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 Quarter ended: | Commission file No.: |
|---|---|
| March 31, 2001 | 1-4601 |

SCHLUMBERGER N.V.
(SCHLUMBERGER LIMITED)

(Exact name of registrant as specified in its charter)

| NETHERLANDS ANTILLES | 52-0684746 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 277 PARK AVENUE<br>NEW YORK, NEW YORK, U.S.A. | 10172 |
| 42 RUE SAINT-DOMINIQUE<br>PARIS, FRANCE | 75007 |
| PARKSTRAAT 83<br>THE HAGUE,<br>THE NETHERLANDS | 2514 JG |
| (Addresses of principal executive offices) | (Zip Codes) |

Registrant's telephone number: (212) 350-9400

Indicate by check mark whether 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 X NO ___

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

| Class | Outstanding at March 31, 2001 |
|---|---|
| COMMON STOCK, $0.01 PAR VALUE | 573,246,457 |

PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

SCHLUMBERGER LIMITED (SCHLUMBERGER N.V., INCORPORATED IN THE NETHERLANDS ANTILLES) AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

(Stated in thousands except per share amounts)

| | Three Months Ended March 31, 2001 | 2000 (1) |
|---|---|---|
| REVENUE: | | |
| Operating | $ 2,909,434 | $ 2,137,442 |
| Interest & other income | 90,029 | 76,110 |
| | 2,999,463 | 2,213,552 |
| EXPENSES: | | |
| Cost of goods sold & services | 2,194,739 | 1,660,018 |
| Research & engineering | 170,596 | 131,042 |
| Marketing | 87,417 | 74,820 |
| General | 120,595 | 103,774 |
| Interest | 76,201 | 63,096 |
| | 2,649,548 | 2,032,750 |
| Income before taxes and minority interest | 349,915 | 180,802 |
| Taxes on income | 107,940 | 42,390 |
| Net Income before minority interest | 241,975 | 138,412 |
| Minority Interest | (6,087) | (2,254) |
| Net Income | $ 235,888 | $ 136,158 |
| Basic Earnings Per Share | $ 0.41 | $ 0.24 |
| Diluted Earnings Per Share | $ 0.41 | $ 0.24 |
| Average Shares Outstanding | 573,060 | 566,886 |
| Average Shares Outstanding assuming dilution | 581,412 | 576,541 |
| Depreciation and amortization included in expenses (2) | $ 419,026 | $ 312,343 |
| Dividends declared per share | $ 0.1875 | $ 0.1875 |

(1) Restated, in part, for comparative purposes.
(2) Including multiclient seismic data costs.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED (SCHLUMBERGER N.V., INCORPORATED IN THE NETHERLANDS ANTILLES) AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET
(Unaudited)

