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

FORM 10-Q

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

For the quarterly period ended: **June 30, 2009**	**Commission file No.:** **1-4601**

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

NETHERLANDS ANTILLES **(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**
PARKSTRAAT 83 **THE HAGUE,** **THE NETHERLANDS** **(Addresses of principal executive offices)**	**2514 JG** **(Zip Codes)**

Registrant’s telephone number: (713) 513-2000

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

YES ☒ NO ☐

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

YES ☒ NO ☐

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

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

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

YES ☐ NO ☒

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

Class	Outstanding at June 30, 2009
COMMON STOCK, $0.01 PAR VALUE PER SHARE	1,197,822,535

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Second Quarter 2009 Form 10-Q

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	
	2009	**2008**	**2009**	**2008**
Revenue	**$5,528**	$6,746	**$11,528**	$13,036
Interest & other income, net	**60**	97	**137**	199
Expenses				
Cost of goods sold and services	**4,409**	4,609	**8,897**	8,968
Research & engineering	**197**	197	**386**	389
Marketing	**23**	26	**45**	49
General & administrative	**131**	146	**261**	284
Interest	**61**	61	**116**	127
Income from Continuing Operations before taxes	**767**	1,804	**1,960**	3,418
Taxes on income	**152**	378	**404**	686
Income from Continuing Operations	**615**	1,426	**1,556**	2,732
Discontinued Operations	**—**	—	**—**	38
Net Income	**615**	1,426	**1,556**	2,770
Net income attributable to noncontrolling interests	**(2)**	(6)	**(4)**	(12)
Net Income attributable to Schlumberger	**$ 613**	$1,420	**$ 1,552**	$ 2,758
Schlumberger amounts attributable to:				
Income from Continuing Operations	**$ 613**	$1,420	**$ 1,552**	$ 2,720
Discontinued Operations	**—**	—	**—**	38
Net Income	**$ 613**	$1,420	**$ 1,552**	$ 2,758
Basic earnings per share of Schlumberger:				
Income from Continuing Operations	**$ 0.51**	$ 1.19	**$ 1.30**	$ 2.28
Discontinued Operations	**—**	—	**—**	0.03
Net Income	**$ 0.51**	$ 1.19	**$ 1.30**	$ 2.31
Diluted earnings per share of Schlumberger:				
Income from Continuing Operations	**$ 0.51**	$ 1.16	**$ 1.28**	$ 2.22
Income from Discontinued Operations	**—**	—	**—**	0.03
Net Income	**$ 0.51**	$ 1.16	**$ 1.28**	$ 2.25
Average shares outstanding:				
Basic	**1,197**	1,195	**1,197**	1,196
Assuming dilution	**1,214**	1,230	**1,212**	1,231

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	Jun. 30, 2009 (Unaudited)	Dec. 31, 2008
		(Stated in millions)
ASSETS		
Current Assets		
Cash	**$ 216**	$ 189
Short-term investments	**4,195**	3,503
Receivables less allowance for doubtful accounts (2009—$149; 2008—$133)	**6,107**	6,258
Inventories	**2,021**	1,919
Deferred taxes	**162**	184
Other current assets	**954**	841
	13,655	12,894
Fixed Income Investments, held to maturity	**464**	470
Investments in Affiliated Companies	**1,985**	1,870
Fixed Assets less accumulated depreciation	**9,688**	9,690
Multiclient Seismic Data	**265**	287
Goodwill	**5,266**	5,189
Intangible Assets	**857**	820
Deferred Taxes	**406**	565
Other Assets	**374**	206
	$ 32,960	$31,991
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 4,710**	$ 5,269
Estimated liability for taxes on income	**924**	1,007
Dividend payable	**253**	252
Long-term debt—current portion	**831**	1,138
Convertible debentures	**321**	—
Bank & short-term loans	**422**	459
	7,461	8,125
Convertible Debentures	**—**	321
Other Long-term Debt	**4,291**	3,372
Postretirement Benefits	**1,596**	2,369
Other Liabilities	**878**	870
	14,226	15,057
Equity		
Common stock	**4,718**	4,668
Treasury stock	**(4,668)**	(4,796)
Retained earnings	**20,940**	19,891
Accumulated other comprehensive loss	**(2,363)**	(2,901)
Schlumberger stockholders’ equity	**18,627**	16,862
Noncontrolling interests	**107**	72
	18,734	16,934
	$ 32,960	$31,991

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Stated in million)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash flows from operating activities:		
Net Income	**$ 1,556**	$ 2,770
Less: Income from discontinued operations	**—**	(38)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization (1)	**1,235**	1,073
Non-cash postretirement benefits curtailment charge	**136**	—
Earnings of companies carried at equity, less dividends received	**(37)**	(119)
Deferred income taxes	**81**	(4)
Stock-based compensation expense	**92**	82
Provision for losses on accounts receivable	**32**	9
Other non-cash items	**34**	13
Change in assets and liabilities: (2)		
Decrease (increase) in receivables	**130**	(768)
Increase in inventories	**(101)**	(159)
Increase in other current assets	**(113)**	(150)
(Decrease) increase in accounts payable and accrued liabilities	**(515)**	181
Decrease in estimated liability for taxes on income	**(120)**	(111)
Decrease in postretirement benefits	**(408)**	(3)
Other - net	**62**	(46)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2,064**	2,730
Cash flows from investing activities:		
Capital expenditures	**(1,252)**	(1,645)
Multiclient seismic data capitalized	**(89)**	(188)
Business acquisitions, net of cash acquired	**(198)**	(182)
(Purchases) sale of investments, net	**(680)**	263
Other	**105**	(105)
NET CASH USED BY INVESTING ACTIVITIES	**(2,114)**	(1,857)
Cash flows from financing activities:		
Dividends paid	**(502)**	(460)
Proceeds from employee stock purchase plan	**1**	96
Proceeds from exercise of stock options	**41**	138
Tax benefits on stock options	**4**	132
Stock repurchase plan	**—**	(1,119)
Proceeds from issuance of long-term debt	**1,405**	524
Repayment of long-term debt	**(833)**	(224)
Net decrease in short-term debt	**(38)**	(35)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**78**	(948)
Cash flow from discontinued operations - operating activities	**—**	63
Net increase (decrease) in cash before translation effect	**28**	(12)
Translation effect on cash	**(1)**	1
Cash, beginning of period	**189**	197
Cash, end of period	**$ 216**	$ 186

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

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY
(Unaudited)

(Stated in millions)

January 1, 2008 - June 30, 2008	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balance, January 1, 2008	$4,136	$ (3,549)	$15,462	$ (1,173)	$ 62	$14,938
Comprehensive income						
Net income			2,758		12	
Currency translation adjustments				94		
Changes in fair value of derivatives				7		
Deferred employee benefits liabilities, net of tax				25		
Total comprehensive income						2,896
Shares sold to optionees, less shares exchanged	22	116				138
Shares granted to directors	1	—				1
Proceeds from employee stock purchase plan	53	25				78
Stock repurchase plan		(1,119)				(1,119)
Stock-based compensation cost	82					82
Shares issued on conversion of debentures	79	329				408
Other	—				(13)	(13)
Dividends declared ($0.42 per share)			(503)			(503)
Tax benefits on stock options	132					132
Balance, June 30, 2008	$4,505	$ (4,198)	$17,717	$ (1,047)	$ 61	$17,038

(Stated in millions)

January 1, 2009 - June 30, 2009	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balance, January 1, 2009	4,668	$(4,796)	$19,891	$ (2,901)	$ 72	$16,934
Comprehensive income						
Net income			1,552		4	
Currency translation adjustments				(67)		
Changes in fair value of derivatives				155		
Deferred employee benefits liabilities, net of tax				450		
Total comprehensive income						2,094
Shares sold to optionees, less shares exchanged	(9)	50				41
Shares granted to directors	—	1				1
Vesting of restricted stock	(15)	15				—
Proceeds from employee stock purchase plan	9	62				71
Stock-based compensation cost	92					92
Acquisition of noncontrolling interest	(6)					(6)
Other	(25)				31	6
Dividends declared ($0.42 per share)			(503)			(503)
Tax benefits on stock options	4					4
Balance, June 30, 2009	$4,718	$(4,668)	$20,940	$ (2,363)	$ 107	$18,734

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

SHARES OF COMMON STOCK
(Unaudited)

(Stated in millions)

	Issued	In Treasury	Shares Outstanding
Balance, January 1, 2009	1,334	(140)	1,194
Shares sold to optionees, less shares exchanged	—	2	2
Employee stock purchase plan	—	2	2
Balance, June 30, 2009	1,334	(136)	1,198

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements, which include the accounts of Schlumberger Limited and its subsidiaries ("Schlumberger"), have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the accompanying unaudited financial statements. All intercompany transactions and balances have been eliminated in consolidation. Operating results for the six-month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009. The December 31, 2008 balance sheet information has been derived from the audited 2008 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, 2008, filed with the Securities and Exchange Commission on February 11, 2009.

