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

FORM 10-Q

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

For the quarterly period ended: June 30, 2016

Commission file No.: 1-4601

SCHLUMBERGER N.V.
(SCHLUMBERGER LIMITED)
(Exact name of registrant as specified in its charter)

CURAÇAO **(State or other jurisdiction of incorporation or organization)**	**52-0684746** **(I.R.S. Employer Identification No.)**
42 RUE SAINT-DOMINIQUE **PARIS, FRANCE**	**75007**
5599 SAN FELIPE, 17th FLOOR **HOUSTON, TEXAS, U.S.A.**	**77056**
62 BUCKINGHAM GATE **LONDON, UNITED KINGDOM**	**SW1E 6AJ**
PARKSTRAAT 83 THE HAGUE, **THE NETHERLANDS** **(Addresses of principal executive offices)**	**2514 JG** **(Zip Codes)**

Registrant's telephone number in the United States, including area code, is:

(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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 June 30, 2016
COMMON STOCK, $0.01 PAR VALUE PER SHARE	1,390,693,530

SCHLUMBERGER LIMITED
Second Quarter 2016 Form 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(Stated in millions, except per share amounts)

	Second Quarter		Six Months	
	2016	2015	**2016**	2015
Revenue				
Services	**$ 4,955**	$ 8,080	**$ 10,718**	$ 17,322
Product sales	**2,209**	930	**2,966**	1,936
Total Revenue	**7,164**	9,010	**13,684**	19,258
Interest & other income	**54**	47	**98**	96
Expenses				
Cost of services	**4,332**	6,368	**9,126**	13,641
Cost of sales	**1,983**	768	**2,648**	1,591
Research & engineering	**257**	279	**497**	546
General & administrative	**103**	120	**213**	239
Impairments & other	**2,573**	-	**2,573**	439
Merger & integration	**335**	-	**335**	-
Interest	**149**	86	**282**	168
Income (loss) before taxes	**(2,514)**	1,436	**(1,892)**	2,730
Taxes on income (loss)	**(368)**	302	**(269)**	608
Net income (loss)	**(2,146)**	1,134	**(1,623)**	2,122
Net income attributable to noncontrolling interests	**14**	10	**36**	23
Net income (loss) attributable to Schlumberger	**$ (2,160)**	$ 1,124	**$ (1,659)**	$ 2,099
Basic earnings (loss) per share of Schlumberger	**$ (1.56)**	$ 0.89	**$ (1.26)**	$ 1.65
Diluted earnings (loss) per share of Schlumberger	**$ (1.56)**	$ 0.88	**$ (1.26)**	$ 1.64
Average shares outstanding:				
Basic	**1,389**	1,269	**1,321**	1,273
Assuming dilution	**1,389**	1,280	**1,321**	1,282

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

(Stated in millions)

	Second Quarter		Six Months	
	2016	2015	**2016**	2015
Net income (loss)	**$ (2,146)**	$ 1,134	**$ (1,623)**	$ 2,122
Currency translation adjustments				
Unrealized net change arising during the period	**(70)**	19	**(51)**	(94)
Marketable securities				
Unrealized gain (loss) arising during the period	**-**	8	**3**	(10)
Cash flow hedges				
Net gain (loss) on cash flow hedges	**17**	42	**(68)**	(110)
Reclassification to net income (loss) of net realized loss	**(14)**	22	**80**	140
Pension and other postretirement benefit plans				
Actuarial loss				
Amortization to net income (loss) of net actuarial loss	**34**	69	**79**	143
Prior service cost				
Amortization to net income (loss) of net prior service cost	**26**	24	**51**	51
Income taxes on pension and other postretirement benefit plans	**(7)**	(7)	**(14)**	(22)
Comprehensive income (loss)	**(2,160)**	1,311	**(1,543)**	2,220
Comprehensive income attributable to noncontrolling interests	**14**	10	**36**	23
Comprehensive income (loss) attributable to Schlumberger	**$ (2,174)**	$ 1,301	**$ (1,579)**	$ 2,197

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Stated in millions)

	Jun. 30, 2016 (Unaudited)	Dec. 31, 2015
ASSETS		
Current Assets		
Cash	**$ 2,947**	$ 2,793
Short-term investments	**8,245**	10,241
Receivables less allowance for doubtful accounts (2016 - $381; 2015 - $333)	**9,374**	8,780
Inventories	**5,001**	3,756
Deferred taxes	**391**	208
Other current assets	**1,237**	1,134
	27,195	26,912
Fixed Income Investments, held to maturity	**386**	418
Investments in Affiliated Companies	**1,276**	3,311
Fixed Assets less accumulated depreciation	**13,226**	13,415
Multiclient Seismic Data	**976**	1,026
Goodwill	**24,603**	15,605
Intangible Assets	**9,921**	4,569
Other Assets	**3,588**	2,749
	$ 81,171	$ 68,005
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 9,494**	$ 7,727
Estimated liability for taxes on income	**1,043**	1,203
Long-term debt - current portion	**2,385**	3,011
Short-term borrowings	**986**	1,546
Dividends payable	**701**	634
	14,609	14,121
Long-term Debt	**18,252**	14,442
Postretirement Benefits	**1,341**	1,434
Deferred Taxes	**2,631**	1,075
Other Liabilities	**1,359**	1,028
	38,192	32,100
Equity		
Common stock	**12,835**	12,693
Treasury stock	**(3,636)**	(13,372)
Retained earnings	**37,889**	40,870
Accumulated other comprehensive loss	**(4,478)**	(4,558)
Schlumberger stockholders' equity	**42,610**	35,633
Noncontrolling interests	**369**	272
	42,979	35,905
	$ 81,171	$ 68,005

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Stated in millions)

	Six Months Ended Jun. 30, 2016	2015
Cash flows from operating activities:		
Net income (loss)	**$ (1,623)**	$ 2,122
Adjustments to reconcile net income to cash provided by operating activities:		
Impairments and other charges	**2,908**	439
Depreciation and amortization [1]	**2,080**	2,089
Stock-based compensation expense	**145**	167
Pension and other postretirement benefits expense	**92**	217
Pension and other postretirement benefits funding	**(83)**	(214)
Earnings of equity method investments, less dividends received	**(30)**	(65)
Change in assets and liabilities: [2]		
Decrease in receivables	**1,057**	1,682
Decrease in inventories	**334**	39
Decrease (increase) in other current assets	**92**	(13)
(Increase) decrease in other assets	**(247)**	3
Decrease in accounts payable and accrued liabilities	**(1,491)**	(2,126)
Decrease in estimated liability for taxes on income	**(242)**	(419)
Increase (decrease) in other liabilities	**11**	(86)
Other	**(161)**	249
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2,842**	4,084
Cash flows from investing activities:		
Capital expenditures	**(998)**	(1,193)
SPM investments	**(729)**	(222)
Multiclient seismic data costs capitalized	**(333)**	(221)
Business acquisitions and investments, net of cash acquired	**(2,220)**	(171)
Sale of investments, net	**3,476**	610
Other	**26**	(119)
NET CASH USED IN INVESTING ACTIVITIES	**(778)**	(1,316)
Cash flows from financing activities:		
Dividends paid	**(1,255)**	(1,151)
Proceeds from employee stock purchase plan	**116**	144
Proceeds from exercise of stock options	**79**	112
Stock repurchase program	**(506)**	(1,239)
Proceeds from issuance of long-term debt	**3,560**	1,779
Repayment of long-term debt	**(3,401)**	(2,340)
Net (decrease) increase in short-term borrowings	**(564)**	586
Other	**48**	(2)
NET CASH USED IN FINANCING ACTIVITIES	**(1,923)**	(2,111)
CASH FLOWS USED IN DISCONTINUED OPERATIONS - OPERATING ACTIVITIES	**-**	(233)
Net increase in cash before translation effect	**141**	424
Translation effect on cash	**13**	(13)
Cash, beginning of period	**2,793**	3,130
Cash, end of period	**$ 2,947**	$ 3,541

[1] Includes depreciation of property, plant and equipment and amortization of intangible assets, multiclient seismic data costs and SPM investments.
[2] Net of the effect of business acquisitions.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY
(Unaudited)

(Stated in millions)

January 1, 2016 – June 30, 2016	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, January 1, 2016	$ 12,693	$ (13,372)	$ 40,870	$ (4,558)	$ 272	$ 35,905
Net loss			(1,659)		36	(1,623)
Currency translation adjustments				(51)		(51)
Changes in unrealized gain on marketable securities				3		3
Changes in fair value of cash flow hedges				12		12
Pension and other postretirement benefit plans				116		116
Shares sold to optionees, less shares exchanged	(38)	117				79
Vesting of restricted stock	(63)	63				-
Shares issued under employee stock purchase plan	(19)	135				116
Stock repurchase program		(506)				(506)
Stock-based compensation expense	145					145
Dividends declared ($1.00 per share)			(1,322)			(1,322)
Acquisition of Cameron International Corporation	103	9,924			57	10,084
Other	14	3			4	21
Balance, June 30, 2016	$ 12,835	$ (3,636)	$ 37,889	$ (4,478)	$ 369	$ 42,979

(Stated in millions)

January 1, 2015 – June 30, 2015	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, January 1, 2015	$ 12,495	$ (11,772)	$ 41,333	$ (4,206)	$ 199	$ 38,049
Net income			2,099		23	2,122
Currency translation adjustments				(94)		(94)
Changes in unrealized gain on marketable securities				(10)		(10)
Changes in fair value of cash flow hedges				30		30
Pension and other postretirement benefit plans				172		172
Shares sold to optionees, less shares exchanged	(25)	137				112
Vesting of restricted stock	(67)	67				-
Shares issued under employee stock purchase plan	9	135				144
Stock repurchase program		(1,239)				(1,239)
Stock-based compensation expense	167					167
Dividends declared ($1.00 per share)			(1,274)			(1,274)
Other	7	1			(2)	6
Balance, June 30, 2015	$ 12,586	$ (12,671)	$ 42,158	$ (4,108)	$ 220	$ 38,185

SHARES OF COMMON STOCK
(Unaudited)

(Stated in millions)