| | (Dollars in thousands) | |
|---|---|---|
| ASSETS | Mar. 31, 2001 | Dec. 31, 2000 |
| CURRENT ASSETS: | | |
| Cash and short-term investments | $ 2,526,782 | $3,040,150 |
| Receivables less allowance for doubtful accounts (2001 - $109,289; 2000 - $106,503) | 3,172,804 | 2,768,848 |
| Inventories | 1,316,584 | 1,111,585 |
| Deferred taxes on income | 287,184 | 259,184 |
| Other current assets | 386,239 | 313,444 |
| | 7,689,593 | 7,493,211 |
| LONG-TERM INVESTMENTS, HELD TO MATURITY | 945,840 | 1,547,132 |
| INVESTMENT IN SEMA PLC | 1,007,997 | - |
| INVESTMENTS IN AFFILIATED COMPANIES | 698,431 | 654,516 |
| FIXED ASSETS: | | |
| Property, plant and equipment | 10,984,800 | 10,821,509 |
| Less accumulated depreciation | (6,561,629) | (6,426,995) |
| | 4,423,171 | 4,394,514 |
| Multiclient Seismic Data | 966,074 | 975,775 |
| EXCESS OF INVESTMENT OVER NET ASSETS OF COMPANIES PURCHASED less amortization | 1,694,315 | 1,575,710 |
| DEFERRED TAXES ON INCOME | 273,307 | 271,059 |
| OTHER ASSETS | 524,238 | 260,814 |
| | $18,222,966 | $ 17,172,731 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | $3,196,394 | $2,910,725 |
| Estimated liability for taxes on income | 458,586 | 379,916 |
| Bank loans | 902,235 | 556,020 |
| Dividend payable | 108,125 | 108,043 |
| Long-term debt due within one year | 42,186 | 36,201 |
| | 4,707,526 | 3,990,905 |
| LONG-TERM DEBT | 3,775,156 | 3,573,047 |
| POSTRETIREMENT BENEFITS | 484,092 | 476,380 |
| MINORITY INTEREST | 622,411 | 605,313 |
| OTHER LIABILITIES | 234,516 | 231,870 |
| | 9,823,701 | 8,877,515 |
| STOCKHOLDERS' EQUITY: | | |
| Common stock | 1,969,803 | 1,963,905 |
| Income retained for use in the business | 8,351,903 | 8,223,476 |
| Treasury stock at cost | (1,743,812) | (1,752,961) |
| Accumulated other comprehensive income | (178,629) | (139,204) |
| | 8,399,265 | 8,295,216 |
| | $18,222,966 | $ 17,172,731 |

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED (SCHLUMBERGER N.V., INCORPORATED IN THE NETHERLANDS ANTILLES) AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

| | (Dollars in thousands) Three Months Ended March 31, 2001 | 2000 (1) |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income from continuing operations | $ 235,888 | $ 136,158 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization (2) | 419,026 | 312,343 |
| Earnings of companies carried at equity, less dividends received (2001 - $-; 2000 - $-) | (14,208) | (3,601) |
| Provision for losses on accounts receivable | 6,171 | 10,768 |
| Change in operating assets and liabilities: | | |
| Increase in receivables | (365,030) | (145,558) |
| Increase in inventories | (205,792) | (39,606) |
| Increase in deferred taxes | (22,626) | (25,322) |
| Increase in other current assets | (74,157) | (4,259) |
| Increase (decrease) in accounts payable and accrued liabilities | 183,810 | (42,949) |
| Increase in estimated liability for taxes on income | 80,157 | 24,584 |
| Other - net | (29,459) | (302) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 213,780 | 222,256 |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | (413,084) | (210,612) |
| Multiclient seismic data capitalized | (114,081) | (68,258) |
| Sales/retirements of fixed assets & other | 19,579 | 28,794 |
| Decrease in investments | 1,059,455 | 94,393 |
| Businesses acquired | (295,862) | (27,728) |
| Investment in Sema plc | (1,010,997) | - |
| (Increase) decrease in other assets | (26,269) | (31,414) |
| NET CASH USED IN INVESTING ACTIVITIES | (781,259) | (214,825) |
| Cash flows from financing activities: | | |
| Dividends paid | (107,379) | (106,112) |
| Proceeds from exercise of stock options | 15,047 | 83,950 |
| Proceeds from issuance of long-term debt | 260,993 | 385,461 |
| Payments of principal on long-term debt | (20,726) | (353,374) |
| Net increase (decrease) in short-term debt | 365,928 | (4,354) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 513,863 | 5,571 |
| Net (decrease) increase in cash | (53,616) | 13,002 |
| Cash, beginning of period | 160,718 | 132,589 |
| CASH, END OF PERIOD | $ 107,102 | $ 145,591 |

(1) Reclassified, in part, for comparative purposes.
(2) Includes Multiclient seismic data costs.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED (SCHLUMBERGER N.V., INCORPORATED IN THE NETHERLANDS ANTILLES) AND SUBSIDIARY COMPANIES