Subsequent events have been evaluated through July 29, 2009, which is the date the financial statements were issued.

Recently Adopted Accounting Pronouncement

Effective January 1, 2009, Schlumberger adopted SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements*, *an Amendment of ARB No. 51* ("SFAS 160"). This standard changed the accounting for and reporting of minority interests (now referred to as noncontrolling interests). Noncontrolling interests are now classified as equity in the Schlumberger financial statements.

SFAS 160 also changed the way the consolidated income statement is presented by requiring net income to include the net income for both the parent and the noncontrolling interests, with disclosure of both amounts on the consolidated statement of income. The calculation of earnings per share continues to be based on income amounts attributable to the parent.

As a result of the adoption of SFAS 160, prior period amounts related to noncontrolling interests have been reclassified to conform to the current period presentation.

2. Charges

Schlumberger recorded the following charges during the second quarter of 2009:

- Schlumberger continued to reduce its global workforce as a result of the slowdown in oil and gas exploration and production spending and its effect on activity in the oilfield services sector. As a result of these actions, Schlumberger recorded a pretax charge of $102 million ($85 million after-tax), which is classified in *Cost of goods sold and services* in the *Consolidated Statement of Income*. Approximately $57 million of the charge remained unpaid as of June 30, 2009, most of which is expected to be paid during the third quarter of 2009.
- As a consequence of these workforce reductions, Schlumberger recorded pretax non-cash pension and other postretirement benefit curtailment charges of $136 million ($122 million after-tax). These costs are classified in *Cost of goods sold and services* in the *Consolidated Statement of Income*. Refer to Note 15 – *Pension and Other Postretirement Benefits* for further details.

The following is a summary of these charges:

			(Stated in millions)
	Pretax	**Tax**	**Net**
Charges			
- Workforce reductions	$ 102	$(17)	$ 85
- Postretirement benefits curtailment	136	(14)	122
	$ 238	$(31)	$207

3. Earnings Per Share

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

(Stated in millions, except per share amounts)

	2009			2008		
	Schlumberger Income from Continuing Operations	**Average Shares Outstanding**	**Earnings per Share**	**Schlumberger Income from Continuing Operations**	**Average Shares Outstanding**	**Earnings per Share**
Second Quarter						
Basic	**$ 613**	**1,197**	**$ 0.51**	$ 1,420	1,195	$ 1.19
Assumed conversion of debentures	**2**	**8**		3	16	
Assumed exercise of stock options	**—**	**8**		—	18	
Unvested restricted stock	**—**	**1**		—	1	
Diluted	**$ 615**	**1,214**	**$ 0.51**	$ 1,423	1,230	$ 1.16

	Schlumberger Income from Continuing Operations	**Average Shares Outstanding**	**Earnings per Share**	**Schlumberger Income from Continuing Operations**	**Average Shares Outstanding**	**Earnings per Share**
Six Months						
Basic	**$ 1,552**	**1,197**	**$ 1.30**	$ 2,720	1,196	$ 2.28
Assumed conversion of debentures	**4**	**8**		8	17	
Assumed exercise of stock options	**—**	**6**		—	17	
Unvested restricted stock	**—**	**1**		—	1	
Diluted	**$ 1,556**	**1,212**	**$ 1.28**	$ 2,728	1,231	$ 2.22

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

		(Stated in millions)
	2009	**2008**
Second Quarter	**17**	—
Six Months	**17**	1

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4. Acquisitions

During the first six months of 2009, Schlumberger made certain acquisitions and minority interest investments, none of which were significant on an individual basis, for an aggregate amount of $198 million, net of cash acquired.

5. Inventory

A summary of inventory follows:

		(Stated in millions)
	Jun. 30 2009	**Dec. 31 2008**
Raw materials & field materials	**$1,804**	$1,674
Work in process	**76**	113
Finished goods	**141**	132
	$2,021	$1,919

6. Fixed Assets

A summary of fixed assets follows:

		(Stated in millions)
	Jun. 30 2009	**Dec. 31 2008**
Property, plant & equipment	**$20,852**	$20,152
Less: Accumulated depreciation	**11,164**	10,462
	$ 9,688	$ 9,690

Depreciation expense relating to fixed assets was as follows:

		(Stated in millions)
	2009	**2008**
Second Quarter	**$ 537**	$467
Six Months	**$1,067**	$909

7. Multiclient Seismic Data

The change in the carrying amount of multiclient seismic data for the six months ended June 30, 2009 was as follows:

	(Stated in millions)
Balance at December 31, 2008	$ 287
Capitalized in period	89
Charged to cost of goods sold and services	(111)
Balance at June 30, 2009	$ 265

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8. Goodwill

The changes in the carrying amount of goodwill by business segment for the six months ended June 30, 2009 were as follows:

			(Stated in millions)
	Oilfield Services	**Western Geco**	**Total**
Balance at December 31, 2008	$4,174	$1,015	$5,189
Additions	108	—	108
Impact of change in exchange rates	(31)	—	(31)
Balance at June 30, 2009	$4,251	$1,015	$5,266

9. Intangible Assets

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

						(Stated in millions)
	Jun. 30, 2009			**Dec. 31, 2008**		
	Gross Book Value	**Accumulated Amortization**	**Net Book Value**	**Gross Book Value**	**Accumulated Amortization**	**Net Book Value**
Software	**$ 338**	**$ 248**	**$ 90**	$ 337	$ 233	$ 104
Technology	**541**	**136**	**405**	465	117	348
Customer Relationships	**353**	**66**	**287**	345	56	289
Other	**122**	**47**	**75**	124	45	79
	$ 1,354	**$ 497**	**$ 857**	$ 1,271	$ 451	$ 820

Amortization expense charged to income was as follows:

		(Stated in millions)
	2009	**2008**
Second Quarter	**$ 28**	$ 32
Six Months	**$ 57**	$ 64

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

Based on the net book value of intangible assets at June 30, 2009, amortization charged to income for the subsequent five years is estimated to be: remainder of 2009 – $59 million; 2010 – $106 million; 2011 – $97 million; 2012 – $89 million; 2013 – $74 million and 2014 – $68 million.

10. Derivative Instruments and Hedging Activities

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

Foreign Currency Exchange Rate Risk

As a multinational company, Schlumberger conducts its business in approximately 80 countries. Schlumberger's functional currency is primarily the US dollar, which is consistent with the oil and gas industry. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies.

Therefore, when the US dollar weakens (strengthens) in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar – reported expenses will increase (decrease).

Schlumberger is exposed to risks on future cash flows to the extent that local currency expenses exceed revenues denominated in local currency that are other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges under the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), with the effective portion of changes in the fair value of the hedge recorded on the *Consolidated Balance Sheet* and in *Other Comprehensive Income (Loss).* Amounts recorded in *Other Comprehensive Income (Loss)* are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings. The ineffective portion of changes in the fair value of the hedged item is recorded directly to earnings.