	Issued	In Treasury	Shares Outstanding
Balance, January 1, 2016	1,434	(178)	1,256
Acquisition of Cameron International Corporation	-	138	138
Shares sold to optionees, less shares exchanged	-	2	2
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	1	1
Stock repurchase program	-	(7)	(7)
Balance, June 30, 2016	1,434	(43)	1,391

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Schlumberger Limited and its subsidiaries (Schlumberger) have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Schlumberger management, all adjustments considered necessary for a fair statement have been included in the accompanying unaudited financial statements. All intercompany transactions and balances have been eliminated in consolidation. Operating results for the six-month period ended June 30, 2016 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2016. The December 31, 2015 balance sheet information has been derived from the Schlumberger 2015 audited 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, 2015, filed with the Securities and Exchange Commission on January 27, 2016.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This ASU amends the existing accounting standards for revenue recognition and is based on the principle that revenue should be recognized to depict the transfer of goods or services to a customer at an amount that reflects the consideration a company expects to receive in exchange for those goods or services. Schlumberger is required to adopt this ASU on January 1, 2018, with early adoption permitted on January 1, 2017. Excluding any impact associated with the recently completed acquisition of Cameron International Corporation (Cameron), Schlumberger does not expect the adoption of this ASU to have a material impact on its consolidated financial statements. Schlumberger is evaluating the impact of this ASU on the recently acquired Cameron business.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which amends existing guidance on income taxes to require the classification of all deferred tax assets and liabilities as non-current on the balance sheet. Schlumberger is required to adopt this ASU no later than January 1, 2017, with early adoption permitted, and the guidance may be applied either prospectively or retrospectively. Schlumberger does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU requires lessees to recognize a right of use asset and lease liability on the balance sheet for all leases, with the exception of short-term leases. Schlumberger will adopt this ASU on January 1, 2019 and is evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

2. Charges and Credits

Schlumberger recorded the following charges and credits during the second quarter of 2016:

- As a result of the persistent unfavorable oil and gas industry market conditions that continued to deteriorate in the first half of 2016, and the related impact on the first half operating results and expected customer activity levels, Schlumberger determined that the carrying values of certain assets were no longer recoverable and also took certain decisions that resulted in the following impairment and other charges:

    - $646 million of severance costs associated with further headcount reductions.
    - $209 million impairment of pressure pumping equipment in North America.
    - $165 million impairment of facilities in North America.
    - $684 million of other fixed asset impairments primarily relating to other underutilized equipment.
    - $616 million write-down of the carrying value of certain inventory to its net realizable value.
    - $198 million impairment of certain multiclient seismic data, largely related to the US Gulf of Mexico.
    - $55 million of other costs, primarily relating to facility closure costs.

    The fair value of the impaired fixed assets and multiclient seismic data was estimated based on the projected present value of future cash flows that these assets are expected to generate. Such estimates included unobservable inputs that required significant judgments. Additional charges may be required in future periods should industry conditions worsen. The above items are classified in *Impairments & other* in the *Consolidated Statement of Income*.

- In connection with Schlumberger's acquisition of Cameron (see Note 4 – *Acquisition of Cameron*), Schlumberger recorded $335 million of charges consisting of the following: $150 million relating to the amortization of purchase accounting adjustments associated with the write-up of acquired inventory to its estimated fair value; $47 million relating to employee benefits for change-in-control arrangements and retention bonuses; $45 million of transaction costs, including advisory and legal fees; $40 million of facility closure costs, and $53 million of other merger and integration-related costs. These amounts are classified in *Merger & integration* in the *Consolidated Statement of Income*.

The following is a summary of these charges:

(Stated in millions)

	Pretax	Tax	Net
Workforce reduction	$ 646	$ 63	$ 583
North America pressure pumping asset impairments	209	67	142
Facilities impairments	165	58	107
Other fixed asset impairments	684	52	632
Inventory write-downs	616	49	567
Multiclient seismic data impairment	198	62	136
Other restructuring charges	55	-	55
Amortization of inventory fair value adjustment	150	45	105
Merger-related employee benefits	47	7	40
Professional fees	45	10	35
Facility closure costs	40	10	30
Other merger and integration-related	53	9	44
	$ 2,908	$ 432	$ 2,476

Schlumberger recorded the following charges and credits during the first six months of 2015:

- As a result of the severe fall in activity in North America, combined with the impact of lower international activity due to customer budget cuts driven by lower oil prices, Schlumberger decided to reduce its headcount during the first quarter of 2015. Schlumberger recorded a $390 million charge associated with this headcount reduction as well as an incentivized leave of absence program.

- In February 2015, the Venezuelan government replaced the SICAD II exchange rate with a new foreign exchange market system known as SIMADI. The SIMADI exchange rate was approximately 192 Venezuelan Bolivares fuertes to the US dollar as of March 31, 2015. As a result, Schlumberger recorded a $49 million devaluation charge during the first quarter of 2015, reflecting the adoption of the SIMADI exchange rate. This change resulted in a reduction in the US dollar reported amount of local currency denominated revenues, expenses and, consequently, income before taxes and net income in Venezuela.

The following is a summary of these charges, all of which were classified as *Impairments & other* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax	Tax	Net
Workforce reduction	$ 390	$ 56	$ 334
Currency devaluation loss in Venezuela	49	-	49
	$ 439	$ 56	$ 383

3. Earnings Per Share

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

(Stated in millions, except per share amounts)

	2016			2015		
	Schlumberger Net Loss	**Average Shares Outstanding**	**Loss per Share**	Schlumberger Net Income	Average Shares Outstanding	Earnings per Share
Second Quarter						
Basic	**$ (2,160)**	**1,389**	**$ (1.56)**	$ 1,124	1,269	$ 0.89
Assumed exercise of stock options	-	-		-	7	
Unvested restricted stock	-	-		-	4	
Diluted	**$ (2,160)**	**1,389**	**$ (1.56)**	$ 1,124	1,280	$ 0.88

	2016			2015		
	Schlumberger Net Loss	**Average Shares Outstanding**	**Loss per Share**	Schlumberger Net Income	Average Shares Outstanding	Earnings per Share
Six Months						
Basic	**$ (1,659)**	**$ 1,321**	**$ (1.26)**	$ 2,099	$ 1,273	$ 1.65
Assumed exercise of stock options	-	-		-	5	
Unvested restricted stock	-	-		-	4	
Diluted	**$ (1,659)**	**$ 1,321**	**$ (1.26)**	$ 2,099	$ 1,282	$ 1.64

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

(Stated in millions)

	2016	2015
Second Quarter	**49**	11
Six Months	**49**	13

4. Acquisition of Cameron

On April 1, 2016, Schlumberger acquired all of the outstanding shares of Cameron, a leading provider of flow equipment products, systems and services to the oil and gas industry worldwide. The acquisition is expected to create technology-driven growth by integrating Schlumberger reservoir and well technologies with Cameron wellhead and surface equipment, flow control and processing technology. The combination of the two complementary technology portfolios provides the industry's most comprehensive range of products and services, from exploration to production and integrated pore-to-pipeline solutions that optimize hydrocarbon recovery to deliver reservoir performance.

Under the terms of the merger agreement, Cameron became a wholly-owned subsidiary of Schlumberger. Each share of Cameron common stock issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive 0.716 shares of Schlumberger stock and $14.44 in cash.

Calculation of Consideration Transferred

The following details the fair value of the consideration transferred to effect the acquisition of Cameron:

(stated in millions, except exchange ratio and per share amounts)

Equity consideration:				
Number of shares of Cameron stock outstanding		192		
Exchange ratio		0.716		
Schlumberger shares of common stock issued		138		
Schlumberger closing stock share price on April 1, 2016	$	72.12		
Equity consideration			$	9,924
Cash consideration:				
Number of shares of Cameron stock outstanding		192		
Cash consideration per Cameron share	$	14.44		
Cash consideration				2,776
Other:				
Fair value of replacement equity awards				103
Total fair value of the consideration transferred			$	12,803

Certain amounts reflect rounding adjustments

Preliminary Allocation of Consideration Transferred to Net Assets Acquired

The following amounts represents the preliminary estimates of the fair value of assets acquired and liabilities assumed in the merger. The final determination of fair value for certain assets and liabilities will be completed as soon as the information necessary to complete the analysis is obtained. These amounts, which may differ materially from these preliminary estimates, will be finalized as soon as possible, but no later than one year from the acquisition date.

(Stated in millions)

Cash	$	785
Short-term investments		1,448
Accounts receivable		1,691
Inventories (1)		2,431
Fixed assets		1,333
Intangible assets:		
Customer relationships (weighted-average life of 25 years)		2,371
Technology/Technical Know-How (weighted-average life of 16 years)		1,736
Tradenames (weighted-average life of 25 years)		1,225
Other assets		624
Accounts payable and accrued liabilities		(2,592)
Long-term debt (2)		(3,018)
Deferred taxes (3)		(1,636)
Other liabilities		(310)
Sub-total	$	6,088
Less:		
Investment in OneSubsea (4)		(2,065)
Noncontrolling interests		(57)
Total identifiable net assets	$	3,966
Goodwill (5)		8,837
Total consideration transferred	$	12,803

(1) Schlumberger recorded an adjustment of $299 million to write-up the acquired inventory to its estimated fair value. This adjustment will be amortized as the acquired inventory is sold.

(2) In connection with the merger, Schlumberger assumed all of the debt obligations of Cameron, including their $2.75 billion of fixed rate notes. Schlumberger recorded a $244 million adjustment to increase the carrying amount of these notes to their estimated fair value. This adjustment will be amortized as a reduction of interest expense over the remaining term of the respective obligations.

(3) In connection with the acquisition accounting, Schlumberger provided deferred taxes related to, among other items, the estimated fair value adjustments for acquired inventory, intangible assets and assumed debt obligations.

(4) Prior to the completion of the merger, Cameron and Schlumberger operated OneSubsea, a joint venture that manufactures and develops products, systems and services for the subsea oil and gas market which was 40% owned by Schlumberger and 60% owned by Cameron. OneSubsea is now owned 100% by Schlumberger. As a result of obtaining control of this joint venture, Schlumberger was required to

remeasure its previously held equity interest in the joint venture to its acquisition-date fair value. Schlumberger determined that the estimated fair value of its previously held equity interest approximated its carrying value. Accordingly, Schlumberger did not recognize any gain or loss on this transaction.

