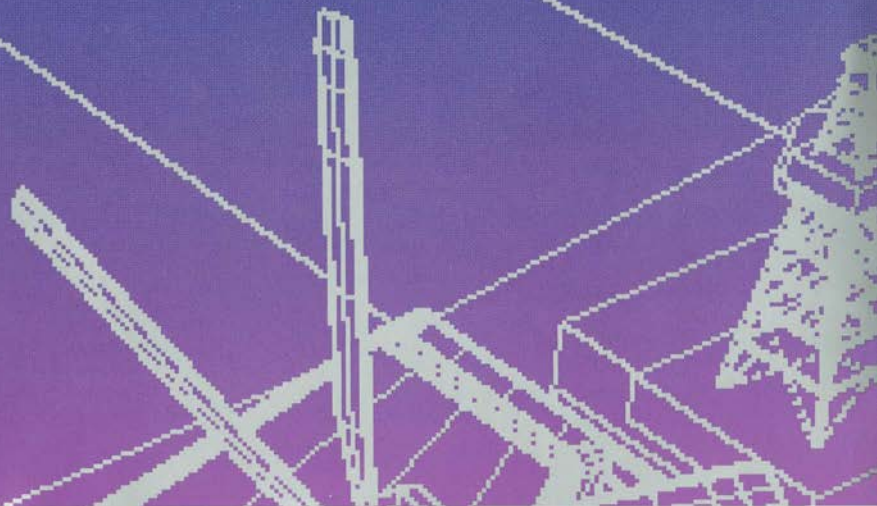


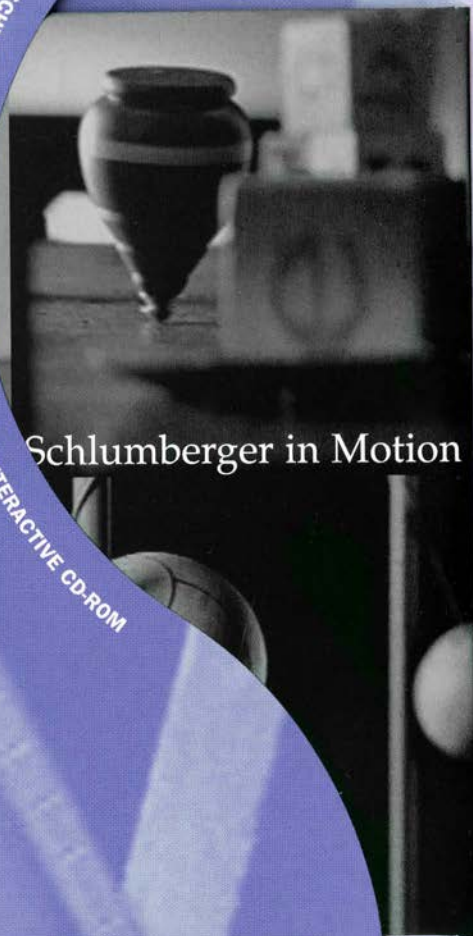
Schlumberger

Annual Report

1995



SEE AND HEAR SCHLUMBERGER IN MOTION ON THE ENCLOSED INTERACTIVE CD-ROM



Schlumberger in Motion

Schlumberger in Brief

	1995	1994	1993
OPERATING REVENUE	<u>\$ 7,621,694,000</u>	<u>\$ 6,696,845,000</u>	<u>\$ 6,705,466,000</u>
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	\$ 649,157,000	\$ 536,077,000	\$ 582,763,000
POSTRETIREMENT BENEFITS	—	—	(248,000,000)
NET INCOME	<u>\$ 649,157,000</u>	<u>\$ 536,077,000</u>	<u>\$ 334,763,000</u>
NET INCOME PER SHARE:			
BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	\$ 2.69	\$ 2.21	\$ 2.40
POSTRETIREMENT BENEFITS	—	—	(1.03)
NET INCOME PER SHARE	<u>\$ 2.69</u>	<u>\$ 2.21</u>	<u>\$ 1.37</u>
DIVIDENDS DECLARED PER SHARE	\$ 1.425	\$ 1.20	\$ 1.20

Letter from the Chairman



AS THE BASIC FIGURES INDICATE, SCHLUMBERGER had a strong year in 1995. Net income at \$649 million and earnings per share at \$2.69 were 21% and 22%, respectively, above 1994, while operating revenue increased by 14% to \$7.6 billion. These results were in line with our expectations and reversed the trend of the past three years. The improvements were due to four main factors:

- Rig count outside North America increased by 3% after hitting a 22-year low in 1994
- Significant expansion in our production services that are largely independent of rig count
- Strong demand for our high-technology services
- Much improved results in the Measurement & Systems businesses.