At June 30, 2009, Schlumberger recognized a cumulative net $52 million gain in *Equity* relating to revaluation of foreign currency forward contracts and foreign currency options designated as cash flow hedges at June 30, 2009.

Schlumberger is also exposed to changes in the fair value of assets and liabilities, including certain of its long-term debt, which are denominated in currencies other than the functional currency. Schlumberger uses foreign currency forward contracts and foreign currency options to hedge this exposure as it relates to certain currencies. These contracts are accounted for as fair value hedges under the provisions of SFAS No. 133, with the fair value of the contracts recorded on the *Consolidated Balance Sheet* and changes in the fair value recognized in the *Consolidated Statement of Income* along with the change in fair value of the hedged item.

At June 30, 2009, contracts were outstanding for the US dollar equivalent of $4.9 billion in various foreign currencies. These contracts expire on various dates during the next twelve months.

Commodity Price Risk

Schlumberger is exposed to the impact of market fluctuations in the price of commodities, such as copper and lead. Schlumberger has entered into forward contracts on these commodities to manage the price risk associated with forecasted purchases. The objective of these contracts is to reduce the variability of cash flows associated with the forecasted purchase of those commodities. These contracts do not qualify for hedge accounting treatment under the provisions of SFAS No. 133 and therefore, changes in the fair value of the forward contracts are recorded directly to earnings.

Interest Rate Risk

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that generally does not involve derivatives and instead primarily uses a mix of variable and fixed rate debt combined with its investment portfolio to mitigate the exposure to changes in interest rates. At June 30, 2009, Schlumberger had fixed rate debt aggregating approximately $3.6 billion and variable rate debt aggregating approximately $2.2 billion.

Schlumberger's exposure to interest rate risk associated with its debt is also partially mitigated by its investment portfolio. Both *Short-term investments* and *Fixed income investments*, *held to maturity*, which totaled approximately $4.7 billion at June 30, 2009, are comprised primarily of money market funds, eurodollar time deposits, certificates of deposit, commercial paper, euro notes and Eurobonds, and are substantially all denominated in US dollars.

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

(Stated in millions)

	Fair Value of Derivatives		Classifications
	Jun. 30 2009	**Dec. 31 2008**	
Derivative assets			
Derivative designated as hedges:			
Foreign exchange contracts	**$ 117**	$ —	*Other Assets*
Derivative not designated as hedges:			
Commodity contracts	**$ 1**	$ —	*Other Assets*
Foreign exchange contracts	**—**	33	*Other Assets*
	$ 1	$ 33	
	$ 118	$ 33	
Derivative Liabilities			
Derivative designated as hedges:			
Foreign exchange contracts	**$ —**	$ 54	*Accounts payable and accrued liabilities*
Derivative not designated as hedges:			
Commodity contracts	**—**	5	*Accounts payable and accrued liabilities*
	$ —	$ 59	

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

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

(Stated in millions)

	Gain/(Loss) Recognized in Income 2009		Classification
	Second Quarter	**Six Months**	
Derivatives designated as fair value hedges:			
Foreign exchange contracts	$ 61	$ 39	*Cost of goods sold and services*
Derivatives not designated as hedges:			
Foreign exchange contracts	$ 1	$ (22)	*Cost of goods sold and services*
Commodity contracts	1	—	*Cost of goods sold and services*
	$ 2	$ (22)	

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

(Stated in millions)

	Gain/(Loss) Recognized in OCI 2009		Gain (Loss) Reclassified from Accumulated OCI into Income 2009		
	Second Quarter	Six Months	Second Quarter	Six Months	Classification
Foreign exchange contracts	$ 227	$ 168	$ 91	$ 27	*Cost of goods sold and services*
			(7)	(14)	*Research & engineering*
			$ 84	$ 13	

11. Other Financial Instruments

Both *Short-term investments* and *Fixed Income Investments, held to maturity* are comprised primarily of money market funds, eurodollar time deposits, certificates of deposits, commercial paper, euro notes and Eurobonds, and are substantially denominated in US dollars. The carrying value of these investments approximates fair value, which was estimated using quoted market prices for those or similar investments.

A summary of *Long-Term Debt* follows:

(Stated in millions)

	Jun. 30, 2009		Dec. 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
5.25% Guaranteed Notes due 2013	**$ 703**	**$ 741**	$ 714	$ 731
6.5% Notes due 2012	**649**	**695**	647	651
5.875% Guaranteed Bonds due 2011	**350**	**370**	355	390
5.14% Guaranteed Notes due 2010	**216**	**219**	203	209
4.50% Guaranteed Notes due 2014	**1,401**	**1,440**	—	—
Commercial paper borrowings	**385**	**385**	771	771
Other variable rate debt	**587**	**587**	682	682
	$ 4,291	**$4,437**	$ 3,372	$3,434

At both June 30, 2009 and December 31, 2008, there were $321 million outstanding of 2.125% Series B Convertible Debentures due June 1, 2023. On June 1, 2010, holders may require Schlumberger to repurchase their Series B debentures for cash. Accordingly, these debentures are classified within *Current Liabilities* on the *Consolidated Balance Sheet* at June 30, 2009. The fair value of these Series B debentures at June 30, 2009 and December 31, 2008 was $474 million and $398 million, respectively. For further information regarding the debentures refer to Note 11 to the *Consolidated Financial Statements* included in the Schlumberger Annual Report on Form 10-K for the year ended December 31, 2008.

The fair value of Schlumberger's fixed rate *Long-Term Debt* was estimated based on quoted market prices.

During the first quarter of 2009, a subsidiary of Schlumberger entered into a €3.0 billion Euro Medium Term Note program which is guaranteed by Schlumberger Limited. This program provides for the issuance of various types of debt instruments such as fixed or floating rate notes in Euro, US dollar or other currencies. Schlumberger issued €1.0 billion 4.50% Guaranteed Notes due 2014 in the second quarter under this program. Schlumberger entered into agreements to swap these Euro notes for US dollars on the date of issue until maturity, effectively making this a US dollar denominated debt on which Schlumberger will pay interest in US dollars at a rate of 4.95%.

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12. **Income Tax**

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

	Second Quarter		Six Months	(Stated in millions)
	2009	2008	2009	2008
United States	**$ (64)**	$ 385	**$ 40**	$ 734
Outside United States	**831**	1,419	**1,920**	2,684
	$767	$1,804	**$1,960**	$3,418

During the second quarter of 2009, Schlumberger recorded pretax charges of $73 million in the US and $165 million outside of the US. These charges are included in the above table and are more fully described in Note 2 – *Charges*.

The components of net deferred tax assets were as follows:

	Jun. 30 2009	Dec. 31 2008 (Stated in millions)
Postretirement benefits, net	**$ 406**	$ 556
Multiclient seismic data	**111**	121
Intangible assets	**(116)**	(106)
Other, net	**167**	178
	$ 568	$ 749

The above deferred tax assets at June 30, 2009 and December 31, 2008 are net of valuation allowances relating to net operating losses in certain countries of $195 million and $197 million, respectively. The deferred tax assets are also net of valuation allowances relating to a capital loss carryforward of $139 million at June 30, 2009 ($140 million at December 31, 2008), of which $123 million expires in 2009 and $16 million expires in 2010, and a foreign tax credit carryforward of $49 million at June 30, 2009 ($49 million at December 31, 2008) of which $3 million expires in 2009, and $46 million expires in years 2010 through 2017.