STOCKHOLDERS' EQUITY
(Unaudited)

| | Common Stock | | | Accumulated Other Comprehensive Income | |
|---|---|---|---|---|---|
| | Issued | In Treasury | Retained Income | Mark to Market | Translation Adjustment |
| Equity, January 1, 2001 | $1,963,905 | $(1,752,961) | $ 8,223,476 | $ - | $ (139,204) |
| Net Income | | | 235,888 | | |
| Derivatives marked to market | | | | (37,055) | |
| Short-term investments marked to market | | | | 9,123 | |
| Translation adjustment | | | | | (11,493) |
| Dividends declared | | | (107,461) | | |
| Shares sold to optionees | 5,898 | 9,149 | | | |
| Employee Stock Purchase Plan | | | | | |
| Equity, March 31, 2001 | $1,969,803 | $(1,743,812) | $8,351,903 | $ (27,932) | $ (150,697) |

(Dollars in thousands)

| | Comprehensive Income |
|---|---|
| Equity, January 1, 2001 | $ - |
| Net Income | 235,888 |
| Derivatives marked to market | (37,055) |
| Short-term investments marked to market | 9,123 |
| Translation adjustment | (11,493) |
| Dividends declared | |
| Shares sold to optionees | |
| Employee Stock Purchase Plan | |
| Equity, March 31, 2001 | $ 196,463 |

See Notes to Consolidated Financial Statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

In the opinion of management, all adjustments necessary to present fairly the financial position and the results of operations have been made in the accompanying interim financial statements. The Company's significant accounting policies are summarized in its 2000 Annual Report. These policies have been consistently applied during the interim period presented in this report. The results of operations for the three month period ended March 31, 2001 are not necessarily indicative of the results of operations that may be expected for the entire year.

### EARNINGS PER SHARE

The following is a reconciliation from basic earnings per share to diluted earnings per share for the first quarter of 2001:

(Stated in thousands except per share amounts)

| First Quarter | Net Income | Average Shares Outstanding | Earnings per Share |
|---|---|---|---|
| Basic | $ 235,888 | 573,060 | $0.41 |
| Effect of dilution: | | | |
| Options | | 8,352 | - |
| | $ 235,888 | 581,412 | $0.41 |

### 2001 FIRST QUARTER IN-PROCESS RESEARCH & DEVELOPMENT CHARGE

The first quarter 2001 included a $25 million in-process research and development charge related to the acquisition of Bull CP8. This charge is classified in Research & Engineering in the Consolidated Statement of Income.

### CONTINGENCIES

The Consolidated Balance Sheet includes accruals for the estimated future costs associated with certain environmental remediation activities related to the past use or disposal of hazardous materials. Substantially all such costs relate to divested operations and to facilities or locations that are no longer in operation. Due to a number of uncertainties, including uncertainty of timing, the scope of remediation, future technology, regulatory changes and other factors, it is possible that the ultimate remediation costs may exceed the amounts estimated. However, in the opinion of management, such additional costs are not expected to be material relative to consolidated liquidity, financial position or future results of operations.

In addition, Schlumberger and its subsidiaries are party to various other legal proceedings. Although the ultimate disposition of these proceedings is not presently determinable, in the opinion of Schlumberger any liability that might ensue would not be material in relation to the consolidated liquidity, financial position or future results of operations.

### ACQUISITION OF SEMA PLC

On February 12, 2001, Schlumberger announced that it had reached an agreement with the board of directors of Sema plc on the terms of a recommended offer for the entire issued and to be issued share capital of Sema.

On March 8, 2001, Schlumberger acquired, through market purchases, approximately 20% of the issued share capital of Sema at a cost of $1 billion. At March 31, 2001, this transaction was recorded as Investment in Sema plc on the Consolidated Balance Sheet. The effect of recording this investment under the equity method of accounting was not significant to the consolidated first quarter results.