(5) The goodwill recognized is primarily attributable to expected synergies that will result from combining the operations of Schlumberger and Cameron as well as intangible assets, which do not qualify for separate recognition. The amount of goodwill that is deductible for income tax purposes is not significant.

Supplemental Pro Forma Financial Information

Cameron's results of operations have been included in Schlumberger's financial statements for periods subsequent to the closing of the acquisition on April 1, 2016. Businesses acquired from Cameron contributed revenues of approximately $1.5 billion and pretax operating income of $243 million for the period from April 1, 2016 through June 30, 2016.

The following supplemental pro forma results of operations assume that Cameron had been acquired as of January 1, 2015. The supplemental pro forma financial information was prepared based on the historical financial information of Schlumberger and Cameron and has been adjusted to give effect to pro forma adjustments that are both directly attributable to the transaction and factually supportable. The pro forma amounts reflect certain adjustments to amortization expense, interest expense and income taxes resulting from purchase accounting. The pro forma amounts also reflect adjustments to the 2016 results to exclude merger and integration costs of $254 million, net of taxes, for the three and six months ended June 30, 2016 because such costs are nonrecurring and directly attributable to the acquisition. As required by generally accepted accounting principles, the pro forma results for the six months ended June 30, 2015 have been adjusted to include the $254 million of after-tax merger and integration charges as well as an additional $105 million of after-tax charges relating to the amortization of the inventory fair value adjustment. The pro forma results for the three months ended June 30, 2015 have been adjusted to include the $105 million of after-tax amortization relating to the inventory fair value adjustment.

The supplemental pro forma financial information presented below does not include any anticipated cost savings or the expected realization of other synergies associated with this transaction. Accordingly, this supplemental pro forma financial information is presented for informational purposes only and is not necessarily indicative of what the actual results of operations of the combined company would have been had the acquisition occurred on January 1, 2015, nor is it indicative of future results of operations.

(Stated in millions, except per share amounts)

	Second Quarter		Six Months	
	2016	2015	**2016**	2015
Revenue	**$ 7,164**	$ 11,246	**$ 15,312**	$ 23,779
Net income (loss) attributable to Schlumberger	**$ (1,905)**	$ 1,152	**$ (1,290)**	$ 1,883
Diluted earnings (loss) per share	**$ (1.37)**	$ 0.81	**$ (0.93)**	$ 1.33

5. Inventories

A summary of inventories follows:

(Stated in millions)

	Jun. 30, 2016	Dec. 31, 2015
Raw materials & field materials	**$ 1,874**	$ 2,300
Work in progress	**640**	178
Finished goods	**2,487**	1,278
	$ 5,001	$ 3,756

6. Fixed Assets

A summary of fixed assets follows:

(Stated in millions)

	Jun. 30, 2016	Dec. 31, 2015
Property, plant & equipment	$ **40,198**	$ 37,120
Less: Accumulated depreciation	**26,972**	23,705
	$ **13,226**	$ 13,415

Depreciation expense relating to fixed assets was as follows:

(Stated in millions)

	2016	2015
Second Quarter	$ **744**	$ 819
Six Months	**1,426**	1,646

7. Multiclient Seismic Data

The change in the carrying amount of multiclient seismic data for the six months ended June 30, 2016 was as follows:

(Stated in millions)

Balance at December 31, 2015	$ 1,026
Capitalized in period	333
Charged to expense	(185)
Impairment charge (see Note 2)	(198)
Balance at June 30, 2016	$ 976

8. Goodwill

The changes in the carrying amount of goodwill by reporting unit for the six months ended June 30, 2016 were as follows:

(Stated in millions)

	Reservoir Characterization	Drilling	Production	Cameron	Total
Balance at December 31, 2015	$ 3,798	$ 8,584	$ 3,223	$ -	$ 15,605
Acquisition of Cameron	790	1,490	1,170	5,387	8,837
Other acquisitions	-	24	105	-	129
Impact of changes in exchange rates	13	7	12	-	32
Balance at June 30, 2016	$ 4,601	$ 10,105	$ 4,510	$ 5,387	$ 24,603

9. Intangible Assets

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

(Stated in millions)

	Jun. 30, 2016			Dec. 31, 2015		
	Gross Book Value	**Accumulated Amortization**	**Net Book Value**	Gross Book Value	Accumulated Amortization	Net Book Value
Customer relationships	**$ 4,881**	**$ 747**	**$ 4,134**	$ 2,489	$ 645	$ 1,844
Technology/technical know-how	**3,599**	**716**	**2,883**	1,864	653	1,211
Tradenames	**2,848**	**406**	**2,442**	1,625	367	1,258
Other	**1,008**	**546**	**462**	513	257	256
	$ 12,336	**$ 2,415**	**$ 9,921**	$ 6,491	$ 1,922	$ 4,569

Amortization expense charged to income was as follows:

(Stated in millions)

	2016	2015
Second Quarter	**$ 160**	$ 93
Six Months	**$ 249**	$ 179

Based on the net book value of intangible assets at June 30, 2016, amortization charged to income for the subsequent five years is estimated to be: remaining two quarters of 2016—$335 million; 2017—$672 million; 2018—$651 million; 2019—$611 million; 2020—$587 million; and 2021—$565 million.

10. Long-term Debt

A summary of *Long-term Debt* follows:

(Stated in millions)

	Jun. 30, 2016	Dec. 31, 2015
4.00% Senior Notes due 2025	**$ 1,739**	$ 1,741
3.30% Senior Notes due 2021	**1,593**	1,597
3.00% Senior Notes due 2020	**1,590**	1,591
3.65% Senior Notes due 2023	**1,490**	1,496
2.35% Senior Notes due 2018	**1,296**	1,297
4.20% Senior Notes due 2021	**1,099**	1,100
1.25% Senior Notes due 2017	**999**	1,000
2.40% Senior Notes due 2022	**995**	999
3.63% Senior Notes due 2022	**845**	845
0.63% Guaranteed Notes due 2019	**662**	-
1.50% Guaranteed Notes due 2019	**575**	566
1.90% Senior Notes due 2017	**498**	499
6.38% Notes due 2018 (1)	**304**	-
7.00% Notes due 2038 (1)	**216**	-
4.50% Notes due 2021 (1)	**139**	-
5.95% Notes due 2041 (1)	**116**	-
3.60% Notes due 2022 (1)	**111**	-
5.13% Notes due 2043 (1)	**99**	-
4.00% Notes due 2023 (1)	**83**	-
3.70% Notes due 2024 (1)	**56**	-
Commercial paper borrowings	**2,500**	1,000
Other	**1,247**	711
	$ 18,252	$ 14,442

(1) Represents long-term fixed rate debt obligations assumed in connection with the acquisition of Cameron, net of amounts repurchased subsequent to the closing of the transaction.

The estimated fair value of Schlumberger's *Long-term Debt* at June 30, 2016 and December 31, 2015, based on quoted market prices, was $19.0 billion and $14.4 billion, respectively.

Borrowings under the commercial paper program at June 30, 2016 were $3.2 billion, of which $2.5 billion was classified within *Long-term debt* and $0.7 billion was classified within *Long-term debt – current portion* in the *Consolidated Balance Sheet*. At December 31, 2015, borrowings under the commercial paper program were $2.4 billion, of which $1.0 billion was classified within *Long-term debt* and $1.4 billion was classified within *Long-term debt – current portion* in the *Consolidated Balance Sheet*.

11. <u>Derivative Instruments and Hedging Activities</u>

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

Interest Rate Risk

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

During the fourth quarter of 2013, Schlumberger entered into a cross currency swap for a notional amount of €0.5 billion in order to hedge changes in the fair value of Schlumberger's €0.5 billion 1.50% Guaranteed Notes due 2019. Under the terms of this swap, Schlumberger receives interest at a fixed rate of 1.50% on the euro notional amount and pays interest at a floating rate of three-month LIBOR plus approximately 64 basis points on the US dollar notional amount.

This cross currency swap is designated as a fair value hedge of the underlying debt. This derivative instrument is marked to market with gains and losses recognized in income to largely offset the respective gains and losses recognized on changes in the fair value of the hedged debt.

At June 30, 2016, Schlumberger had fixed rate debt of $15.5 billion and variable rate debt of $6.1 billion after taking into account the effect of the swap.

Short-term investments and *Fixed income investments, held to maturity* totaled $8.6 billion at June 30, 2016. The carrying value of these investments approximated fair value, which was estimated using quoted market prices for those or similar investments.

Foreign Currency Exchange Rate Risk

As a multinational company, Schlumberger conducts its business in more than 85 countries. Schlumberger's functional currency is primarily the US dollar. 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 the local currency is not the functional currency and expenses denominated in local currency are not equal to revenues denominated in local currency. Schlumberger is also exposed to risks on future cash flows relating to certain of its fixed rate debt that is denominated in currencies other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges, with the effective portion of changes in the fair value of the hedge recorded on the *Consolidated Balance Sheet* and in *Accumulated other comprehensive loss.* Amounts recorded in *Accumulated other comprehensive loss* are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings. The ineffective portion of changes in the fair value of hedging instruments, if any, is recorded directly to earnings.

At June 30, 2016, Schlumberger recognized a cumulative net $27 million loss in *Accumulated other comprehensive loss* relating to revaluation of foreign currency forward contracts and foreign currency options designated as cash flow hedges, the majority of which is expected to be reclassified into earnings within the next 12 months.

Schlumberger is exposed to changes in the fair value of assets and liabilities that are denominated in currencies other than the functional currency. While Schlumberger uses foreign currency forward contracts and foreign currency options to economically hedge this exposure as it relates to certain currencies, these contracts are not designated as hedges for accounting purposes. Instead, the fair value of the contracts is recorded on the *Consolidated Balance Sheet*, and changes in the fair value are recognized in the *Consolidated Statement of Income* as are changes in fair value of the hedged item.

At June 30, 2016, contracts were outstanding for the US dollar equivalent of $5.8 billion in various foreign currencies, of which $0.7 billion related to hedges of debt denominated in currencies other than the functional currency.