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

	Second Quarter		Six Months	(Stated in millions)
	2009	2008	2009	2008
Current:				
United States - Federal	**$ (20)**	$ 132	**$ (55)**	$215
United States - State	**(1)**	12	**(2)**	13
Outside United States	**169**	265	**379**	462
	$ 148	$ 409	**$322**	$690
Deferred:				
United States - Federal	**$ (2)**	$ (7)	**$ 72**	$ 1
United States - State	**—**	—	**4**	—
Outside United States	**6**	(11)	**7**	5
Valuation allowance	**—**	(13)	**(1)**	(10)
	$ 4	$ (31)	**$ 82**	$ (4)
Consolidated taxes on income	**$ 152**	$ 378	**$404**	$686

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

	Second Quarter		Six Months	
	2009	2008	**2009**	2008
US federal statutory rate	**35%**	35%	**35%**	35%
Non-US income taxed at different rates	**(16)**	(12)	**(15)**	(13)
Effect of equity method investment	**(1)**	(1)	**—**	(1)
Charges	**2**	—	**2**	—
Other	**—**	(1)	**(1)**	(1)
Effective income tax rate	**20%**	21%	**21%**	20%

13. Contingencies

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

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. At this time the ultimate disposition of these proceedings is not determinable and therefore, it is not possible to estimate the amount of loss or range of possible losses that might result from an adverse judgment or settlement in any of these matters. However, in the opinion of management, any liability that might ensue would not be material in relation to Schlumberger's consolidated liquidity, financial position or future results of operations.

14. Segment Information

Schlumberger operates two business segments: Oilfield Services and WesternGeco.

(Stated in millions)

	Second Quarter 2009		Second Quarter 2008	
	Revenue	Income before taxes	Revenue	Income before taxes
Oilfield Services				
North America	**$ 819**	**$ 8**	$1,438	$ 344
Latin America	**995**	**176**	1,056	243
Europe/CIS/Africa	**1,782**	**432**	2,070	583
Middle East & Asia	**1,312**	**421**	1,444	525
Other	**48**	**(15)**	58	9
	4,956	**1,022**	6,066	1,704
WesternGeco	**559**	**97**	671	196
Corporate & Other	**13**	**(77)**	9	(63)
Interest Income (1)	**—**	**13**	—	22
Interest Expense (2)	**—**	**(50)**	—	(55)
Charges	**—**	**(238)**	—	—
	$5,528	**$ 767**	$6,746	$ 1,804

1. Excludes interest income included in the segment results ($4 million in 2009; $3 million in 2008).
2. Excludes interest expense included in the segment results ($11 million in 2009; $6 million in 2008).

(Stated in millions)

	Six Months 2009		Six Months 2008	
	Revenue	Income before taxes	Revenue	Income before taxes
Oilfield Services				
North America	**$ 2,011**	**$ 171**	$ 2,857	$ 708
Latin America	**2,024**	**378**	1,978	428
Europe/CIS/Africa	**3,585**	**899**	3,967	1,082
Middle East & Asia	**2,687**	**876**	2,763	985
Other	**88**	**(46)**	106	3
	10,395	**2,278**	11,671	3,206
WesternGeco	**1,110**	**151**	1,347	393
Corporate & Other	**23**	**(166)**	18	(127)
Interest Income (1)	**—**	**27**	—	59
Interest Expense (2)	**—**	**(92)**	—	(113)
Charges	**—**	**(238)**	—	—
	$11,528	**$ 1,960**	$13,036	$ 3,418

1. Excludes interest income included in the segment results ($9 million in 2009; $4 million in 2008).
2. Excludes interest expense included in the segment results ($24 million in 2009; $14 million in 2008).

15. Pension and Other Postretirement Benefits

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

(Stated in millions)

	Second Quarter				Six Months			
	2009		2008		2009		2008	
	US	Int'l	US	Int'l	US	Int'l	US	Int'l
Service cost—benefits earned during period	**$ 14**	**$ 24**	$ 14	$ 9	**$ 30**	**$ 47**	$ 29	$ 18
Interest cost on projected benefit obligation	**38**	**45**	33	15	**77**	**90**	65	30
Expected return on plan assets	**(45)**	**(40)**	(41)	(20)	**(88)**	**(80)**	(81)	(40)
Amortization of prior service cost	**1**	**31**	1	—	**3**	**62**	3	—
Amortization of net loss	**9**	**—**	3	3	**18**	**—**	9	7
	17	**60**	10	7	**40**	**119**	25	15
Curtailment charge	**32**	**98**	—	—	**32**	**98**	—	—
	$ 49	**$158**	$ 10	$ 7	**$ 72**	**$217**	$ 25	$ 15

During the first six months of 2009, Schlumberger made contributions to its US and international defined benefit pension plans of $212 million and $290 million, respectively.

Schlumberger currently anticipates contributing approximately $300 million to its defined benefit pension plans during the last six months of 2009.

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

(Stated in millions)

	Second Quarter		Six Months	
	2009	**2008**	**2009**	**2008**
Service cost—benefits earned during period	**$ 5**	$ 6	**$ 12**	$ 12
Interest cost on accumulated postretirement benefit obligation	**14**	13	**26**	26
Expected return on plan assets	**—**	—	**(1)**	(1)
Amortization of prior service cost	**(7)**	(7)	**(14)**	(14)
Amortization of net loss	**2**	2	**5**	5
	14	14	**28**	28
Curtailment charge	**6**	—	**6**	—
	$ 20	$ 14	**$ 34**	$ 28

Due to the actions Schlumberger has taken to reduce its global workforce (See Note 2 – *Charges*), Schlumberger experienced a significant reduction in the expected aggregate years of future service of its employees in certain of its pension plans and its postretirement medical plan. Accordingly, Schlumberger recorded a curtailment charge of $136 million during the second quarter of 2009. The curtailment charge includes recognition of the change in benefit obligations as well as a portion of the previously unrecognized prior service costs, reflecting the reduction in expected future service for the impacted plans.

As a result of the curtailment, Schlumberger performed a remeasurement of the impacted plans using a discount rate of 7.25% (as compared to 6.50% at December 31, 2008). All other significant assumptions remained unchanged from the December 31, 2008 measurement date. The curtailment and remeasurement resulted in a net decrease in Schlumberger’s liability for *Postretirement Benefits* of $361 million.

16. Discontinued Operations

During the first quarter of 2008, Schlumberger recorded an after-tax gain of $38 million relating to a previously disposed of business that was accounted for as a discontinued operation.

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

BUSINESS REVIEW

Second Quarter 2009 Compared to First Quarter 2009

(Stated in millions)

	Second Quarter 2009	First Quarter 2009	% chg
Oilfield Services			
Revenue	**$ 4,956**	$ 5,439	(9)%
Pretax Operating Income	**$ 1,022**	$ 1,255	(19)%
WesternGeco			
Revenue	**$ 559**	$ 551	1%
Pretax Operating Income	**$ 97**	$ 55	77%

Pretax operating income represents the segments' income before taxes and noncontrolling interest. The pretax operating income excludes such items as corporate expenses and interest income and interest expense not allocated to the segments as well as the charges described in detail in Note 2 to the *Consolidated Financial Statements*, amortization of certain intangible assets, interest on postretirement medical benefits and stock-based compensation costs.

Second quarter 2009 revenue was $5.53 billion versus $6.00 billion in the first quarter of 2009. Income from continuing operations attributable to Schlumberger for the second quarter of 2009 was $613 million compared to $938 million in the first quarter of 2009. The second quarter 2009 results included after-tax charges of $207 million related to workforce reductions and postretirement benefits curtailment.

Compared to the first quarter, the overall sequential rate of revenue decline slowed as a further precipitous drop in North America was offset by slowing rates of decline and some recovery in other parts of the world. In Russia, revenue recovered noticeably due to seasonal trends and improving activity. North American gas drilling in both the US and Canada reached a five-year low as demand remained weak and storage remained at levels significantly above seasonal averages. While production has begun to show some decline and summer demand has been strong, it will still require a further substantial increase in demand to stimulate and sustain higher levels of drilling. This is not anticipated to happen before 2010. At WesternGeco, there was some recovery in Multiclient sales both in North America and overseas, although this, together with increased activity in Land, was offset by weaker Marine revenue. Marine pricing continued to decline due to excess capacity in the market. Several new marine and land contracts were booked during the quarter giving better visibility on the next few months, however, multiclient sales remain difficult to forecast until there is better visibility on year-end oil prices.