On April 6, 2001, the offer for the shares of Sema plc was declared unconditional in all respects. At that date, valid acceptances representing approximately 65% of the issued share capital of Sema had been received in addition to the open market purchases. As a result of acceptances since April 6, 2001, Schlumberger had acquired more than 90% of the Sema shares. The aggregate consideration for the acquisition of 100% of the issued Sema shares is expected to be approximately $5.2 billion (including expenses of the transaction) which is being financed from existing cash resources and borrowings under a $3 billion credit facility.

For financial reporting purposes, Schlumberger will include the results of operations of Sema in its consolidated accounts commencing April 1, 2001.

Sema is an IT services company (with approximately 22,000 employees) that provides its customers with design, implementation, operations and management of information systems and IT-related consulting services. Among the industry sectors which Sema serves, Sema has increasingly focused on the telecommunications and finance sectors, and provides a range of its own software products specifically designed for these sectors in addition to its IT services. Sema's customers include a wide variety of businesses and governmental departments around the world. Sema's services and product offerings include systems integration and consulting; software products for the telecommunications, energy, transport and finance sectors; and outsourcing.

## INVESTMENTS IN AFFILIATED COMPANIES

Investments in affiliated companies include Schlumberger's 40% investment in the MI Drilling Fluids joint venture (March 31, 2001 - $486 million; December 31, 2000 - $461 million). Equity in income of investments carried under the equity method (2001 - $14 million; 2000 - $4 million) are included in Interest & other income on the Consolidated Statement of Income.

## NEW ACCOUNTING STANDARDS

Commencing January 1, 2001, Schlumberger adopted SFAS 133, Accounting for Derivative Instruments and Hedging Activities (See Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations).

SEGMENT INFORMATION

(Stated in millions)

| Three Months 2001 | NAM | LAM | ECA | Other Eastern | Elims/ Other | Total OFS |
|---|---|---|---|---|---|---|
| Revenue | $ 924 | $ 365 | $ 464 | $ 468 | $ 58 | $ 2,279 |
| Segment Income | $ 138 | $ 33 | $ 41 | $ 78 | $ (24) | $ 266 |
| Minority Interest | - | - | - | - | 5 | 5 |
| Income Tax Expense | 88 | 10 | 16 | 14 | 3 | 131 |
| Segment Income before tax and MI | $ 226 | $ 43 | $ 57 | $ 92 | $ (16) | $ 402 |
| Interest Income | | | | | | |
| Interest Expense | | (1) | | | | |
| Charges | | | | | | |
| Pretax Income | | | | | | |

| Three Months 2000 | NAM | LAM | ECA | Other Eastern | Elims/ Other | Total OFS |
|---|---|---|---|---|---|---|
| Revenue | $ 511 | $ 250 | $ 338 | $ 380 | $ 49 | $ 1,528 |
| Segment Income | $ 38 | $ 4 | $ 13 | $ 54 | $ 7 | $ 116 |
| Minority Interest | - | - | - | - | - | - |
| Income Tax Expense | 24 | 4 | 11 | 10 | 7 | 56 |
| Segment Income before tax and MI | $ 62 | $ 8 | $ 24 | $ 64 | $ 14 | $ 172 |
| Interest Income | | | | | | |
| Interest Expense | | (1) | | | | |
| Pretax Income | | | | | | |

(Stated in millions)

| Three Months 2001 | RMS | T&T | Elims/ Other | Consolidated |
|---|---|---|---|---|
| Revenue | $ 306 | $ 350 | $ (26) | $ 2,909 |
| Segment Income | $ (8) | $ 4 | $ (10) | $ 252 |
| Minority Interest | - | 1 | - | 6 |
| Income Tax Expense | (2) | (4) | 2 | 127 |
| Segment Income before tax and MI | $ (10) | $ 1 | $ (8) | $ 385 |
| Interest Income | | | | 65 |
| Interest Expense | | | | (75) |
| Charges | | | | (25) |
| Pretax Income | | | | $ 350 |

| Three Months 2000 | RMS | T&T | Elims/ Other | Consolidated |
|---|---|---|---|---|
| | | | | (Stated in millions) |
| Revenue | $ 324 | $ 307 | $ (22) | $ 2,137 |
| Segment Income | $ 7 | $ 2 | $ (13) | $ 112 |
| Minority Interest | 1 | 2 | - | 3 |
| Income Tax Expense | 4 | (2) | (1) | 57 |
| Segment Income before tax and MI | $ 12 | $ 2 | $ (14) | $ 172 |
| Interest Income | | | | 71 |
| Interest Expense | | | | (62) |
| Pretax Income | | | | $ 181 |