The fair values of outstanding derivative instruments were as follows:

(Stated in millions)

	Fair Value of Derivatives		Consolidated Balance Sheet Classification
	Jun. 30, 2016	Dec. 31, 2015	
Derivative Assets			
Derivatives designated as hedges:			
Foreign exchange contracts	**$ 15**	$ 4	*Other current assets*
Foreign exchange contracts	**-**	6	*Other Assets*
	$ 15	$ 10	
Derivatives not designated as hedges:			
Foreign exchange contracts	**$ 50**	$ 15	*Other current assets*
Foreign exchange contracts	**2**	-	*Other Assets*
	$ 67	$ 25	
Derivative Liabilities			
Derivatives designated as hedges:			
Foreign exchange contracts	**$ 44**	$ 37	*Accounts payable and accrued liabilities*
Foreign exchange contracts	**2**	3	*Other Liabilities*
Cross currency swap	**35**	22	*Other Liabilities*
	$ 81	$ 62	
Derivatives not designated as hedges:			
Foreign exchange contracts	**$ 95**	$ 25	*Accounts payable and accrued liabilities*
Foreign exchange contracts	**2**	-	*Other Liabilities*
	$ 178	$ 87	

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

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

(Stated in millions)

	Gain (Loss) Recognized in Income				
	Second Quarter		**Six Months**		
	2016	2015	**2016**	2015	Consolidated Statement of Income Classification
Derivatives designated as fair value hedges:					
Cross currency swap	**$ (6)**	$ 19	**$ 4**	$ (51)	*Interest*
Derivatives not designated as hedges:					
Foreign exchange contracts	**$ (57)**	$ 57	**$ (138)**	$ (61)	*Cost of service/sales*

12. Income Taxes

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

	Second Quarter		Six Months	
	2016	2015	**2016**	2015
US federal statutory rate	**35%**	35%	**35%**	35%
State tax	**-**	-	**1**	-
Non-US income taxed at different rates	**(18)**	(13)	**(20)**	(12)
Charges and credits (See Note 2)	**(2)**	-	**(2)**	1
Other	**-**	(1)	**-**	(2)
	15%	21%	**14%**	22%

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

(Stated in millions)

	Jun. 30, 2016	Dec. 31, 2015
Postretirement benefits	**$ 265**	$ 266
Intangible assets	**(3,203)**	(1,418)
Investments in non-US subsidiaries	**(149)**	(152)
Fixed assets, net	**(163)**	(176)
Inventories	**289**	159
Other, net	**721**	454
	$ (2,240)	$ (867)

The above deferred tax balances at June 30, 2016 and December 31, 2015 were net of valuation allowances relating to net operating losses in certain countries of $151 million and $162 million, respectively.

13. Contingencies

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

14. Segment Information

(Stated in millions)

	Second Quarter 2016		Second Quarter 2015	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Reservoir Characterization	**$ 1,593**	**$ 266**	$ 2,510	$ 655
Drilling	**2,034**	**171**	3,469	672
Production	**2,099**	**90**	3,059	397
Cameron	**1,536**	**243**	-	-
Eliminations & other	**(98)**	**(23)**	(28)	(16)
Pretax operating income		**747**		1,708
Corporate & other (1)		**(241)**		(199)
Interest income (2)		**24**		6
Interest expense (3)		**(136)**		(79)
Charges and credits (4)		**(2,908)**		-
	$ 7,164	**$ (2,514)**	$ 9,010	$ 1,436

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets (including intangible asset amortization expense resulting from the acquisition of Cameron), certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($6 million in 2016; $6 million in 2015).

(3) Interest expense excludes amounts which are included in the segments' income ($13 million in 2016; $7 million in 2015).

(4) See Note 2 – *Charges and Credits*.

(Stated in millions)

	Six Months 2016		Six Months 2015	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Reservoir Characterization	**$ 3,339**	**$ 597**	$ 5,165	$ 1,327
Drilling	**4,527**	**542**	7,391	1,450
Production	**4,447**	**298**	6,764	941
Cameron	**1,536**	**243**	-	-
Eliminations & other	**(165)**	**(32)**	(62)	(17)
Pretax operating income		**1,648**		3,701
Corporate & other (1)		**(413)**		(390)
Interest income (2)		**37**		14
Interest expense (3)		**(256)**		(156)
Charges and credits (4)		**(2,908)**		(439)
	$ 13,684	**$ (1,892)**	$ 19,258	$ 2,730

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets (including intangible asset amortization expense resulting from the acquisition of Cameron), certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($12 million in 2016; $11 million in 2015).

(3) Interest expense excludes amounts which are included in the segments' income ($26 million in 2016; $12 million in 2015).

(4) See Note 2 – *Charges and Credits*.

15. Pension and Other Postretirement Benefit Plans

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

(Stated in millions)

	Second Quarter				Six Months			
	2016		2015		**2016**		2015	
	US	**Int'l**	US	Int'l	**US**	**Int'l**	US	Int'l
Service cost	**$ 13**	**$ 19**	$ 21	$ 50	**$ 31**	**$ 56**	$ 43	$ 99
Interest cost	**45**	**77**	44	75	**89**	**157**	85	149
Expected return on plan assets	**(58)**	**(129)**	(59)	(129)	**(118)**	**(263)**	(115)	(257)
Amortization of prior service cost	**3**	**31**	1	31	**6**	**61**	6	61
Amortization of net loss	**17**	**17**	31	36	**40**	**39**	62	74
	$ 20	**$ 15**	$ 38	$ 63	**$ 48**	**$ 50**	$ 81	$ 126

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

(Stated in millions)

	Second Quarter		Six Months	
	2016	2015	**2016**	2015
Service cost	**$ 7**	$ 10	**$ 15**	$ 21
Interest cost	**12**	11	**24**	24
Expected return on plan assets	**(15)**	(13)	**(29)**	(26)
Amortization of prior service credit	**(8)**	(8)	**(16)**	(16)
Amortization of net loss	**-**	2	**-**	7
	$ (4)	$ 2	**$ (6)**	$ 10

16. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of the following:

(Stated in millions)

	Currency Translation Adjustments	**Unrealized Gain on Marketable Securities**	**Cash Flow Hedges**	**Pension and Other Postretirement Benefit Plans**	**Total**
Balance, January 1, 2016	$ (2,053)	$ -	$ (39)	$ (2,466)	$ (4,558)
Other comprehensive gain (loss) before reclassifications	(51)	3	(68)	-	(116)
Amounts reclassified from accumulated other comprehensive loss	-	-	80	130	210
Income taxes	-	-	-	(14)	(14)
Net other comprehensive (loss) income	(51)	3	12	116	80
Balance, June 30, 2016	$ (2,104)	$ 3	$ (27)	$ (2,350)	$ (4,478)

(Stated in millions)

	Currency Translation Adjustments	**Unrealized Gain/(Loss) on Marketable Securities**	**Cash Flow Hedges**	**Pension and Other Postretirement Benefit Plans**	**Total**
Balance, January 1, 2015	$ (1,531)	$ 10	$ (96)	$ (2,589)	$ (4,206)
Other comprehensive loss before reclassifications	(94)	(10)	(110)	-	(214)
Amounts reclassified from accumulated other comprehensive loss	-	-	140	194	334
Income taxes	-	-	-	(22)	(22)
Net other comprehensive (loss) income	(94)	(10)	30	172	98
Balance, June 30, 2015	$ (1,625)	$ -	$ (66)	$ (2,417)	$ (4,108)

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

Second Quarter 2016 Compared to First Quarter 2016

(Stated in millions)

	Second Quarter 2016		First Quarter 2016	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Reservoir Characterization	**$ 1,593**	**$ 266**	$ 1,747	$ 331
Drilling	**2,034**	**171**	2,493	371
Production	**2,099**	**90**	2,348	208
Cameron	**1,536**	**243**	-	-
Eliminations & other	**(98)**	**(23)**	(68)	(9)
Pretax operating income		**747**		901
Corporate & other (1)		**(241)**		(172)
Interest income (2)		**24**		13
Interest expense (3)		**(136)**		(120)
Charges and credits (4)		**(2,908)**		-
	$ 7,164	**$ (2,514)**	$ 6,520	$ 622

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items. The second quarter of 2016 includes $63 million of amortization expense associated with intangible assets recorded as a result of the acquisition of Cameron, which was completed on April 1, 2016.

(2) Interest income excludes amounts which are included in the segments' income ($6 million in the second quarter of 2016; $6 million in the first quarter of 2016).

(3) Interest expense excludes amounts which are included in the segments' income ($13 million in the second quarter of 2016; $13 million in the first quarter of 2016).

(4) Charges and credits recorded during the second quarter of 2016 are described in detail in Note 2 to the *Consolidated Financial Statements*.

On April 1, 2016, Schlumberger acquired all of the outstanding shares of Cameron International Corporation (Cameron), a leading provider of flow equipment products, systems and services to the oil and gas industry worldwide. The acquisition is expected to create technology-driven growth by integrating Schlumberger reservoir and well technologies with Cameron wellhead and surface equipment, flow control and processing technology. The combination of the two complementary technology portfolios provides the industry's most comprehensive range of products and services, from exploration to production and integrated pore-to-pipeline solutions that optimize hydrocarbon recovery to deliver reservoir performance.

Under the terms of the merger agreement, Cameron became a wholly-owned subsidiary of Schlumberger. Each share of Cameron common stock issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive 0.716 shares of Schlumberger stock and $14.44 in cash. As a result, Schlumberger issued approximately 138 million shares of its common stock and paid cash of approximately $2.8 billion in connection with this transaction. Based on the closing price of Schlumberger's common stock on April 1, 2016, the total fair value of the consideration transferred to effect the acquisition of Cameron was approximately $12.8 billion. Cameron's revenue for the year ended December 31, 2015 was $8.8 billion.

Second-quarter 2016 revenue of $7.2 billion increased 10% sequentially. This included a full quarter of activity from the acquired Cameron businesses, which contributed revenue of $1.5 billion. Excluding the impact of the Cameron acquisition, revenue declined 14% sequentially.