Mainly as a result of the continued opening of markets worldwide, it appears that we are embarking on a new economic cycle in the industrial world—moderate long-term growth accompanied by low inflation. This has important implications for all our businesses.

First, in the oil business we can expect that over the next few years improvements in productivity will make it possible for the industry to satisfy the 2% annual increase in oil demand without the need for higher oil prices. Oil companies are increasingly looking outward for technologies that enhance profitability by lowering finding and producing costs. Because of the large investments we have made over the last 10 years to develop

new technology and our strong global presence, Schlumberger is well positioned to take advantage of this trend.

The improved Oilfield Services results in 1995, despite a 3% decrease in active drilling rigs worldwide, indicate the magnitude of the changes that are taking place and their potential for the future. The only setback was the poor results of Geco-Prakla in the last quarter due to operational problems. These problems have been addressed and we expect that the results of Geco-Prakla will improve significantly in 1996.

Second, our Measurement & Systems clients are also under continued pressure to be more competitive in an increasingly global economy. Like the oil companies, we expect them to move aggressively to outsource nonstrategic tasks, giving us an opportunity to provide integrated solutions rather than stand-alone products. This global trend will continue to offer us opportunities to leverage the technical skills and international culture of Schlumberger.

The 18% jump in revenue for Measurement & Systems in 1995 is an encouraging sign for the future. Growth was led by Automatic Test Equipment and Electronic Transactions—key players in very fast growing industrial sectors. Positive results in the other product lines came from the effects of opening of markets, privatization of utilities and the combination of a weaker dollar and the acquisition of the electrical metering business of AEG.

The future of Schlumberger depends on our ability to develop and deploy satisfying solutions for our clients. Over the past few years, low-cost innovation has become the watchword of

our product development process. The concept embraces many ideas but its central theme is our determination to bring more cost-effective, new technology to market faster than our competitors. Much of the process is not new. What is new is the commitment with which the detailed implementation is made and the momentum that has been generated by successful products being developed in record time.

The most recent and perhaps one of the most exciting examples is PLATFORM EXPRESS* technology, a revolution in wire-line logging. This new borehole instrumentation represents a quantum advance in efficiency, reliability, flexibility and quality of measurement. It provides a cost-effective single unit of integrated sensors, rather than sets of individual connected instruments. PLATFORM EXPRESS equipment, coupled with the MAXIS Express* surface unit, provides superior service and increases in market share and margins. In view of the benefits this technology brings to both our customers and our field operations, we expect rapid commercial deployment worldwide.

Developing world-class technology is not the whole story. To deploy it we rely on a motivated service organization of technically sophisticated people who are thoroughly integrated into the local environment. Recruiting where we work for international careers has long been a priority for Schlumberger and it has now produced a generation of young managers from the four corners of the world. They form the team that will ensure our local integration and maintain the essential long-term relations with our clients everywhere.

At the same time, across our decentralized organization the never-ending task of training is receiving a much needed boost from the use of information technology. The ability of multimedia

to transmit ideas and information is enormous and the capability of the Schlumberger Information Network to make material available to our worldwide field organization is growing daily. The *Schlumberger in Motion* CD-ROM, which is a part of this year's annual report, gives you a feeling for the power of this new communications tool. We believe that its animation and interactivity are able to convey to you, in a way that printed words and images cannot, the nature of our technology and the quality and enthusiasm of our people who will always be at the heart of our success.

