tagged as blocks of text.

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* Filed with this Form 10-Q.

** Furnished with this Form 10-Q.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized and in his capacity as Chief Accounting Officer.

Schlumberger Limited
(Registrant)

Date: April 28, 2010

/s/ HOWARD GUILD

**Howard Guild**
**Chief Accounting Officer and Duly Authorized Signatory**

# EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is effective as of the 9th of February, 2010, by and between **SCHLUMBERGER LIMITED**, a Netherlands Antilles corporation (the "Company"), and Chakib Sbiti, an individual currently residing in Morocco ("Executive").

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

2. Term and Extent of Services: During the Term, as defined below, Executive shall be employed as Executive Advisor reporting to Andrew Gould, Chairman & CEO. The term hereof shall commence February 9th, 2010 (the "Effective Date") and shall continue until the close of business on January 31st, 2014 (the "Term"). The initial term as referenced herein shall commence on the Effective Date and shall continue until December 31st, 2010 (the "Initial Term"). The Secondary Term shall commence January 1st, 2011 and shall continue until January 31st, 2014 (the "Secondary Term"). During the Initial Term, Executive agrees to devote up to 100% of his business time to the business of the Company, as requested, and to perform to the best of his ability and with reasonable diligence the duties and responsibilities assigned to him by the appropriate management of the Company. During the Secondary Term, Executive agrees to devote up to 50% of his time to the business of the Company, as requested, and to perform to the best of his ability and with reasonable diligence the duties and responsibilities assigned to him by the appropriate management of the Company. At the expiration of the Term, Executive agrees to voluntarily retire from the Company and all affiliates. Executive has confirmed that he is no longer an Officer or Executive Officer of the Company.

Nothing herein shall prohibit Executive, during the Term, from being engaged as a consultant to organizations and businesses, except those described as Unauthorized Competitors in Section 5, provided that Executive's work as a consultant does not affect his ability to perform the duties and responsibilities assigned to him under this Agreement.

3. Compensation and Benefits:

(a) Salary: During the Initial Term, Executive's base salary shall be US$ 108,334.00 per month. During the Secondary Term, Executive's base salary shall be $81,250.00 per month. During the term, Executive's base salary shall be payable monthly in accordance with the Company's normal payroll practices.

(b) Welfare Benefits: During the Term, Executive shall be eligible to participate in the Company's health, welfare and insurance plans (e.g., medical, dental, vision, life insurance, short- and long-term disability, etc.) for International Staff based on an annual salary of US$ 1,300,000.

(c) Pension and Profit-Sharing: During the Term, or if Executive's employment is terminated sooner pursuant to Section 4, until such termination, Executive shall be eligible to accrue benefits under the Company's pension plan and profit-sharing plan based on an annual base salary of US$ 1,300,000.

(d) Incentive Plans:

During the Initial Term, Executive will participate in the Company's Performance Incentive Plan at a range level of 100% of base pay. During the Secondary Term, Executive shall not participate in the Company's Performance Incentive Plan.

i. During the Term, or if Executive's employment is terminated sooner pursuant to Section 4, until such termination, Executive will continue to vest in stock options previously granted to Executive under the Company’s stock option plans in accordance with the terms of those plans and any applicable agreements.

ii. Upon termination of employment, except for a termination for Cause pursuant to Section 4 (c) or upon Executive’s employment with an Unauthorized Competitor as described in Section 5 (c) (i), Executive shall have the lesser of 5 years or the length of time left on the option term from the date of such termination to exercise any previously granted stock options, to the extent that such options were exercisable as of the date of such termination.

(e) Vacation: During the Term, Executive shall not be eligible to accrue vacation pay. Within 30 days after the Effective Date, Executive shall be paid a cash amount representing his accrued and unused vacation accumulated as of February 8th, 2010.

(f) Expense Reimbursement: Executive shall be reimbursed for any expenses incurred in the normal course of performing his duties, including any travel expenditures necessary to satisfactorily perform his duties.

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

(a) Termination Due to Death: In the event Executive’s employment terminates during the Term as a result of Executive’s death, Executive’s beneficiary or beneficiaries shall receive any base salary and benefits accrued but unpaid as of his death, plus any amounts payable on account of Executive’s death pursuant to any other plan or program of the Company.

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

(c) Termination by the Company for Cause: In the event the Company terminates Executive’s employment during the Term for Cause, as defined below, he shall be entitled to:

i. His base salary through the date of the termination of his employment for Cause; and

ii. Any other amounts earned, accrued or owing as of the date of termination of employment under the applicable employee benefit plans or programs of the Company, provided, however, that the Executive shall not be able to exercise any stock options that vest during the term of this agreement.

“Cause” means Executive’s dishonesty, conviction of a crime, willful unauthorized disclosure of confidential information of the Company, or willful refusal to perform the duties of Executive’s position or positions with the Company.

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

In the event Executive voluntarily terminates his employment during the Term, and (I) does not become employed by an Unauthorized Competitor or (II) becomes employed by another Oil & Gas related Company with consent of the Chief Executive Officer (which consent will not be unreasonably withheld), he shall be entitled to:

i. his base salary through the date of the termination of his employment;

ii. other benefits for which he is eligible in accordance with applicable plans or programs of the Company;

iii. exercise any stock options granted under a stock option plan of the Company that vested during the Term of the Agreement (and prior to his termination date) for up to the lesser of 5 years or the amount of time left on the option term after his termination date but not to exceed the original option term.