BUSINESS REVIEW

(Stated in millions)

| | Oilfield Services | | | Resource Management Services | | | Test & Transactions | | |
|---|---|---|---|---|---|---|---|---|---|
| First Quarter | 2001 | 2000 | % change | 2001 | 2000 | % change | 2001 | 2000 | % change |
| Operating Revenue | $ 2,279 | $ 1,528 | 49% | $ 306 | $ 324 | (5)% | $ 350 | $ 307 | 14% |
| Pretax Operating Income (1) | $ 402 | $ 172 | 134% | $ (10) | $ 12 | -% | $ 1 | $ 2 | (17)% |

(1) Pretax operating income represents income before taxes and minority interest, excluding interest expense, interest income and the first quarter 2001 in-process R&D charge. Pretax operating income for 2000 has been restated for comparative purposes.

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

### First Quarter 2001 Compared to First Quarter 2000

Net income for the first quarter was $256 million ($0.41 per share-diluted) after a $25 million ($0.04 per share-diluted) charge for in-process research & development related to the Bull CP8 acquisition, compared with $136 million ($0.24 per share-diluted) last year. The in-process R&D charge relates to ongoing efforts to develop new smart-card technology for which technical feasibility had not been reached at the date of acquisition.

Oilfield Services revenue increased 49% versus the first quarter of 2000 as the worldwide M-I rig count grew 30%.

Resource Management Services revenue was 5% lower than in the first quarter last year. Test & Transactions revenue increased 14% versus the same period last year.

## OILFIELD SERVICES

Oilfield Services operating revenue in the first quarter increased 49% year-over-year, with all four reporting Areas experiencing double-digit growth. This growth was driven by WesternGeco (formed late in the fourth quarter of 2000), increased activity, improved pricing levels, and productivity gains from the use of advanced technologies. The growth was also seen in all product groups. The worldwide M-I rig count increased 30% year-over-year. Pretax operating income in the first quarter grew 134% compared to the same period last year.

### North America

In North America, first quarter revenue of $924 million increased 81% compared with the same quarter last year. The M-I rig count of 1,801 increased 37% year-over-year. Pretax operating income of $226 million was 267% higher than the first quarter last year.

Revenue growth was led by strong double-digit growth in all product groups except Integrated Project Management which remained flat.

### Latin America

In Latin America, first quarter revenue of $365 million increased 46%. The M-I rig count at 317 increased 36% year-over-year. Pretax operating income in the first quarter was $43 million, an increase of more than four-fold over last year.

Year-over-year revenue growth was strong across all product segments. Strong year-over-year revenue and pretax operating income growth was seen in all GeoMarkets.

### Europe/CIS/West Africa

First quarter revenue of $464 million in the Europe/CIS/West Africa Area increased 37% compared with the same quarter last year. The M-I rig count at 273, excluding the CIS, was up 25% over the same period last year. Pretax operating income of $57 million increased 140%.

Strong year-over-year revenue and pretax operating income growth was recorded in all product groups except Drilling Services, which remained flat.

### Other Eastern Hemisphere

First quarter revenue of $468 million in the Other Eastern Hemisphere Area increased 23% year-over-year. The M-I rig count at 437 increased 9% year-over-year. Pretax operating income of $92 million increased 43%.

Compared to the same period last year, revenue and pretax operating income growth was led by Well Completions & Productivity, WesternGeco and Drilling & Measurements.