In April 2016, Schlumberger announced that it would reduce its activity in Venezuela to align operations with cash collections as a result of insufficient payments received in recent quarters and a lack of progress in establishing new mechanisms that address past and future accounts receivable. The reduction in activity levels in Venezuela accounted for approximately 25% of the previously mentioned 14% sequential revenue decline (excluding the impact of Cameron). Venezuela represented less than 5% of Schlumberger's consolidated revenue for the year ended December 31, 2015.

North America second-quarter revenue of $1.7 billion increased 19% sequentially due to the addition of the Cameron businesses, which contributed $0.6 billion of second-quarter revenue. Excluding the impact of Cameron, North America revenue decreased 20% as a result of the Canadian spring break-up and the US land rig count decline of 25%. Excluding Cameron, North America land revenue fell 23% on lower Drilling Group activity and continuing pricing pressure in the Production Group. While fracturing stage counts and active pressure pumping fleets increased more than 15% sequentially, an unfavorable job and technology mix, combined with pricing pressure, more than offset the increase in volume. North America offshore revenue, excluding the impact of Cameron, decreased 15%, mainly due to lower Drilling Group activity, although this was partially offset by higher WesternGeco multiclient seismic license fees.

Revenue for the International Areas of $5.4 billion increased 8% sequentially, including the effect of the acquired Cameron businesses, which contributed $1.0 billion in second-quarter revenue. Excluding the impact of Cameron, international revenue declined 12% sequentially due to customer budget cuts, continued pricing pressure and the scaling back of operations in Venezuela.

From a segment perspective, second-quarter revenue from the Reservoir Characterization and Production Groups declined sequentially by 9% and 11%, respectively, on continued lower demand for exploration- and development-related products and services as E&P budgets were further reduced. Drilling Group revenue fell by 18%, impacted by the steep drop in rig count, particularly in North America and Latin America.

Second-quarter 2016 pretax operating margin decreased 155 bps to 10% primarily from the overall decline in activity and pricing concessions. The margin decrease was the highest in the Drilling Group, which contracted by 649 bps to 8%. The Production Group pretax operating margin fell 459 bps to 4% while the Reservoir Characterization Group decreased 228 bps to 17%, and the Cameron Group posted a pretax operating margin of 16%.

Reservoir Characterization Group

Second-quarter revenue of $1.6 billion was 9% lower sequentially, primarily due to the scaling back of operations in Venezuela and project cancellations that impacted Wireline activity internationally. Testing Services revenue and Software Integrated Solutions (SIS) software sales also declined, particularly in Latin America. These declines were partially offset by higher multiclient seismic license sales, including transfer fees, which increased $68 million.

Pretax operating margin of 17% declined 228 basis points (bps) sequentially primarily due to reduced high-margin Wireline and Testing Services activities, particularly in Latin America.

Drilling Group

Second-quarter revenue of $2.0 billion declined 18% sequentially. This was mainly the result of a sharp drop in drilling activity from a combination of the spring break-up in Canada, lower rig counts on land in the US and Latin America, and the scaling back of operations in Venezuela. In addition, continued and persistent pricing pressure negatively impacted Drilling & Measurements and M-I SWACO results across all of the Areas.

Pretax operating margin of 8% contracted 649 bps sequentially, driven by pricing pressure, lower rig counts in North America and the scaling back of operations in Venezuela.

Production Group

Second-quarter revenue of $2.1 billion decreased 11% sequentially with more than one-half of the revenue decrease attributable to a decline in North America from the Canadian spring break-up and increased pricing pressure.

Pretax operating margin of 4% decreased 459 bps sequentially, primarily from lower activity and increased pricing weakness in pressure pumping services in North America land.

Cameron Group

Cameron Group contributed second-quarter revenue of $1.5 billion and pretax operating margin of 16%. Revenue was impacted by a declining project backlog as well as a further slowdown in activity on land in the US that mainly affected the short-cycle businesses of the Valves & Measurement and Surface product lines.

Pretax operating margin of 16% was robust despite the market downturn. This was driven by strong project execution from the OneSubsea, Drilling, and Process Systems product lines.

Second Quarter 2016 Compared to Second Quarter 2015

(Stated in millions)

	Second Quarter 2016		Second Quarter 2015	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Reservoir Characterization	**$ 1,593**	**$ 266**	$ 2,510	$ 655
Drilling	**2,034**	**171**	3,469	672
Production	**2,099**	**90**	3,059	397
Cameron	**1,536**	**243**	-	-
Eliminations & other	**(98)**	**(23)**	(28)	(16)
Pretax operating income		**747**		1,708
Corporate & other (1)		**(241)**		(199)
Interest income (2)		**24**		6
Interest expense (3)		**(136)**		(79)
Charges and credits (4)		**(2,908)**		-
	$ 7,164	**$ (2,514)**	$ 9,010	$ 1,436

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items. The second quarter of 2016 includes $63 million of amortization expense associated with intangible assets recorded as a result of the acquisition of Cameron, which was completed on April 1, 2016.

(2) Interest income excludes amounts which are included in the segments' income ($6 million in 2016; $6 million in 2015).

(3) Interest expense excludes amounts which are included in the segments' income ($13 million in 2016; $7 million in 2015).

(4) Charges and credits recorded during the second quarter of 2016 are described in detail in Note 2 to the *Consolidated Financial Statements*.

Second-quarter 2016 revenue of $7.2 billion decreased 21% year-on-year. This included a full quarter of activity from the acquired Cameron businesses, which contributed revenue of $1.5 billion. Excluding the impact of the Cameron acquisition, revenue declined 38% year-on-year.

Second-quarter 2016 revenue from the Reservoir Characterization and Production Groups declined year-on-year by 37% and 31%, respectively, on lower demand for exploration- and development-related products and services as E&P budgets were further reduced. Drilling Group revenue fell by 41% due to the rig count decline in both North America and internationally.

Second-quarter 2016 pretax operating margin decreased 854 bps to 10%, as a result of the overall decline in activity and pervasive pricing concessions. The margin decrease was the highest in the Drilling Group, which contracted by 1,096 bps to 8%. Reservoir Characterization Group pretax operating margin fell 943 bps to 17%, while the Production Group decreased 871 bps to 4%, and the Cameron Group posted a pretax margin of 16%.

Reservoir Characterization Group

Second-quarter 2016 revenue of $1.6 billion decreased 37% year-on-year primarily due to sustained cuts in exploration and discretionary spending that impacted Wireline, Testing Services and SIS software sales. Revenue also decreased due to lower WesternGeco marine vessel utilization and reduced multiclient sales.

Year-on-year, pretax operating margin decreased 943 bps to 17% due to reduced high-margin Wireline and Testing Services activities.

Drilling Group

Second-quarter 2016 revenue of $2.0 billion decreased 41% year-on-year primarily due to the severe drop in rig count in both North America and internationally combined with pricing pressure that mainly affected the Drilling & Measurements and M-I SWACO Technologies.

Year-on-year, pretax operating margin decreased 1,096 bps to 8% primarily due to the significant decline in higher-margin activities of Drilling & Measurements combined with pricing weakness.

Production Group

Second-quarter 2016 revenue of $2.1 billion decreased 31% year-on-year with most of the revenue decrease attributable to a decline in North America, particularly on Well Services pressure pumping technologies driven by activity declines and pricing pressure as the land rig count declined dramatically.

Year-on-year, pretax operating margin decreased 871 bps to 4% as a result of lower activity and increasing pricing pressure, which continued in North America land.

Cameron Group

Cameron Group contributed second-quarter revenue of $1.5 billion and pretax operating margin of 16%. Revenue was impacted by a declining project backlog as well as a further slowdown in activity on land in the US that mainly affected the short-cycle businesses of the Valves & Measurement and Surface product lines.

Pretax operating margin of 16% was robust despite the market downturn. This was driven by strong project execution from the OneSubsea, Drilling, and Process Systems product lines.

Six Months 2016 Compared to Six Months 2015

(Stated in millions)

	Six Months 2016		Six Months 2015	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Reservoir Characterization	**$ 3,339**	**$ 597**	$ 5,165	$ 1,327
Drilling	**4,527**	**542**	7,391	1,450
Production	**4,447**	**298**	6,764	941
Cameron	**1,536**	**243**	-	-
Eliminations & other	**(165)**	**(32)**	(62)	(17)
Pretax operating income		**1,648**		3,701
Corporate & other (1)		**(413)**		(390)
Interest income (2)		**37**		14
Interest expense (3)		**(256)**		(156)
Charges and credits (4)		**(2,908)**		(439)
	$ 13,684	**$ (1,892)**	$ 19,258	$ 2,730

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items. The six months ended June 30, 2016 includes $63 million of amortization expense associated with intangible assets recorded as a result of the acquisition of Cameron, which was completed on April 1, 2016.

(2) Interest income excludes amounts which are included in the segments' income ($12 million in 2016; $11 million in 2015).

(3) Interest expense excludes amounts which are included in the segments' income ($26 million in 2016; $12 million in 2015).

(4) Charges and credits recorded during the first six months of 2016 and 2015 are described in detail in Note 2 to the *Consolidated Financial Statements*.

Six-month 2016 revenue of $13.7 billion decreased 29% year-on-year. This included a full quarter of activity from the acquired Cameron businesses, which contributed revenue of $1.5 billion. Excluding the impact of Cameron, revenue declined 37% year-on-year.

Six-month 2016 revenue from the Reservoir Characterization and Production Groups declined year-on-year by 35% and 34%, respectively, on lower demand for exploration- and development-related products and services as E&P budgets were further reduced. Drilling Group revenue fell by 39% due to the rig count decline in both North America and internationally.

Six-month 2016 pretax operating margin decreased 718 bps to 12%, as a result of the overall decline in activity and pervasive pricing concessions. The margin decrease was highest in the Reservoir Characterization Group, which contracted by 783 bps to 18%. Drilling Group pretax operating margin fell 765 bps to 12%, while the Production Group decreased 721 bps to 7%, and the Cameron Group posted a pretax operating margin of 16%.

Reservoir Characterization Group

Six-month 2016 revenue of $3.3 billion decreased 35% year-on-year primarily due to sustained cuts in exploration and discretionary spending that impacted Wireline, Testing Services and SIS software sales. Revenue also decreased due to lower WesternGeco marine vessel utilization and reduced multiclient sales.