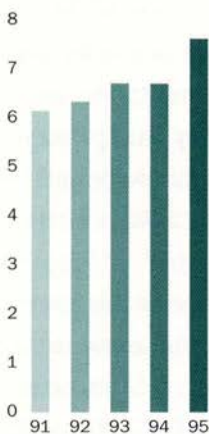
For the past seven years, we have strengthened the company by reinvesting our free cash—defined as net income plus depreciation, amortization and R&D expenses—44% in fixed assets, 24% in R&D, and 10% in acquisitions, net of divestitures; 16% of the cash generated has been returned to you, either as dividends or in a stock buy-back program. As 1995 unfolded, we sensed that we were entering a period of stronger growth. We increased the dividend by 25% and revisited the priorities of our three-year strategic plan. The new plan uncovered a strong consensus from deep in the organization that over the next few years our best opportunities would come from focusing on our present businesses, supplemented, as in the past, by modest strategic acquisitions. As a result, over the next three years, we expect our use of cash will be similar to that of the recent past. We are confident that in this way your interests as shareholders will be well served.



Euan Baird
Chairman & Chief Executive Officer
January 25, 1996

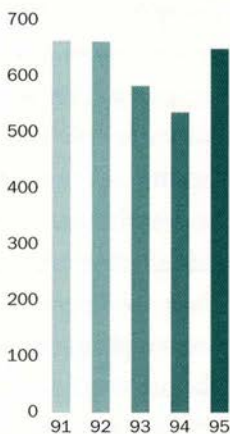
Operating Revenue

(\$ Billions)



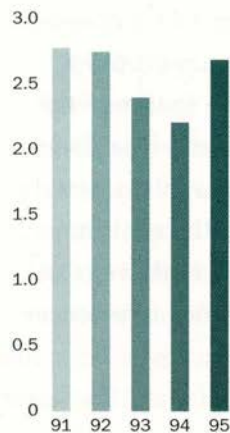
Income^{1,2}

(\$ Millions)



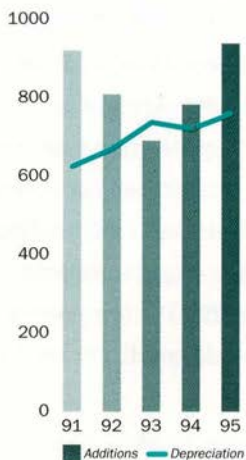
Earnings Per Share^{1,2}

(\$ Dollars)



Fixed Assets

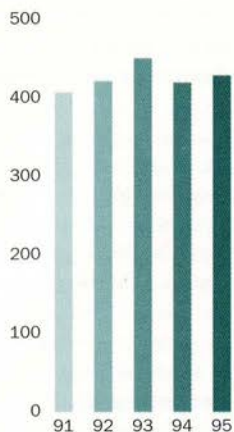
(\$ Millions)



¹ 1991 Income and Earnings Per Share exclude a gain of \$177 million (\$0.74 per share) on the sale of an investment and a \$25 million (\$0.10 per share) charge for restructuring the North American oilfield operations.

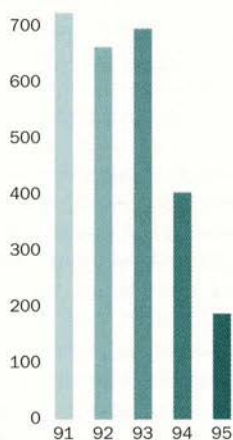
Research & Engineering

(\$ Millions)



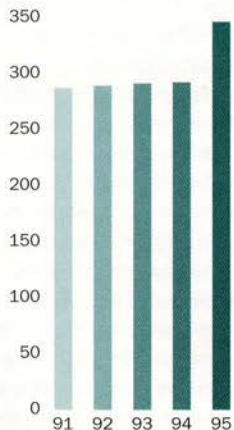
Liquidity

(\$ Millions)



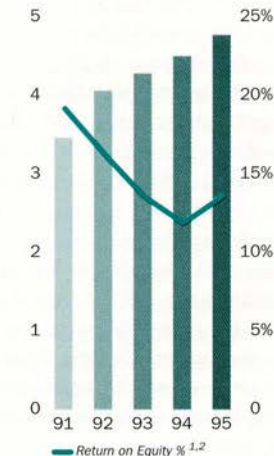
Dividends Declared

(\$ Millions)



Average Stockholders' Equity

(\$ Billions)