Schlumberger's outlook for the remainder of 2009 assumes some stability but no major increase in the North American natural gas rig count and as a result service pricing is expected to remain depressed. Overseas, further activity declines are expected to occur but be limited and the pricing concessions made in the first half of the year are expected to affect revenues in the second half. The current volatility in the oil price makes it unlikely that customers will sanction any major increases in expenditures.

Schlumberger is aware that a number of projects are continuing to be postponed or cancelled and is also concerned that the higher finding and development costs of new supply, coupled with lower oil and gas prices and more restrictive credit markets are stifling investment flows. This situation, if it persists, will lead to inadequate supply when demand growth returns. The shape of the economic recovery beyond 2009 and the consequent recovery in oil and gas demand remain the determining factors for future activity increases.

OILFIELD SERVICES

Second quarter revenue of $4.96 billion was 9% lower sequentially driven by a 31% fall in North America moderated by a 3% decline internationally. The significant drop in North America revenue resulted primarily from a further decrease in activity in the US Land GeoMarket*, the impact of spring break-up and generally reduced drilling activity in Canada, and additional pricing erosion across the Area. The reduction in revenue across the other Areas was primarily due to lower overall activity levels, although improvements were noted in Russia, East Asia and Mexico/Central America. Across all Areas, revenue declines were most significant in Well Services, Drilling & Measurements and Wireline activities.

Sequentially, second quarter pretax operating income of $1.02 billion was down 19%. Pretax operating margin decreased 245 basis points (bps) sequentially to 20.6% primarily due to the impact of the severe reduction in activity and pricing in North America and the overall lower level of international activity.

North America

Revenue of $819 million was 31% lower compared to the first quarter of 2009. Pretax operating income of $8 million decreased 95% versus the first quarter of 2009.

The US Land GeoMarket recorded a further steep drop in revenue as rig count declined approximately 27% and pricing continued to erode. Canada GeoMarket revenue also dropped significantly due to the impact of the seasonal spring break-up, a general reduction in land drilling activity and significant pricing pressure. US Gulf of Mexico revenue fell modestly as lower pricing and a further weakening in shelf drilling activity were partially offset by slightly higher deepwater activity.

Pretax operating margin decreased sequentially by 12.7 percentage points to 1.0% on the heavy pricing pressure across most of the Area and the sharp drop in activity primarily in the US Land and Canada GeoMarkets.

Latin America

Revenue of $995 million was 3% lower than the previous quarter. Pretax operating income of $176 million was 13% lower sequentially.

Sequentially, Area revenue decreased primarily as the result of significantly lower activity and the deferral of revenue pending finalization of certain contracts in the Venezuela/Trinidad & Tobago GeoMarket. This decrease, however, was partially offset by an increase in the Mexico/Central America GeoMarket from higher Integrated Project Management (IPM) project efficiency and activity.

Pretax operating margin decreased 206 bps sequentially to 17.6% primarily due to a less favorable revenue mix coupled with higher operating costs in the Brazil GeoMarket; currency revaluation losses and pricing pressure in the Peru/Colombia/Ecuador GeoMarket; and the impact of the lower activity in the Venezuela/Trinidad & Tobago GeoMarket. These decreases were partially offset by increased IPM project efficiency and activity in Mexico/Central America.

Europe/CIS/Africa

Revenue of $1.78 billion was 1% lower sequentially. Pretax operating income of $432 million was 8% lower than the previous quarter.

Russia revenue increased on the seasonal rebound of offshore activities in the East and generally improved activity levels in East and West Siberia as well as through higher sales of Artificial Lift and Completions products. The North Africa GeoMarket also increased on strong demand for Testing Services technologies and

Completions products. These increases were offset by lower revenue in the Nigeria & Gulf of Guinea and the West & South Africa GeoMarkets due to reduced activity levels that mainly impacted Drilling & Measurements and Wireline services. The Caspian and North Sea GeoMarkets were down primarily due to reduced demand for Drilling & Measurements and Well Services technologies. Sequentially, revenue also declined in the Continental Europe GeoMarket due to lower Schlumberger Information Solutions (SIS) software sales as well as reduced demand for Drilling & Measurements, Wireline and Testing Services technologies.

Pretax operating margin of 24.2% dropped 172 bps sequentially, primarily due to the lower activity levels and a less favorable revenue mix in the Nigeria & Gulf of Guinea, West & South Africa and North Sea GeoMarkets. These decreases, however, were partially offset by the improving activity levels in Russia.

Middle East & Asia

Revenue of $1.31 billion was 5% lower sequentially. Pretax operating income of $421 million was 8% lower than the previous quarter.

Sequentially, revenue decreased primarily due to lower activity in the Gulf GeoMarkets as well as in the East Mediterranean, Arabian, Indonesia, Australia/Papua New Guinea and India GeoMarkets. Pricing pressure also began to impact revenue. These decreases were partially offset by an increase in revenue in the East Asia GeoMarket on strong exploration-related demand for Testing Services, Wireline and Well Services technologies and a rebound in activity in the China/Japan/Korea GeoMarket following the winter slowdown in the prior quarter.

Pretax operating margin slipped 107 bps sequentially to 32.1% primarily as the result of the lower overall activity in the Area.

WESTERNGECO

Second quarter revenue of $559 million increased 1% versus the first quarter of 2009. Pretax operating income of $97 million increased 77% sequentially.

Multiclient revenue improved primarily in North America due to increased sales of the E-Octopus surveys, and in the North Sea following the announcement of licensing round awards. Land revenue increased slightly with the start of a new project in Asia. These increases were partially offset by a decrease in Marine revenue on weaker activity.

Pretax operating margin increased 7.4 percentage points to 17.3% sequentially primarily due to higher Multiclient sales and improved profitability in Marine as cost reduction initiatives more than offset the impact of the lower revenue.

Total backlog was $1.2 billion at the end of the quarter compared to $1.5 billion at the end of the first quarter 2009 and $1.8 billion at December 31, 2008.

Second Quarter 2009 Compared to Second Quarter 2008

			(Stated in millions)
	Second Quarter		
	2009	2008	% chg
Oilfield Services			
Revenue	**$4,956**	$6,066	(18)%
Pretax Operating Income	**$1,022**	$1,704	(40)%
WesternGeco			
Revenue	**$ 559**	$ 671	(17)%
Pretax Operating Income	**$ 97**	$ 196	(51)%

Second quarter 2009 revenue was $5.53 billion versus $6.75 billion in the second quarter of 2008.

Income from continuing operations attributable to Schlumberger was $613 million in the second quarter of 2009 as compared to $1.42 billion in the second quarter of 2008. The second quarter 2009 results included after-tax charges of $207 million related to workforce reductions and postretirement benefits curtailment.

OILFIELD SERVICES

Second quarter 2009 revenue of $4.96 billion was 18% lower compared to the same period last year with declines in all Areas. North America revenue was down as low natural gas prices resulted in a significant drop in activity and associated pricing pressure. Europe/CIS/Africa revenue decreased primarily due to the weakening of local currencies against the US dollar and lower activity in the North Sea and Russia as the result of lower customer spending. Middle East & Asia revenue was lower due to reduced activity throughout most of the Area. Latin America revenue decreased as a result of the sharp drop in activity in Venezuela/Trinidad & Tobago and the weakening of local currencies against the US dollar. Across the Areas, revenue declines were heaviest in Well Services, Wireline and Drilling & Measurements activities.