Year-on-year, pretax operating margin decreased 783 bps to 18% due to reduced high-margin Wireline and Testing Services activities.

Drilling Group

Six-month 2016 revenue of $4.5 billion decreased 39% year-on-year primarily due to the severe drop in rig count in both North America and internationally combined with pricing pressure that mainly affected Drilling & Measurements and M-I SWACO Technologies.

Year-on-year, pretax operating margin decreased 765 bps to 12% primarily due to the significant decline in higher-margin activities of Drilling & Measurements combined with pricing weakness.

Production Group

Six-month 2016 revenue of $4.4 billion decreased 34% year-on-year with most of the revenue decrease attributable to a decline in North America, particularly on Well Services pressure pumping technologies driven by activity declines and pricing pressure as the land rig count declined dramatically.

Year-on-year, pretax operating margin decreased 721 bps to 7% as a result of lower activity and increasing pricing pressure, which continued in North America land.

Interest and Other Income

Interest & other income consisted of the following:

(Stated in millions)

	Second Quarter		Six Months	
	2016	2015	**2016**	2015
Equity in net earnings of affiliated companies	**$ 24**	$ 35	**$ 49**	$ 71
Interest income	**30**	12	**49**	25
	$ 54	$ 47	**$ 98**	$ 96

Other

Research & engineering and *General & administrative* expenses, as a percentage of *Revenue*, for the second quarter and six months ended June 30, 2016 and 2015 were as follows:

	Second Quarter		Six Months	
	2016	2015	**2016**	2015
Research & engineering	**3.6%**	3.1%	**3.6%**	2.8%
General & administrative	**1.4%**	1.3%	**1.6%**	1.2%

Although *Research & engineering* and *General & administrative* costs have increased as a percentage of *Revenue*, they have decreased in absolute dollar terms as a result of cost control measures that Schlumberger has implemented, offset in part by the impact of the Cameron acquisition.

Interest expense of $149 million for the second quarter of 2016 increased by $63 million compared to the same period of the prior year. Interest expense of $282 million for the six months ended June 30, 2016 increased by $114 million compared to the same period of the prior year. These increases were primarily due to the issuance of $6.0 billion of Senior Notes during the fourth quarter of 2015 and the impact of debt assumed in the acquisition of Cameron.

The effective tax rate for the second quarter of 2016 was 14.6% compared to 21.1% for the same period of the prior year. The charges described in Note 2 to the *Consolidated Financial Statements* reduced the second quarter 2016 effective tax rate by 1.6 percentage points. The remaining decrease in the effective tax rate was primarily attributable to the geographic mix of earnings, as Schlumberger generated a smaller portion of its pretax income/loss in North America during the second quarter of 2016 as compared to the same period last year.

The effective tax rate for the six months ended June 30, 2016 was 14.2% compared to 22.3% for the same period of the prior year. The charges described in Note 2 to the *Consolidated Financial Statements* reduced the effective tax rate for the six months ended June 30, 2016 by 1.8 percentage points and increased the effective tax for the six months ended June 30, 2015 by 1.3 percentage points. Excluding the impact of the charges, the effective tax rate for the first six months of 2016 was 16.0% and 21.0% for the same period in the prior year. This decrease was primarily attributable to the fact that Schlumberger generated a smaller portion of its pretax income/loss in North America during the six months ended June 30, 2016 as compared to the same period last year.

Charges and Credits

During the second quarter of 2016, Schlumberger recorded $2.573 billion of asset impairment and workforce reduction charges and $335 million of merger and integration-related charges associated with the acquisition of Cameron which are classified as *Impairments & other* and *Merger & integration*, respectively, in the *Consolidated Statement of Income*. These charges, which are summarized below, are more fully described in Note 2 to the *Consolidated Financial Statements*.

(Stated in millions)

	Pretax	Tax	Net
Workforce reduction	$ 646	$ 63	$ 583
North America pressure pumping asset impairments	209	67	142
Facilities impairments	165	58	107
Other fixed asset impairments	684	52	632
Inventory write-downs	616	49	567
Multiclient seismic data impairment	198	62	136
Other restructuring charges	55	-	55
Amortization of inventory fair value adjustment	150	45	105
Merger-related employee benefits	47	7	40
Professional fees	45	10	35
Facility closure costs	40	10	30
Other merger and integration-related	53	9	44
	$ 2,908	$ 432	$ 2,476

Schlumberger recorded charges during the first quarter of 2015, all of which were classified as *Impairments & other* in the *Consolidated Statement of Income*. These charges, which are summarized below, are more fully described in Note 2 to the *Consolidated Financial Statements*.

(Stated in millions)

	Pretax	Tax	Net
Workforce reduction	$ 390	$ 56	$ 334
Currency devaluation loss in Venezuela	49	-	49
	$ 439	$ 56	$ 383

Net Debt

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. Net Debt is a non-GAAP financial measure that should be considered in addition to, not as a substitute for, or superior to, total debt.

Details of changes in Net Debt follow:

(Stated in millions)

	Six Months ended Jun. 30,	
	2016	2015
Net income (loss)	**$ (1,623)**	$ 2,122
Impairment and other charges	**2,908**	439
Depreciation and amortization (1)	**2,080**	2,089
Stock-based compensation expense	**145**	167
Pension and other postretirement benefits expense	**92**	217
Pension and other postretirement benefits funding	**(83)**	(214)
Earnings of equity method investments, less dividends received	**(30)**	(65)
Increase in working capital	**(250)**	(837)
Other	**(397)**	166
Cash flow from operations	**2,842**	4,084
Capital expenditures	**(998)**	(1,193)
SPM investments	**(729)**	(222)
Multiclient seismic data costs capitalized	**(333)**	(221)
Free cash flow (2)	**782**	2,448
Dividends paid	**(1,255)**	(1,151)
Proceeds from employee stock plans	**195**	256
Stock repurchase program	**(506)**	(1,239)
	(784)	314
Business acquisitions and investments, net of cash acquired plus debt assumed	**(3,790)**	(206)
Discontinued operations - settlement with U.S. Department of Justice	**-**	(233)
Other	**76**	(86)
Increase in Net Debt	**(4,498)**	(211)
Net Debt, Beginning of period	**(5,547)**	(5,387)
Net Debt, End of period	**$ (10,045)**	$ (5,598)

(1) Includes depreciation of property, plant and equipment and amortization of intangible assets, multiclient seismic data costs and SPM investments.

(2) "Free cash flow" represents cash flow from operations less capital expenditures, SPM investments and multiclient seismic data costs capitalized. Management believes that free cash flow is an important liquidity measure for the company and that it is useful to investors and management as a measure of the ability of our business to generate cash. Once business needs and obligations are met, this cash can be used to reinvest in the company for future growth or to return to shareholders through dividend payments or share repurchases. Free cash flow does not represent the residual cash flow available for discretionary expenditures. Free cash flow is a non-GAAP financial measure that should be considered in addition to, not as substitute for, or superior to, cash flow from operations.

(Stated in millions)

Components of Net Debt	**Jun. 30, 2016**	Jun. 30, 2015	Dec. 31, 2015
Cash	**$ 2,947**	$ 3,541	$ 2,793
Short-term investments	**8,245**	3,733	10,241
Fixed income investments, held to maturity	**386**	469	418
Long-term debt – current portion	**(2,385)**	(2,092)	(3,011)
Short-term borrowings	**(986)**	(2,139)	(1,546)
Long-term debt	**(18,252)**	(9,110)	(14,442)
	$ (10,045)	$ (5,598)	$ (5,547)

Key liquidity events during the first six months of 2016 and 2015 included:

- Schlumberger paid $2.8 billion of cash in connection with the April 1, 2016 acquisition of Cameron. Additionally, as a result of the acquisition of Cameron, Schlumberger assumed net debt of $785 million. This amount consisted of $3.0 billion of debt (including a $244 million adjustment to increase Cameron's long-term fixed rate debt to its estimated fair value) and $2.2 billion of cash and short-term investments.
- During the second quarter of 2016, Schlumberger repurchased approximately $1.4 billion of Cameron's long-term fixed-rate debt.
- On July 18, 2013, the Schlumberger Board of Directors approved a $10 billion share repurchase program to be completed at the latest by June 30, 2018. Schlumberger had repurchased $9.1 billion of shares under this new share repurchase program as of June 30, 2016.

  The following table summarizes the activity under this share repurchase program:

  (Stated in millions, except per share amounts)

	Total cost of shares purchased	Total number of shares purchased	Average price paid per share
Six months ended June 30, 2016	**$ 506**	**7.5**	**$ 67.65**
Six months ended June 30, 2015	$ 1,239	14.4	$ 85.80

  On January 21, 2016, the Board of Directors approved a new $10 billion share repurchase program for Schlumberger common stock. The new program will take effect once the remaining $0.9 billion authorized to be repurchased under the July 18, 2013 program is exhausted.

- Capital expenditures were $1.0 billion during the first six months of 2016 compared to $1.2 billion during the first six months of 2015. Capital expenditures for full-year 2016 are expected to be approximately $2.2 billion as compared to expenditures of $2.4 billion in 2015.

Schlumberger operates in more than 85 countries. At June 30, 2016, only five of those countries individually accounted for greater than 5% of Schlumberger's accounts receivable balances, of which only Venezuela, where Schlumberger has experienced delays in payment from its customers, accounted for greater than 10%. Schlumberger's net receivable balance in Venezuela as of June 30, 2016 was approximately $1.2 billion.

As of June 30, 2016, Schlumberger had $11.2 billion of cash and short-term investments on hand. Schlumberger had separate committed debt facility agreements aggregating $6.8 billion with commercial banks, of which $3.6 billion was available and unused as of June 30, 2016. The $6.8 billion of committed debt facility agreements included $6.5 billion of committed facilities that support commercial paper programs. Schlumberger believes that these amounts are sufficient to meet future business requirements for at least the next 12 months.

Borrowings under the commercial paper programs at June 30, 2016 were $3.2 billion.