² 1993 Income and Earnings Per Share before cumulative effect of a change in accounting principle for postretirement benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

(Stated in millions)

OPERATING REVENUE	1995	1994	1993
OILFIELD SERVICES	\$4,868	\$4,365	\$4,338
MEASUREMENT & SYSTEMS	\$2,759	\$2,339	\$2,370

The Company has two reportable industry segments—Oilfield Services and Measurement & Systems. Within Oilfield Services, Wireline & Testing and Dowell operating revenues exceeded 10% of consolidated revenue. In Measurement & Systems, only Electricity Management had operating revenue which exceeded 10% of consolidated revenue.

In each of the three years in the period ended December 31, 1995, Wireline & Testing revenue was about 25% of consolidated revenue. Product line revenue increased 6% but decreased 1% and 2% in 1995, 1994 and 1993, respectively. The increase in operating income in 1995 of Wireline & Testing represented 23% of the overall increase in Oilfield Services operating income. In 1994, the product line operating income was 3% below 1993 and 1993 operating income was level with 1992.

In each of the three years in the period ended December 31, 1995, Dowell revenue was about 18% of consolidated revenue. The product line revenue increased 12%, 4% and 11% in 1995, 1994 and 1993, respectively. The increase in operating income in 1995 of Dowell represented 20% of the overall increase in Oilfield Services operating income. In 1994, the product line operating income was 5% below 1993 and 1993 operating income was level with 1992.

For each of the three years in the period ended December 31, 1995, Electricity Management revenue was about 10% of consolidated revenue. Product line revenue increased 20%

and 3% in 1995 and 1994, respectively, but declined 2% in 1993. Over the three years, product line operating income as a percentage of revenue has declined. In 1994, the product line represented 21% of the decline in Measurement & Systems operating income.

OILFIELD SERVICES

Wireline & Testing

Revenue in 1995 increased 6% over last year. In North America, revenue rose 6% despite an 8% decline in rig count. Outside North America, led by South America, the North Sea and Africa, revenue increased 6% while rig count increased 3%. The continued introduction of new technologies, developed to enhance well-site efficiency and well productivity, contributed to revenue gains.

PLATFORM EXPRESS technology continues to set new standards for efficiency, reliability and answers in the wireline logging industry. After performing 4000 jobs, PLATFORM EXPRESS services have established a reliability five times greater than previous logging systems, while reducing the time required to perform logging operations up to 30% and substantially reducing well costs for customers. With 35 systems in the field at year end, the added value of PLATFORM EXPRESS services has significantly increased revenue per well. Additional systems will be deployed worldwide in 1996, including offshore locations.

Customer acceptance of the CMR* Combinable Magnetic Resonance tool continued to accelerate. The combinability of this measurement with other sensors optimizes the amount of reservoir information which can be acquired with one descent into a well. The CMR tool has superior vertical resolution and evaluates critical reservoir properties, which are used to identify producible hydrocarbons and

previously overlooked thin pay zones.

Worldwide demand for Modular Early Production Facilities continued. These facilities provide the capability to fully evaluate reserves and optimize field development.

Testing services revenue increased compared to 1994. Sales of the Universal Pressure Platform including permanent downhole pressure gauges and the recently introduced FlowWatcher* integrated permanent production monitor, continued to grow. These products assist customers in diagnosing reservoir performance to optimize hydrocarbon production and recovery.

1994 RESULTS

In 1994, revenue was 1% below 1993 with healthy growth in North and South America being offset by a decline in the Eastern Hemisphere. Revenue grew 11% in North America and decreased 5% outside North America.

Worldwide deployment of the MAXIS 500* wellsite surface instrumentation was aggressively pursued in 1994. Combining the capabilities of the imaging tools with the MAXIS 500 system allows the acquisition and processing of an unprecedented number of logging measurements in a single run in the well. Also, the successful introduction of the MAXIS Express high-efficiency acquisition system was achieved in North America.

Demand for DSI* Dipole Shear Sonic Imager measurements increased because of the tool's ability to define the orientation of natural fractures. The MDT* Modular Formation Dynamics Tester tool gained client acceptance due to superior performance and time-saving features.