Second quarter 2009 pretax operating income of $1.02 billion was 40% lower year-on-year. Pretax operating margin declined 746 bps to 20.6% compared to the second quarter of 2008 due to the significant drop in activity and pricing pressure in North America as well as the lower overall activity coupled with a less favorable revenue mix internationally.

North America

Second quarter 2009 revenue of $819 million was 43% lower year-on-year. US Land and Canada revenue decreased significantly as lower natural gas prices and a lack of available credit for some customers resulted in a sharp decrease in activity coupled with heavy pricing pressure. Canada revenue was adversely impacted by the weakening of the Canadian dollar against the US dollar. The US Gulf of Mexico revenue decreased on weaker shelf drilling activity and lower pricing.

Year-on-year, pretax operating margin decreased 23.0 percentage points to 1.0%, primarily due to the impact of lower activity across the Area and the related pricing erosion.

Latin America

Second quarter 2009 revenue of $995 million was 6% below the same period last year primarily as the result of significantly reduced activity in Venezuela/Trinidad & Tobago and the weakening of local currencies against the US dollar. Peru/Colombia/Ecuador revenue also decreased on lower gain share in IPM projects as well as reduced demand for Drilling & Measurements and Wireline services while Argentina/Bolivia/Chile decreased on reduced demand for Well Services and Drilling & Measurements technologies and Data & Consulting Services. These decreases were partially offset by increases in Mexico/Central America on higher IPM project activity and in Brazil due to stronger exploration related activities that resulted in demand for Wireline, Testing Services and Drilling & Measurement technologies.

Year-on-year, pretax operating margin was down 537 bps to 17.6% primarily due to the impact of the severe drop in activity in Venezuela/Trinidad & Tobago as well as the reduced gain share and pricing erosion in Peru/Colombia/Ecuador.

Europe/CIS/Africa

Second quarter 2009 revenue of $1.78 billion was 14% lower year-on-year primarily as the result of the weakening of local currencies against the US dollar. Additionally, revenue decreased in Russia and the North Sea on lower activity resulting from reduced customer spending, and from the associated pricing pressure. Nigeria & Gulf of Guinea revenue was lower on a decrease in demand for Drilling & Measurements, Testing Services and Wireline technologies while Framo revenue was also lower. These decreases were partially offset by an increase in Libya on commencement of exploration-related activities and higher demand for Artificial Lift and Completion products.

Year-on-year, pretax operating margin decreased by 394 bps to 24.2% primarily as the result of the lower overall activity and a less favorable revenue mix in the North Sea, Nigeria & Gulf of Guinea, and West & South Africa.

Middle East & Asia

Second quarter 2009 revenue of $1.31 billion was 9% below the same period last year. Revenue in the Australia/Papua New Guinea and Arabian GeoMarkets decreased on lower exploration-related activity which resulted in reduced demand for Testing Services, Wireline, Well Services and Drilling & Measurements technologies. The China/Japan/Korea GeoMarket was lower on reduced demand for Drilling & Measurements services and Artificial Lift products while the East Mediterranean GeoMarket dropped on decreased demand for Drilling & Measurements and Well Services technologies.

Year-on-year, pretax operating margin decreased 428 bps to 32.1% primarily due to the lower activity coupled with a less favorable revenue mix in the Arabian, Gulf, Indonesia, East Mediterranean and Australia/Papua New Guinea GeoMarkets.

WESTERNGECO

Second quarter 2009 revenue of $559 million was 17% lower year-on-year. Marine revenue decreased as the result of reduced activity and increased vessel dry docks and transits. Multiclient revenue was down primarily due to reduced sales in North America. Land revenue was also below the same period last year mostly as the result of the completion of contracts in Latin America.

Year-on-year, pretax operating margin decreased 11.9 percentage points to 17.3% primarily due to the impact of the reduced activity in Marine and lower Multiclient sales. However, these decreases were partially offset by an improvement in Land as cost reductions more than offset the lower activity.

Six Months 2009 Compared to Six Months 2008

			(Stated in millions)
	Six Months		
	2009	2008	% chg
Oilfield Services			
Revenue	**$10,395**	$11,671	(11)%
Pretax Operating Income	**$ 2,278**	$ 3,206	(29)%
WesternGeco			
Revenue	**$ 1,110**	$ 1,347	(18)%
Pretax Operating Income	**$ 151**	$ 393	(61)%

Six month revenue for the period ended June 30, 2009 was $11.53 billion versus $13.04 billion for the same period last year. Income from continuing operations attributable to Schlumberger was $1.55 billion in the first six months of 2009 as compared to $2.72 billion for the same period in 2008. Results for the first six months of 2009 included after-tax charges of $207 million related to workforce reductions and postretirement benefits curtailment.

OILFIELD SERVICES

Six month revenue of $10.40 billion was 11% lower compared to the same period last year. North America revenue was down significantly as low natural gas prices resulted in a steep drop in activity and heavy pricing pressure in much of the Area. Europe/CIS/Africa revenue decreased primarily on the weakening of local currencies against the US dollar and lower activity in the North Sea and Russia due to reduced customer spending. Middle East & Asia revenue decreased as the result of lower activity primarily in the Asia GeoMarkets. These decreases were partially offset by an increase in Latin America revenue primarily due to higher IPM activity in Mexico/Central America and offshore activity in Brazil but partially offset by lower activity in Venezuela & Trinidad & Tobago and the impact of weakening local currencies in the Area against the US dollar.

Pretax operating margin decreased 556 bps to 21.9% as a result of the significant drop in activity and pricing pressure in North America as well as the lower overall international activity.

North America

Revenue of $2.01 billion was 30% lower than the same period last year. Revenue decreases were recorded across the Area but were most significant in US Land and Canada where lower natural gas prices and a lack of available credit for some customers resulted in a steep drop in activity coupled with heavy pricing pressure. Canada revenue was also down due to the weakening of the Canadian dollar against the US dollar. The US Gulf of Mexico revenue decreased on weaker shelf drilling activity and lower pricing.

Pretax operating margin decreased 16.3 percentage points to 8.5% primarily due to the impact of the lower activity across the Area and the related pricing erosion.

Latin America

Revenue of $2.02 billion grew 2% versus the same period last year primarily due to increased IPM activity in Mexico/Central America and higher offshore activity in Brazil. These increases, however, were partially offset by significantly lower activity across Venezuela & Trinidad & Tobago and the impact of the weakening of local currencies in the Area against the US dollar.

Pretax operating margin was down 294 bps to 18.7% primarily due to the impact of the severe drop in activity in Venezuela/Trinidad & Tobago.

Europe/CIS/Africa

Revenue of $3.58 billion was 10% lower than the same period last year primarily as the result of the weakening of local currencies against the US dollar. Additionally, revenue decreased in Russia and the North Sea as reduced customer spending resulted in lower activity and associated pricing pressure. Nigeria & Gulf of Guinea was lower on a decrease in demand for Drilling & Measurements, Testing Services, Well Services and Wireline technologies while Framo revenue also declined. These decreases were partially offset by an increase in Libya on commencement of exploration-related activities and higher demand for Artificial Lift and Completion products.

Year-on-year, pretax operating margin decreased by 221 bps to 25.1% primarily as the result of the lower overall activity and pricing pressure.

Middle East & Asia

Revenue of $2.69 billion was 3% below the same period last year primarily in the Asia GeoMarkets where decreases were most significant in Australia/Papua New Guinea and East Asia on lower activity which resulted in reduced demand for Testing Services and Drilling & Measurements technologies. Revenue for Middle East GeoMarkets was essentially flat with the same period last year.

Pretax operating margin decreased 303 bps to 32.6%, primarily due to a less favorable revenue mix in the Arabian, Gulf, and Indonesia GeoMarkets.

WESTERNGECO

Six month revenue of $1.11 billion was 18% lower year-on-year. Multiclient decreased on reduced sales primarily in North America, Europe/Africa and Asia. Marine revenue declined due to lower activity and rationalization of the fleet capacity as the result of weaker market conditions. Land revenue was lower following the completion of contracts in South America, Egypt and North East Africa while Data Processing was also down primarily in Europe/Africa and in North America.