FORWARD-LOOKING STATEMENTS

This Form 10-Q and other statements we make contain "forward-looking statements" within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of its Groups and segments (and for specified products or geographic areas within each segment); oil and natural gas demand and production growth; oil and natural gas prices; improvements in operating procedures and technology, including our transformation program; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger's customers; the anticipated benefits of the Cameron transaction; the success of Schlumberger's joint ventures and alliances; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, global economic conditions; changes in exploration and production spending by Schlumberger's customers and changes in the level of oil and natural gas exploration and development; demand for our integrated services and new technologies; our future cash flows; the success of our transformation efforts; general economic, political and business conditions in key regions of the world; foreign currency risk; pricing pressure; weather and seasonal factors; operational modifications, delays or cancellations; production declines; changes in government regulations and regulatory requirements, including those related to offshore oil and gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services and climate-related initiatives; the inability of technology to meet new challenges in exploration; the inability to integrate the Cameron business and to realize expected synergies; the inability to retain key employees; and other risks and uncertainties detailed in this second-quarter 2016 Form 10-Q and our most recent Forms 10-K, 10-Q and 8-K filed with or furnished to the Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize (or the consequences of any such development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For quantitative and qualitative disclosures about market risk affecting Schlumberger, see Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," of the Schlumberger Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Schlumberger's exposure to market risk has not changed materially since December 31, 2015.

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 was no change in Schlumberger's internal control over financial reporting 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

On April 1, 2016, Schlumberger completed the acquisition of Cameron and therefore no longer faces risks associated with the ability to complete the Cameron Merger. Except as described in the foregoing sentence, 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, 2015.

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

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

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

Schlumberger’s common stock repurchase program activity for the three months ended June 30, 2016 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
April 1 through April 30, 2016	265.2	$ 72.06	265.2	$ 928,918
May 1 through May 31, 2016	57.0	$ 72.32	57.0	$ 924,795
June 1 through June 30, 2016	106.0	$ 74.78	106.0	$ 916,872
	428.2	$ 72.77	428.2	

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.

On January 21, 2016, the Board approved a new $10 billion share repurchase program for Schlumberger common stock. This new program will take effect once the remaining $0.9 billion authorized to be repurchased under the July 18, 2013 program is exhausted.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

The barite and bentonite mining operations of M-I LLC, an indirect wholly-owned subsidiary, are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this report.

Item 5. Other Information.

Schlumberger completed the wind down of its service operations in Iran during the second quarter of 2013. Prior to this, certain non-US subsidiaries of Schlumberger provided oilfield services to the National Iranian Oil Company and certain of its affiliates (“NIOC”).

Schlumberger’s residual transactions or dealings with the government of Iran in the second quarter of 2016 consisted of payments of taxes and other typical governmental charges. Certain non-US subsidiaries of Schlumberger maintain depository accounts at the Dubai branch of Bank Saderat Iran (“Saderat”), and at Bank Tejarat (“Tejarat”) in Tehran and in Kish for the deposit by NIOC of amounts owed to non-US subsidiaries of Schlumberger for prior services rendered in Iran and for the maintenance of such amounts previously received. One non-US subsidiary also maintains an account at Tejarat for payment of local expenses such as taxes. Schlumberger anticipates that it will discontinue dealings with Saderat and Tejarat following the receipt of all amounts owed to Schlumberger for prior services rendered in Iran.

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 Current Report on Form 8-K filed on April 6, 2016)

Exhibit 3.2—Amended and Restated By-laws of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on May 14, 2015)

* Exhibit 10.1—Employment Agreement dated May 31, 2016 and effective as of June 1, 2016, between Schlumberger Limited and Sherif Foda (+)

* Exhibit 10.2—Amended and Restated French Sub Plan for Restricted Units (incorporated by reference to Exhibit 10.1 to Schlumberger Current Report on Form 8-K filed on April 6, 2016)

* 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 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

* Exhibit 95—Mine Safety Disclosures

* Exhibit 101—The following materials from Schlumberger Limited's Quarterly Report on Form 10-Q for the quarter ended June 30 2016, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income; (ii) Consolidated Statement of Comprehensive Income; (iii) Consolidated Balance Sheet; (iv) Consolidated Statement of Cash Flows; (v) Consolidated Statement of Equity and (vi) Notes to Consolidated Financial Statements.

* Filed with this Form 10-Q.
** Furnished with this Form 10-Q.
(+) Compensatory plan or arrangement.

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: July 27, 2016	/s/ Howard Guild
	Howard Guild
	Chief Accounting Officer and Duly Authorized Signatory

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is effective as of June 1st, 2016, by and between **SCHLUMBERGER LIMITED**, a Curaçao corporation (the "Company"), and Sherif Foda ("Executive").

1. Employment of Executive: In consideration of the mutual covenants and agreements herein contained, including Executive's execution of a release of claims as provided in as Exhibit A to this Agreement within 21 days of the Effective Date, the Company and Executive enter into an agreement retaining Executive's services as described herein, establishing certain incentive, tenure and performance criteria related to such employment and otherwise fixing Executive's benefits.

2. Term and Extent of Services: The term shall commence the 1st of June, 2016 (the "Effective Date") and shall continue until the close of business on the 28th of February, 2019 (the "Term"). This Agreement does not constitute a guarantee of continued employment but instead provides for certain rights and benefits for the Executive during his employment, and in the event his employment with the Company terminates under the circumstances described herein. Effective the 31st of May, 2016, Executive resigns from his position as President Production Group of the Company and will remain employed by the Company during the Term, unless otherwise terminated under Section 4. During the Term, the Executive shall be employed as a Senior Advisor reporting to the Chief Executive Officer. At the expiration of the Term, Executive's employment with the Company and all of its Affiliates (as defined below) shall terminate. An option of continuing on Leave of Absence status for a further 2 years will be available to the Executive.

Nothing herein shall prohibit Executive, during the Term, from being engaged as a consultant or employee to organizations and businesses or to be appointed to their board of directors except those specifically identified as Unauthorized Competitors in Section 5. Executive agrees to inform the Chief Executive Officer before accepting employment with an oil and gas related company. For the avoidance of doubt, "oil and gas related company" expressly excludes any Unauthorized Competitor.

In the event of a move from the United States, during the Term, this Agreement will be transferred to the relevant Schlumberger entity for the remaining portion of the Term. Company agrees to sponsor the visa if required in Dubai.

3. Noncompetition Payments and Benefits:

   (a) Payments: In consideration for the Executive's services as described herein, and in exchange for his agreement to the covenants as set forth in Section 5, Executive shall receive an amount equal to $1,540,000 payable in 24 equal monthly installments over the course of the Term, the first installment payment of which is referred to as the "Release Payment."

   (b) Incentive Plans:

      i. During the Term, or if Executive's employment is terminated sooner pursuant to Section 4, until such termination, Executive will

         A. receive an incentive payment of $770,000 on the first payroll of February 2017 and a second and final incentive payment of $770,000 on the first payroll of February 2018 with an option pending mutual agreement by

Executive and Company of receiving the second incentive payment as well on the payroll of February 2017.

B. continue to vest in stock options in accordance with the terms of those plans and any applicable agreement.

C. have his 2014 PSU grant canceled. Executive will receive time-based RSUs covering 12,667 shares that will vest on January 16, 2017.

D. have his 2015 PSU grant canceled. Executive will receive time-based RSUs covering 7,467 shares that will vest on January 15, 2018.

E. 2016 PSU Plan will be as plan rules.

ii. Upon termination of employment, except for a termination for Cause pursuant to Section 4 (c) or upon Executive's employment with an Unauthorized Competitor identified in Section 5 (c) (i), Executive shall have the period to exercise stock options as per the plan rules, to the extent that such options were exercisable as of the date of such termination.

(c) Pension and Profit Sharing: During the Term, Executive will continue to accrue additional benefits under the Company's qualified and non-qualified pension and profit sharing plans. Payments under the Company's non-qualified pension and profit sharing plans will be made in accordance with the terms of the relevant plan upon separation from service with the Company. In the event of a move to Dubai, Executive will be placed on the International Staff Payroll and will be eligible to participate in the International Staff Pension and Profit Sharing Plans.

(d) Welfare Benefits: During the Term, Executive shall be eligible to participate in the Company's group health plans only (medical and dental) on a basis comparable to that of other U.S. employees. Executive will not participate in any other welfare programs of the Company or any affiliate. In the event of a transfer to Dubai, Executive will participate in the International Health Care Plan for IMs.

(e) Vacation: Executive shall be paid a cash amount representing his accrued and unused vacation accumulated as of the 31st of May 2016. During the Term, Executive shall not be eligible to accrue vacation pay.

(f) Expense Reimbursement: Executive shall be reimbursed for reasonable business expenses incurred in the normal course of performing his duties following delivery of supporting documentation therefor. Executive shall submit all invoices for such incurred costs to the Company no later than 30 days prior to the end of the taxable year following the taxable year in which they were incurred. The Company shall reimburse Executive for any undisputed costs within 14 days of receipt of such invoices.

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

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

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

(c) Termination by the Company for Cause: In the event the Company terminates Executive's employment during the Term for Cause, as defined below, he shall be entitled to any other amounts earned, accrued or owing as of the date of termination of employment under the applicable employee benefit plans or programs of the Company. For the avoidance of doubt, the Executive will be subject to any forfeiture or clawback provisions applicable to such termination under the terms of any plan or agreement maintained by the Company or any Affiliate.

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

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

Executive may work for another employer (excluding an Unauthorized Competitor) during the Term without terminating his employment relationship with the Company. In the event Executive voluntarily terminates his employment with the Company during the Term, and does not become employed by an Unauthorized Competitor he shall be entitled to:

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

ii. exercise any stock options granted under a plan of the Company that vested during the Term (and prior to his termination date) for the period of time specified in the plan rules.

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

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

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

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

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

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

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

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

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

iii. Executive acknowledges that this restrictive covenant under Section 5, for which he received consideration from the Company as provided in this Agreement, is ancillary to otherwise enforceable provisions of this Agreement and that these restrictive covenants contain limitations as to time, geographical area and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the good will or other business interests of the Company, such as the Company’s need to protect its Confidential Information.

iv. Executive acknowledges that in the event of a breach by Executive of these restrictive covenants, the covenants may be enforced by temporary restraining order, preliminary or temporary injunction and permanent injunction, in addition to any other remedies that may be available by law. In that connection, Executive acknowledges that in the event of a breach, the Company will suffer irreparable injury for which there is no adequate legal remedy, in part because damages caused by the breach may be difficult to prove with any reasonable degree of certainty.