(e) Termination Due to Mutual Agreement: In the event the Company and the Executive mutually agree to terminate this Agreement, the Executive's employment will be terminated and he shall be entitled to:

i. his base salary through the date of the termination of his employment;

ii. other benefits for which he is eligible in accordance with applicable plans or programs of the Company;

iii. exercise any stock options granted under a stock option plan of the Company that vested during the Term of the Agreement (and prior to his termination date) for up to the lesser of 5 years or the amount of time left on the option term after his termination date but not to exceed the original option term;

iv. if during the Initial Term, the sum of US$1,300,000 divided by 12 and multiplied by the number of months remaining in the Initial Term, payable on the date 30 days following the Executive's termination of employment;

v. if during the Secondary Term, the sum of US$3,006,250 divided by 37 and multiplied by the number of months remaining in the Secondary Term, payable on the date 30 days following the Executive's termination of employment.

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

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

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

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

(c) Covenant Not to Compete. Executive acknowledges that the skills, processes and information developed at the Company are highly proprietary and global in nature and could be utilized directly and to the Company's detriment (or the detriment of any of the Company's affiliates or ventures) by several other businesses. Executive also acknowledges that the nature of his duties and responsibilities under the Agreement will bring him into close contact with much of the Company's Confidential Information, and the Company has affirmatively agreed to provide him with Confidential Information. Accordingly, for the consideration provided to Executive in this Agreement, Executive agrees to be bound by the following restrictive covenants:

i. During the Term, Executive shall not accept employment with or render services to any Unauthorized Competitor as a director, officer, agent, employee, independent contractor or consultant, or take any action inconsistent with fiduciary relationship of an employee to his employer. In order to protect the Company's good will and other legitimate business interests, provide greater flexibility to Executive in obtaining other employment and to provide both parties with greater certainty as to their obligations hereunder, the parties agree that Executive shall not be prohibited from accepting employment any where in the world with **any company or other enterprise except an Unauthorized Competitor. For purposes of this Agreement, an "Unauthorized Competitor" means any major oilfield equipment and services business, more specifically defined as Halliburton Company, Baker Hughes Inc., BJ Services Company, Weatherford International, EXPRO**, **including any and all of their parents, subsidiaries, affiliates, joint ventures, divisions, successors, or assigns.**

ii. Executive further agrees that during the Term, he shall not at any time, directly or indirectly, induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures.

iii. Executive acknowledges that this restrictive covenant under Section 5, for which he received consideration from the Company as provided in this Section 5, is ancillary to otherwise enforceable provisions of this Agreement and that these restrictive covenants contain limitations as to time, geographical area and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the good will or other business interests of the Company, such as the Company's need to protect its confidential and proprietary information. Executive acknowledges that in the event of a breach by Executive of these restrictive covenants, the covenants may be enforced by interim and/or permanent injunction, in addition to any other remedies that may be available by law. In that connection, Executive acknowledges that in the event of a breach, the Company will suffer irreparable injury for which there is no adequate legal remedy, in part because damages caused by the breach may be difficult to prove with any reasonable degree of certainty.

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

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

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

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

| | |
|---|---|
| If to the Company: | Schlumberger Limited<br>42 rue Saint Dominique<br>Paris 75007<br>ATTENTION: Gill Gordon<br>Director Executive Compensation |
| If to Executive: | Chakib Sbiti<br>[At the most recent address on file at the Company] |

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

8. Applicable Law: The validity, interpretation, construction and performance of this Agreement will be governed exclusively by and construed in accordance with the substantive laws of England and Wales, without giving effect to English law principles of conflict of laws. The courts of England and Wales shall have non-exclusive jurisdiction to settle any dispute which may arise out of or in connection with this agreement.

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

10. Tax Liabilities: Any and all liabilities for tax and social charges, in whatever jurisdiction, that may arise from income or benefits (including deferred benefits and stock compensation plans) related to employment with any Schlumberger Company prior to the date of this agreement or income or benefits covered by this agreement, are the sole responsibility of Executive.

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

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

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

13. Release of Claims: In consideration for the compensation and other benefits provided pursuant to this Agreement, Executive agrees to execute a "Waiver and Release," a form of which is attached hereto as Exhibit A. Executive acknowledges that he was given copies of this Agreement and the Waiver and Release on

February 9th, 2010, and was given at least 21 days to consider whether to sign the Agreement and the Waiver and Release. The Company's obligations under this Agreement are expressly conditioned on the execution of the Waiver and Release contemporaneously with the execution of this Agreement, and Executive's failure to execute and deliver such Waiver and Release, or Executive's revocation of the Waiver and Release within the seven day period provided in the Release, will void the Company's obligations hereunder.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered the 2nd day of March, 2010, but effective as of the day and year first above written.

SCHLUMBERGER LIMITED

By: /S/ GILL GORDON

Director Executive Compensation

EXECUTIVE

/S/ CHAKIB SBITI

Chakib Sbiti

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Andrew Gould, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schlumberger Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2010

/s/ ANDREW GOULD

**Andrew Gould**
**Chairman and Chief Executive Officer**

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Simon Ayat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schlumberger Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2010

/s/ SIMON AYAT

**Simon Ayat**
**Executive Vice President and**
**Chief Financial Officer**

**Exhibit 32.1**

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

In connection with the Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited) (the “Company”) for the quarterly period ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Andrew Gould, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: April 28, 2010

/s/ ANDREW GOULD
**Andrew Gould**
**Chairman and Chief Executive Officer**

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

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

**Exhibit 32.2**

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

In connection with the Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited) (the "Company") for the quarterly period ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon Ayat, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: April 28, 2010

/s/ SIMON AYAT

**Simon Ayat**
**Executive Vice President and**
**Chief Financial Officer**

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

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