Pretax margin decreased 15.5 percentage points to 13.6% primarily due to the weaker Marine activity and lower Multiclient sales.

Interest & Other Income

Interest & other income consisted of the following for the second quarter and six months ended June 30, 2009 and 2008:

(Stated in millions)

	Second Quarter		Six Months	
	2009	**2008**	**2009**	**2008**
Interest income	**$ 17**	$ 25	**$ 36**	$ 63
Equity in net earnings of affiliated companies	**43**	72	**101**	136
	$ 60	$ 97	**$ 137**	$ 199

The decrease in interest income is attributable to the significant decline in interest rates experienced during 2009 as compared to 2008.

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

Other

Gross margin was 20.2% and 31.7% in the second quarter of 2009 and 2008, and 22.8% and 31.2% in the six-month periods ended June 30, 2009 and 2008, respectively. The decreases in gross margin were primarily driven by the significant drop in activity and pricing pressure, particularly in North America for Oilfield Services.

As a percentage of Revenue, Research & engineering, Marketing and General & administrative expenses for the second quarter and six months ended June 30, 2009 and 2008 were as follows:

	Second Quarter		Six Months	
	2009	2008	2009	2008
Research & engineering	**3.6%**	2.9%	**3.4%**	3.0%
Marketing	**0.4%**	0.4%	**0.4%**	0.4%
General & administrative :	**2.4%**	2.2%	**2.3%**	2.2%

Research and engineering expenditures, by business segment, for the second quarter and six months ended June 30, 2009 and 2008 were as follows:

(Stated in millions)

	Second Quarter		Six Months	
	2009	2008	2009	2008
Oilfield Services	**$168**	$163	**$326**	$323
WesternGeco	**26**	30	**53**	59
Other	**3**	4	**7**	7
	$197	$197	**$386**	$389

The effective tax rate for the second quarter of 2009 was 19.8% compared to 20.9% for the same period in 2008. This decrease was primarily attributable to the substantially lower proportion of pretax earnings in North America in the second quarter of 2009 as compared to the second quarter of 2008 partially offset by the fact that a significant portion of the charges recorded during the second quarter of 2009 were not tax effective.

The effective tax rate for the six months ended June 30, 2009 was 20.6% compared to 20.1% for the same period of the prior year. This increase was primarily attributable to the fact that a significant portion of the charges recorded during the six months ended June 30, 2009 were not tax effective.

CHARGES

Schlumberger recorded significant charges during the second quarter of 2009. These charges, which are summarized below are more fully described in Note 2 to the *Consolidated Financial Statements*.

The following is a summary of the second quarter 2009 Charges:

(Stated in millions)

	Pretax	Tax	Net	Income Statement Classification
Charges				
- Workforce reductions	$ 102	$ (17)	$ 85	*Cost of goods sold and services*
- Postretirement benefits curtailment	136	(14)	122	*Cost of goods sold and services*
	$ 238	$ (31)	$ 207	

There were no charges in either the first quarter of 2009 or the first six months of 2008.

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CASH FLOW

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

Details of Net Debt follow:

(Stated in millions)

	Jun. 30 2009	Jun. 30 2008
Net Debt, beginning of period	**$(1,129)**	$ (1,857)
Net income	**1,556**	2,758
Depreciation and amortization [1]	**1,235**	1,073
Non-cash postretirement benefits curtailment charge	**136**	—
Excess of equity income over dividends received	**(37)**	(119)
Stock-based compensation expense	**92**	82
Increase in working capital requirements	**(675)**	(907)
Capital expenditure	**(1,252)**	(1,645)
Multiclient seismic data capitalized	**(89)**	(188)
Dividends paid	**(502)**	(460)
Proceeds from employee stock plans	**43**	234
Business acquisitions	**(198)**	(182)
Pension plan funding	**(502)**	—
Stock repurchase program	**—**	(1,119)
Conversion of debentures	**—**	408
Other	**368**	(76)
Translation effect on Net Debt	**(36)**	(20)
Net Debt, end of period	**$ (990)**	$ (2,018)

(1) Includes Multiclient seismic data costs.

(Stated in millions)

Components of Net Debt	Jun. 30 2009	Jun. 30 2008	Dec. 31 2008
Cash	**$ 216**	$ 186	$ 189
Short-term investments	**4,195**	2,714	3,503
Fixed income investments, held to maturity	**464**	449	470
Bank loans and current portion of long-term debt	**(1,253)**	(1,248)	(1,598)
Convertible debentures	**(321)**	(361)	(321)
Other long-term debt	**(4,291)**	(3,758)	(3,372)
	$ (990)	$(2,018)	$(1,129)

Key liquidity events during the first six months of 2009 and 2008 included:

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

  During the first quarter of 2009, Schlumberger issued €1.0 billion 4.50% Guaranteed Notes due 2014 under this program. Schlumberger entered into agreements to swap these Euro notes for US dollars on the date of issue until maturity, effectively making this a US dollar denominated debt on which

Schlumberger will pay interest in US dollars at a rate of 4.95%. The proceeds from these notes will be used to refinance existing debt obligations and for general corporate purposes and will increase Schlumberger's financial flexibility.

- On April 20, 2006, the Board of Directors of Schlumberger approved a share repurchase program of up to 40 million shares of its common stock to be acquired in the open market before April 2010, subject to market conditions. This program was completed during the second quarter of 2008. On April 17, 2008, the Board of Directors of Schlumberger approved an $8 billion share repurchase program for shares of its common stock to be acquired in the open market before December 31, 2011, of which $934 million have been repurchased as of June 30, 2009. Given the current economic environment, Schlumberger has temporarily suspended the share repurchase program and did not repurchase any shares during the first six months of 2009. The following table summarizes the activity under the April 20, 2006 share repurchase program during the six months ended June 30, 2008:

(Stated in thousands, except per share amounts)

	Total cost of shares purchased	Total number of shares purchased	Average price paid per share
First six months of 2008	$1,119,316	12,400.0	$ 90.27

- During the first six months of 2009 Schlumberger made contributions to its US and international defined benefit plans of $212 million and $290 million, respectively. Schlumberger currently anticipates contributing approximately $300 million to its defined benefits pension plans during the last six months of 2009.
- Cash flow provided by operations was $2.1 billion in the first six months of 2009 compared to $2.7 billion in the first six months of 2008. This was primarily driven by the net income decrease experienced in the first six months of 2009 as compared to the first six months of 2008 and the significant pension plan contributions made during the first six months of 2009, offset by an improvement in working capital requirements.
- Capital expenditures were $1.3 billion in the first six months of 2009 compared to $1.6 billion during the first six months of 2008. Capital expenditures are expected to approach $2.4 billion for the full year 2009.

The reduction in cash flows being experienced by our customers resulting from declines in commodity prices, together with the reduced availability of credit and increased costs of borrowing due to the tightening of the credit markets, could have significant adverse effects on the financial condition of some of our customers. This could result in, among other things, delay in, or nonpayment of, amounts that are owed to Schlumberger, which could have a material adverse effect on Schlumberger's results of operations and cash flows. At times in recent quarters, Schlumberger has experienced delays in payments from certain of its customers. Schlumberger operates in approximately 80 countries. As of June 30, 2009, only five of those countries individually accounted for greater than 5% of Schlumberger's accounts receivable balance and only one, where cash collections continue to be received on a timely and regular basis, represented greater than 10%.

As of June 30, 2009, Schlumberger had approximately $4.9 billion of cash and investments on hand. Wholly-owned subsidiaries of Schlumberger had separate committed debt facility agreements aggregating $3.8 billion with commercial banks, of which $2.3 billion was available and unused as of June 30, 2009. Schlumberger believes that these amounts are sufficient to meet future business requirements for at least the next twelve months.