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

vi. Executive further agrees that in the event that (1) the Company determines that Executive has breached any term of Section 5(c) or (2) all or any part or of Section 5(c) is held or found invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between Executive and the Company, in addition to any other remedies at law or in equity the Company may have available to it, the Company may immediately stop payment of any future amounts due pursuant to Section 3.

vii. Executive expressly recognizes that Executive was a high-level, executive employee who was and is provided with access to Confidential Information of the Company as part of Executive’s employment and that the restrictive covenants set forth in this

Section 5 are reasonable and necessary in light of Executive's prior executive position and prior access to the Company's Confidential Information, as well as his potential continued access to Confidential Information during the Term.

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

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

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

If to the Company:	Schlumberger Limited 5599 San Felipe 17th Floor Houston, TX 77056 ATTENTION: Gerard Martellozo VP Human Resources
If to Executive:	Sherif Foda 5306 Bordley Drive, Tanglewood Houston, TX 77056

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

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

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

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

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

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

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

12. Release of Claims: In consideration for the compensation and other benefits provided pursuant to this Agreement, Executive has executed a "Waiver and Release," in the form attached hereto as Exhibit A. Executive acknowledges that he was given copies of this Agreement and the Waiver and Release on [Month, day] 2016, and was given sufficient time to consider whether to sign the Agreement and the Waiver and Release. The Company's obligations under this Agreement are expressly conditioned on the execution of the Waiver and Release within the time period set forth in Section 1, 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.

13. Section 409A: Each payment under this Agreement, including each payment in a series of installment payments, is intended to be a separate payment for purposes of Treas. Reg. § 1.409A-2(b), and is intended to be: (i) exempt from Section 409A of the Code, the regulations and other binding guidance promulgated thereunder ("Section 409A"), including, but not limited to, by compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4) and the involuntary separation pay exception within the meaning of Treas. Reg. § 1.409A-1(b)(9)(iii), or (ii) in compliance with Section 409A, including, but not limited to, being paid pursuant to a fixed schedule or specified date pursuant to Treas. Reg. § 1.409A-3(a) and the provisions of this Agreement will be administered, interpreted and construed accordingly. Notwithstanding the foregoing provisions of this Agreement, if the payment of any compensation or benefits under Section 3 would be subject to additional taxes and interest under Section 409A because the timing of such payment is not delayed as provided in Section 409A(a)(2)(B)(i) of the Code, and Executive constitutes a specified employee within the meaning of Section 409A(a)(2)(B)(i) of the Code, then any such payments that Executive would otherwise be entitled to during the first six months following Executive's separation from service within the meaning of Section 409A(a)(2)(A)(i) of the Code shall be accumulated and paid on the date that is six months after Executive's separation from service (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes and interest.

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

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

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

IN WITNESS WHEREOF the parties have caused this Agreement to be executed and delivered the 31st day of May, 2016 but effective as 1st of June, 2016.

SCHLUMBERGER LIMITED

By: /s/ Gerard Martellozo
Name: Gerard Martellozo
Title: Vice President, Human Resources

EXECUTIVE

By: /s/ Sherif Foda

Exhibit A

SCHLUMBERGER LIMITED
WAIVER AND RELEASE

Schlumberger Limited has offered to pay me the Release Payment described in section (a) of my Employment Agreement with Schlumberger Limited, effective as of May 31st, 2016 (the "Agreement"), which is in addition to any remuneration or benefits to which I am already entitled. This Release Payment was offered to me in exchange for my agreement, among other things, to waive all of my claims against and release Schlumberger Limited and its predecessors, successors and assigns (collectively referred to as the "Company"), all of the affiliates (including parents and subsidiaries) of the Company (collectively referred to as the "Affiliates") and the Company's and Affiliates' directors and officers, employees and agents, employee benefit plans and the fiduciaries and agents of said plans (collectively, with the Company and Affiliates, referred to as the "Corporate Group") from any and all claims, demands, actions, liabilities and damages arising out of or relating in any way to my employment with or separation from the Company or the Affiliates; provided, however, that this Waiver and Release shall not apply to any claim or cause of action to enforce or interpret any provision contained in the Agreement. I have read this Waiver and Release and the Agreement (which, together, are referred to herein as the "Agreement Materials") and the Agreement is incorporated herein by reference. The payment of the Release Payment is voluntary on the part of the Company and is not required by any legal obligation other than the Agreement. I choose to accept this offer.

I understand that signing this Waiver and Release is an important legal act. I acknowledge that the Company has advised me in writing to consult an attorney before signing this Waiver and Release. I understand that, in order to be eligible for the Release Payment, I must sign (and return to Gerard Martellozo, VP Human Resources, Schlumberger Limited, 5599 San Felipe, 17th Floor, Houston, TX 77056) this Waiver and Release by 5 p.m. on May 31st, 2016. I acknowledge that I have been given at least 21 days to consider whether to sign the Agreement and whether to execute this Waiver and Release.

In exchange for the payment to me of the Release Payment, which is in addition to any remuneration or benefits to which I am already entitled, I, among other things, (1) agree never to institute, maintain or prosecute, or induce or assist in the instigation, commencement, maintenance or prosecution of any action, suit, proceeding or administrative charge in any forum regarding or relating in any way to my employment with or separation from the Company or the Affiliates, and (2) knowingly and voluntarily waive all claims and release the Corporate Group from any and all claims, demands, actions, liabilities, and damages, whether known or unknown, arising out of or relating in any way to my employment with or separation from the Company or the Affiliates, except to the extent that my rights are vested under the terms of employee benefit plans sponsored by the Company or the Affiliates and except with respect to such rights or claims as may arise after the date this Waiver and Release is executed. This Waiver and Release includes, but is not limited to, claims and causes of action under: Title VII of the Civil Rights Act of 1964, as amended ("Title VII"); the Age Discrimination in Employment Act of 1967, as amended, including the Older Workers Benefit Protection Act of 1990 ("ADEA"); the Civil Rights Act of 1866, as amended; the Civil Rights Act of 1991; the Americans with Disabilities Act of 1990 ("ADA"); the Energy Reorganization Act, as amended, 42 U.S.C. § 5851; the Workers Adjustment and Retraining Notification Act of 1988; the Pregnancy Discrimination Act of 1978; the Employee Retirement Income Security Act of 1974, as amended; the Family and Medical Leave Act of 1993; the Occupational Safety and Health Act; claims in connection with workers' compensation or "whistle blower" statutes; and/or contract, tort, defamation, slander, wrongful termination or any other state or federal regulatory, statutory or common law, whether of the United States or any other country. Further, I expressly represent that no promise or agreement which is not expressed in the Agreement Materials has been made to me in executing this Waiver and Release, and that I am relying on my own judgment in executing this Waiver and Release, and that I am not relying on any statement or representation of the Company, any of the Affiliates or any other member of the Corporate Group or any of their agents. I agree that this Waiver and Release is valid, fair, adequate and reasonable, is with my full knowledge and consent, was not procured through fraud, duress or mistake and has not had the effect of misleading, misinforming or failing to inform me. Notwithstanding the above, nothing in this Waiver and Release is intended to (i) release or affect in any way any board resolution or by-law of the Company or other agreement between me and the Company which may provide for indemnity and/or director and officer insurance coverage relating to any potential claim against me arising out of my role as an officer and employee of the Company, (ii) release or affect in any way any claims arising under the Agreement, (iii) prevent me from filing a complaint with, providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by any state, federal or local regulatory or law enforcement agency or legislative body, or (iv) prevent me from filing any claims that are not permitted to be waived or released under applicable law. However, I further agree and covenant that I will not seek or accept any personal, equitable or monetary relief in any action, suit, proceeding or administrative charge filed on my behalf by any person, organization or other entity against the Corporate Group.

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

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

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

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

Sherif Foda	Gerard Martellozo
Employee's Printed Name	Company Representative
/s/ Sherif Foda	/s/ Gerard Martellozo
Employee's Signature	Company Representative's Signature

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Paal Kibsgaard, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 27, 2016

/s/ Paal Kibsgaard
Paal Kibsgaard
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: July 27, 2016

/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 June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paal Kibsgaard, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: July 27, 2016

/s/ Paal Kibsgaard
Paal Kibsgaard
Chief Executive Officer

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

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

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 June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon Ayat, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: July 27, 2016

/s/ Simon Ayat
Simon Ayat
Executive Vice President and Chief Financial Officer

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

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

Mine Safety Disclosure

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

The table that follows reflects citations, orders, violations and proposed assessments issued by the Mine Safety and Health Administration (the "MSHA") to M-I LLC, an indirect wholly-owned subsidiary of Schlumberger. The disclosure is with respect to the three months ended June 30, 2016. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by the MSHA at www.MSHA.gov.

Three Months Ended June 30, 2016
[unaudited]
(*whole dollars*)

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments(1)	Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Amelia Barite Plant/1600825	0	0	0	0	0	$100	0	N	N	0	0	0
Battle Mountain Grinding Plant/2600828	0	0	0	0	0	$0*	0	N	N	0	0	0
Galveston GBT Barite Grinding Plant/4104675	0	0	0	0	0	$0	0	N	N	0	0	0
Greybull Milling Operation/4800602	0	0	0	0	0	$0	0	N	N	0	0	0
Greybull Mining Operation/4800603	0	0	0	0	0	$0	0	N	N	0	0	0
Greystone Mine/2600411	0	0	0	0	0	$0	0	N	N	0	0	0
Mountain Springs Beneficiation Plant/2601390	0	0	0	0	0	$0	0	N	N	0	0	0

(1) Amounts included are the total dollar value of proposed assessments received from MSHA on or before June 30, 2016, regardless of whether the assessment has been challenged or appealed. Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and sometimes dismissed. The number of citations, orders, and proposed assessments vary by inspector and also vary depending on the size and type of the operation.

*As of June 30, 2016, MSHA had not yet proposed an assessment for 2 citations at Battle Mountain Grinding Plant/2600828.