## RESOURCE MANAGEMENT SERVICES

Resource Management Services (RMS) operating revenue decreased 5% compared with the same quarter last year. The majority of the revenue decline was due to the divestiture of the Gas Service businesses in Europe during 2000. First quarter orders decreased 8% over the same period last year. The pretax operating loss in the first quarter was attributable to the amortization of acquisition related costs.

In North America, first quarter revenue increased 57%, driven by increased communication module sales and automated meter reading fees. Higher CENTRON* meter shipments, particularly to the PECO Energy Company automated meter reading project, accounted for an improvement in electricity metering revenue. Orders during the quarter increased 30% over the same period last year due mainly to higher electricity metering and automated meter-reading activities.

In Europe, first quarter revenue showed a 28% decrease over last year. Orders in the first quarter decreased 12% compared to the same period last year.

In Asia, revenue for the first quarter declined 4% over last year due to lower exports of electromechanical electricity products and lower gas meter deliveries in China. Orders decreased 63% year-over-year due mainly to lower demand for electricity meters in Taiwan, Sri Lanka and Malaysia.

In South America, first quarter revenue declined 10% due primarily to lower demand for electricity products in Colombia, Uruguay and Peru. Orders in the quarter were down by 36% compared to the same period last year reflecting the lower demand for electricity products and the general slowdown in Brazil.

TEST & TRANSACTIONS

Test & Transactions operating revenue in the first quarter increased 14% compared with the same quarter last year. Orders were down 10% compared with the same quarter last year.

Cards revenue grew 20% for the quarter compared to the same period last year. The main drivers of year-over-year growth were strong demand and increased volume of high-end JavaTM-based products for mobile communications and banking applications. The anticipated seasonal volume decline in GSM cards was partially offset by strong average sales price improvement due to the favorable mix of high-end and new products. Orders declined 21%, reflecting the current inventory of GSM cards held by mobile telecom operators. In North America, the increasing adoption of the GSM standard, which provides mobile phone users with seamless roaming across GSM networks worldwide, has generated significant opportunities for both product and service applications. Schlumberger signed a memorandum of understanding with AT&T Wireless in March to provide SIM (subscriber identity module) smart cards and related OTA (over-the-air) technology to support AT&T Wireless' new GSM network platform.

Network Solutions revenue grew 43% over the same period last year driven by growth in Network Services and Wireless Applications Services. Orders grew 31% year-over-year on continuing higher activity for both Network Services and the recently acquired Data Marine Services.

eTransactions Solutions revenue grew 47% over last year, driven primarily by increased worldwide deliveries of MagIC* e-payment point of sale terminals. In addition, European customers began accepting previously postponed deliveries of new euro-compatible Pay & Display* on-street parking meters. Orders rose 48% over the first quarter of 2000. The growth came primarily from improved activity in the off-street parking, e-Payment Terminals & Systems, and parking services businesses.

Semiconductor Solutions revenue was down 31% year-over-year as conditions in the semiconductor industry deteriorated. Semiconductor manufacturers have implemented widespread cost control measures and delayed capital spending and deliveries. Orders decreased 41% year-over-year.

INCOME STATEMENT
- -----------------

Interest and other income increased by $14 million from the same period last as a $6 million decrease in interest income (2001 - $66 million; 2000 - $72 million) was offset by a $9 million gain from the sale of investments related to funding the Sema plc share purchases and a $11 million increase in equity income. Gross margin of 25% increased 3%. Research and engineering, and Marketing expenses increased 30% (11% excluding the $25 million in-process R&D charge) and 17%, respectively over last year. General expense, expressed as a percentage of operating revenue decreased from 4.8% to 4.1%. Interest expense increased $13 million as average borrowing rates increased from 6.5% to 7.2%. The effective tax rate, before the in-process R&D charge, increased from 23.4% to 28.8% due to higher profitability in North America in 2001.