Schlumberger's total outstanding debt at June 30, 2009 was $5.9 billion and included approximately $0.4 billion of commercial paper borrowings. The total outstanding debt increased approximately $0.6 billion as compared to December 31, 2008. This increase was primarily attributable to the €1 billion of 4.50% Guaranteed Notes due 2014 that were issued during the first quarter, partially offset by the repayment of $0.6 billion of commercial paper borrowings.

FORWARD-LOOKING STATEMENTS

This Report and other statements we make contain "forward-looking statements" within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of Oilfield Services and WesternGeco (and for specified products or geographic areas within each segment); oil and natural gas demand and production growth; operating margins; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger customers; the Schlumberger effective tax rate; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, the current global economic downturn; the current volatility in the price of oil; changes in exploration and production spending by Schlumberger customers and changes in the level of oil and natural gas exploration and development; general economic and business conditions in key regions of the world; the financial condition of our suppliers and customers in light of current global economic conditions; delay in, or nonpayment of, amounts that are owed to Schlumberger; pricing erosion; operational and project modifications, delays or cancelations; seasonal factors and weather-related events; and other risks and uncertainties detailed in our second-quarter 2009 earnings release, our most recent Form 10-K, this Form 10-Q and other filings that we make with the Securities and Exchange Commission. If one or more of these risks or uncertainties materialize (or the consequences of such a development changes), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For quantitative and qualitative disclosures about market risk affecting Schlumberger, see Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," of the Schlumberger Annual Report on Form 10-K for the fiscal year ended December 31, 2008. Schlumberger's exposure to market risk has not changed materially since December 31, 2008.

Item 4. Controls and Procedures.

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

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* Mark of Schlumberger

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes from the risk factors as previously disclosed in Part 1, Item 1A, of the Schlumberger Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

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

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

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

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

* Exhibit 10.1 - Employment Agreement dated June 9, 2009 and effective as of May 1, 2009, between Schlumberger Limited and Dalton Boutte.

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

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

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

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

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

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* Filed with this Form 10-Q.
** Furnished with this Form 10-Q.

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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 29, 2009

/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 the 1st of May, 2009, by and between **SCHLUMBERGER LIMITED**, a Netherlands Antilles corporation (the "Company"), and Dalton Boutte, an individual currently residing in Houston, TX ("Executive").

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

2. Term and Extent of Services: During the Initial Term, as defined below, Executive shall be employed as Vice President Industry Affairs reporting to Andrew Gould, Chairman & CEO. During the Secondary Term, as defined below, Executive shall be employed as Senior Advisor reporting to Andrew Gould, Chairman & CEO. The term hereof shall commence May 1st, 2009 (the "Effective Date") and shall continue until the close of business on January 31st, 2013 (the "Term"). The initial term as referenced herein shall commence on the Effective Date and shall continue until December 31st, 2009 (the "Initial Term"). The Secondary Term shall commence January 1st, 2010 and shall continue until January 31st, 2013 (the "Secondary Term"). During the Initial Term, Executive agrees to devote up to 100% of his business time to the business of the Company, as requested, and to perform to the best of his ability and with reasonable diligence the duties and responsibilities assigned to him by the appropriate management of the Company. During the Secondary Term, Executive agrees to devote up to 50% of his time to the business of the Company, as requested, and to perform to the best of his ability and with reasonable diligence the duties and responsibilities assigned to him by the appropriate management of the Company. At the expiration of the Term, Executive agrees to voluntarily retire from the Company and all affiliates.

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

3. Compensation and Benefits:

(a) Salary: During the Initial Term, Executive's base salary shall be US$54,166.67 per month. During the Secondary Term, Executive's base salary shall be US$40,625.00 per month. During the Term, Executive's base salary shall be payable semi-monthly in accordance with the Company's normal payroll practices.

(b) Welfare Benefits: During the Term, Executive shall be eligible to participate in the Company's health, welfare and insurance plans (e.g., medical, dental, vision, life insurance, short- and long-term disability, etc.) on a basis comparable to that of other U.S. employees.

(c) Pension and Profit Sharing: During the Term, or if Executive's employment is terminated sooner pursuant to Section 4, until such termination, Executive shall continue to accrue benefits under the Company's qualified and non-qualified pension and profit sharing plans based on an annual base salary of $650,000. Executive will also accrue benefits under the same plans, based on the Incentive payment to be made to him on February 2010, as per section 3(d) below. 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.

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

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

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

iii. Vacation: During the Initial Term, Executive shall continue to accrue vacation. Executive shall be paid on the last day of the Initial Term a cash amount representing his accrued and unused vacation accumulated as of December 31, 2009. During the

Secondary Term, Executive shall not be eligible to accrue vacation pay.

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

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

ii. Any other amounts earned, accrued or owing as of the date of termination of employment under the applicable employee benefit plans or programs of the Company.

"Cause" means Executive's dishonesty, conviction of a felony, willful unauthorized disclosure of confidential information of the Company, or willful refusal to perform the duties of Executive's position or positions with the Company.

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

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

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

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

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

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

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

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

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

iv. if during the Initial Term, the sum of US$650,000 divided by 12 and multiplied by the number of months remaining in the Initial Term, payable on the date 30 days following the Executive's termination of employment;

v. if during the Secondary Term, the sum of US$1,503,125 divided by 37 and multiplied by the number of months remaining in the Secondary Term, payable on the date 30 days following the Executive's termination of employment.

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

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

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

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

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

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

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

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

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

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

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

7. Notices: For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States 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: Gill Gordon, Director Executive Compensation
If to Executive:	At the most recent address on file at the Company.

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

8. Applicable Law: The validity, interpretation, construction and performance of this Agreement will be governed exclusively by and construed in accordance with the substantive laws of the State of Texas, without giving effect to the principles of conflict of laws of such state.

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 a transfer by will or by the laws of descent or distribution, and in the event of any attempted assignment or transfer contrary to this Section 11, the Company shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributes, devises and legatees.

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

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

13. Release of Claims: In consideration for the compensation and other benefits provided pursuant to this Agreement, Executive agrees to execute a "Waiver and Release," a form of which is attached hereto as Exhibit A. Executive acknowledges that he was given copies of this Agreement and the Waiver and Release on April 13, 2009, and was given at least 21 days to consider whether to sign the Agreement and the Waiver and Release. The Company's obligations under this Agreement are expressly conditioned on the execution of the Waiver and Release contemporaneously with the execution of this Agreement, and Executive's failure to execute and deliver such Waiver and Release, or Executive's revocation of the Waiver and Release within the seven day period provided in the Release, will void the Company's obligations hereunder.

14. Section 409A Compliance:

(a) If Executive is a "specified employee" for purposes of Section 409A of the Code, and the regulations thereunder, to the extent required to comply with Section 409A of the Code, any payments otherwise payable on account of the Executive's separation from service pursuant to Section 3(c) or 4(e) which are deferred compensation subject to Section 409A of the Code shall not commence until one day after the day which is six (6) months from the date of termination.

(b) This Agreement is intended to comply with Section 409A of the Code (to the extent applicable) and, to the extent it would not adversely impact the Company, the Company agrees to interpret, apply and administer this Agreement in the least restrictive manner necessary to comply with such requirements and without resulting in any diminution in the value of payments or benefits to the Executive.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered the 9th day of June, 2009, but effective as of the day and year first above written.

SCHLUMBERGER LIMITED

By /s/ Gill Gordon
Director Executive Compensation

EXECUTIVE

/s/ Dalton J. Boutte

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Andrew Gould, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 29, 2009

/s/ ANDREW GOULD

Andrew Gould
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Simon Ayat, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 29, 2009

/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, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Andrew Gould, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: July 29, 2009

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

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

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited) (the “Company”) for the quarterly period ended June 30, 2009 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 29, 2009

/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.