ACQUISITIONS
- ------------

In March, Schlumberger acquired Bull CP8, a market leader in microprocessor-based smart cards and associated systems applications for the banking, mobile communications and network security industries. The acquisition price was $313 million. Assets acquired included identifiable intangibles (primarily patents) of $136 million and goodwill of $140 million. Additionally, in-process R&D aggregated $25 million was charged to expense in the first quarter.

## LIQUIDITY

In April 2001, Schlumberger borrowed $3 billion to finance the acquisition of Sema plc (See Notes to the Consolidated Financial Statements).

## NEW ACCOUNTING STANDARDS

Commencing January 1, 2001, Schlumberger adopted SFAS 133 (Accounting for Derivative Instruments and Hedging Activities). Occasionally, Schlumberger uses derivative instruments such as interest rate swaps, currency swaps, forward currency contracts and foreign currency options. Forward currency contracts provide a hedge against currency fluctuations on assets/liabilities denominated in other than a functional currency. Options are usually entered into as a hedge against currency variations on firm commitments generally involving the construction of long-lived assets.

Schlumberger maintains a foreign-currency risk management strategy that uses derivative instruments to protect its interests from unanticipated fluctuations in earnings and cash flows caused by volatility in currency exchange rates. Movements in foreign currency exchange rates pose a risk to Schlumberger's operations as exchange rate changes may affect profitability and cash flow. Schlumberger uses foreign currency forward exchange contracts, swaps and options. Schlumberger also maintains an interest rate risk management strategy that uses derivatives to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. Schlumberger's specific goals are (1) to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain of its debt and (2) to lower (where possible) the cost of borrowed funds.

By using derivative financial instruments to hedge exposure to changes in exchange rates and interest rates, Schlumberger exposes itself to credit risk and market risk. Schlumberger minimizes the credit risk by entering into transactions with high-quality counterparties, limiting the exposure to each counterparty and monitoring the financial condition of its counterparties. Market risk is managed through the setting and monitoring of parameters that limit the types and degree of market risk which are acceptable.

At March 31, 2001, Schlumberger recognized a net $37.1 million charge in Stockholders' Equity relating to SFAS 133. This change was primarily due to the change in the fair market value of Schlumberger's US interest rate swaps as a result of declining interest rates. The effect on Stockholders' Equity at December 31, 2000 was not significant.

## FORWARD-LOOKING STATEMENTS

Schlumberger cautions that, except for historical information, statements in this 10-Q report and elsewhere may constitute forward-looking statements. These include statements as to expectations, beliefs and future financial performance, such as statements regarding business prospects in the key industries in which Schlumberger operates or plans to operate and growth opportunities for Schlumberger in those industries. These statements involve a number of risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements. Such factors include: continuing customer commitment to certain key oilfield projects; changes in E&P spending by major oil companies; the extent and timing of utilities' investment in integrated solutions to utility management; noncancellation of key long-term services and solutions contracts; growth in demand for smart cards in e-commerce and Network and Internet-enabled solutions; economic, competitive and technological factors affecting markets, services, and prices in newly acquired businesses and Schlumberger's ability to integrate these businesses and to realize synergies from these acquisitions; general economic and business conditions in key regions of the world; and changes in business strategy or development plans relating to targeted Schlumberger growth opportunities.

## Item 3: Quantitative and Qualitative Disclosure about Market Risk.

Schlumberger does not believe it has a material exposure to financial market risk. Schlumberger manages the exposure to interest rate changes by using a mix of debt maturities and variable- and fixed-rate debt together with interest rate swaps, where appropriate, to fix or lower borrowing costs. With regard to foreign currency fluctuations, Schlumberger enters into various contracts, which change in value as foreign exchange rates change, to protect the value of external and intercompany transactions in foreign currencies. Schlumberger does not enter into foreign currency or interest rate transactions for speculative purposes.

*Mark of Schlumberger

## PART II. OTHER INFORMATION

### Item 4: Submission of Matters to a Vote of Security Holders

a) The Annual General Meeting of Stockholders of the Registrant ("the Meeting") was held on April 11, 2001.

b) At the Meeting, the number of Directors was fixed at 12 and the following-named 12 individuals were elected to comprise the entire Board of Directors of the Registrant, each to hold office until the next Annual General Meeting of Stockholders and until a director's successor is elected and qualified or until a director's death, resignation or removal. All of the nominees, except John C. Mayo, were directors who were previously elected by the stockholders.

Don E. Ackerman
D. Euan Baird
John Deutch
Victor E. Grijalva
Andre Levy-Lang
John C. Mayo
William T. McCormick, Jr.
Didier Primat
Nicolas Seydoux
Linda Gillespie Stuntz
Sven Ullring
Yoshihiko Wakumoto

c) The Meeting also voted (i) to adopt and approve the Company's Consolidated Balance Sheet as at December 31, 2000, its Consolidated Statement of Income for the year ended December 31, 2000, and the declaration of dividends reflected in the Company's 2000 Annual Report to Stockholders; (ii) to adopt amendments to the Deed of Incorporation of the Company (a) to increase the authorized common stock from 1,000,000,000 to 1,500,000,000 shares and (b) to make other changes; (iii) to approve adoption of the Schlumberger 2001 Stock Option Plan; and (iv) to approve the appointment of PricewaterhouseCoopers LLP as independent public accountants to audit the accounts of the Company for the year 2001.

The votes cast were as follows:

Directors

| | For | Withheld |
|---|---|---|
| Don E. Ackerman | 452,299,962 | 3,414,535 |
| D. Euan Baird | 440,839,640 | 14,874,857 |
| John Deutch | 440,712,342 | 15,002,155 |
| Victor E. Grijalva | 452,394,637 | 3,319,860 |
| Andre Levy-Lang | 452,350,074 | 3,364,423 |
| John C. Mayo | 451,574,663 | 4,139,834 |
| William T. McCormick, Jr. | 452,411,970 | 3,302,527 |
| Didier Primat | 448,319,871 | 7,394,626 |
| Nicolas Seydoux | 452,380,759 | 3,333,738 |
| Linda Gillespie Stuntz | 452,410,871 | 3,303,626 |
| Sven Ullring | 452,384,098 | 3,330,399 |
| Yoshihiko Wakumoto | 452,324,715 | 3,389,782 |

Financials:

| | For | Against | Abstain |
|---|---|---|---|
| | 434,264,543 | 862,375 | 20,587,579 |

Amendment to Deed:

| | For | Against | Abstain |
|---|---|---|---|
| Increase in Authorized: | 446,758,586 | 6,073,522 | 2,882,389 |
| Other Changes: | 450,027,079 | 2,005,548 | 3,681,870 |

2001 Stock Option Plan:

| | For | Against | Abstain |
|---|---|---|---|
| | 443,255,767 | 8,848,821 | 3,609,909 |

PricewaterhouseCoopers:

| | For | Against | Abstain |
|---|---|---|---|
| | 440,507,957 | 12,590,942 | 2,615,598 |

Item 6: Exhibits and Reports on Form 8-K
- ----------------------------------------

(a) Exhibits:
The following exhibit is incorporated by reference as indicated in the Index of Exhibits:

Schlumberger 2001 Stock Option Plan 10(k)

(b) Reports on Form 8-K:

(1) Report 8-K dated February 12, 2001, filed as of February 16, 2001 to report a cash offer to be made by Lehman Brothers on behalf of Schlumberger Investments, a wholly owned subsidiary of Schlumberger, for the entire issued and to be issued share capital of Sema plc.

(2) Report 8-K dated April 6, 2001 filed as of April 20, 2001 to report that its offer for the ordinary share capital of Sema plc had been declared unconditional in all respects.

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 principal financial officer.

Schlumberger Limited
(Registrant)

Date: April 25, 2001

/s/ Jean-Marc Perraud

Jean-Marc Perraud
Controller, Chief Accounting Officer
and Treasurer

INDEX TO EXHIBITS