1993 RESULTS

Field revenue in 1993 was 1% above 1992, reflecting a natural gas-driven recovery in North America that offset declines in the Eastern Hemisphere and Latin America regions.

Revenue was up 35% in North America and down 6% outside North America.

Expansion of MAXIS 500 units and associated imaging tools continued worldwide. During 1993, the MAXIS Express acquisition system was field tested in the US. The MAXIS Express unit utilizes the complete range of new-generation tools.

Three new MAXIS tools were introduced in 1993, the IPL* Integrated Porosity Lithology tool, the UBI* Ultrasonic Borehole Imager and the slim RST* Reservoir Saturation Tool.

Dowell

Dowell revenue rose 12% over 1994, while the rig count decreased 3%. A significant rise in activity took place in Latin America, followed by Europe, Africa, the Far East and the Middle East.

In North America, revenue slipped 1%, in spite of the weak gas prices which caused the rig count to decline 8%. Outside North America, revenue increased 24%, outperforming the 3% rise in rig count.

Drilling Fluids grew 40% over 1994. Increasing acceptance of ULTIDRILL* biodegradable synthetic-based fluid and QUADRILL* inhibitive water-based drilling fluid contributed to the growth. Latin America and the UK sector of the North Sea experienced significant increases in activity.

In 1995, Sand Control services continued its exceptional growth, mainly driven by the success of STIMPAC* technology, product demand in the Middle East, participation in North Sea horizontal wells and client acceptance of the QUANTUM* line of packers and accessories.

Coiled Tubing services growth continued at a healthy pace, led by sharp increases in the Gulf of Mexico, Venezuela and Africa. Coiled Tubing Drilling services are improving production from existing wells using reentry lateral

drilling. An interdisciplinary Coiled Tubing Drilling business development team has been formed to manage this service.

Despite weak gas prices in the US, revenue in fracturing services was flat as a result of the successful introduction of new technologies. In North America, PropNET* proppant flowback control technology, which forms a net-like structure to keep fracture treatment in place, performed 650 jobs in a variety of environments. The successful commercialization of the YF100LG* crosslinked, water-base fracturing fluid system was completed during the year, with more than 1000 jobs pumped. This product provides clients with a more conductive fracture, yielding increased production rates at a lower cost.

The number of engineers in the DESC* Design and Evaluation Services for Clients program continued to increase, especially outside North America. Also, the creation of the Production Enhancement Group (PEG) has reinforced the technical support provided to clients. These groups of engineers from various Schlumberger Oilfield Services companies tackle complex production problems and offer optimized solutions.

1994 RESULTS

In 1994, revenue increased 4% over 1993.

In North America, revenue rose 16% in 1994. A decrease in natural gas prices caused the pace of fracturing growth to slow in the second half of the year. This was offset by a significant boost in Coiled Tubing services, rig-related activity and client acceptance of the DESC program.

Outside North America, benefiting from the newly acquired Drilling Fluids activity, revenue increased 2% from 1993. Improvements were recorded in the Far East and Latin America, offsetting the decline of activity in

the Middle East.

Rigless activity remained strong as a result of the DESC program in North America and cost-effective Coiled Tubing applications for slimholes and well reentries. In the North Sea, ULTRADRILL fluid was successfully deployed.

1993 RESULTS

Revenue rose 11% in 1993, which included the impact of International Drilling Fluids acquired in September 1993. In January 1993, Schlumberger completed the purchase of the 50% Dow Chemical interest in the Dowell Schlumberger group of companies.

In North America, revenue rose 27%. Contributing to this growth was an increase in drilling activity, a high level of stimulation activity in US gas fields initiated during the fourth quarter of 1992 and additional activity generated from alliances with customers.

Outside North America, revenue decreased 3% from 1992 with declines in all regions except Europe.

Coiled Tubing continued to grow in 1993 as new applications, including downhole measurements and reentry drilling in existing wells, were introduced.

The Dowell Industrial Service activity was sold in December 1993.

Geco-Prakla

Revenue increased 12%, with a significant improvement in results compared to 1994.

Positive momentum experienced in the first three quarters was offset in the fourth quarter by severe weather in the Gulf of Mexico and the North Sea, lower profitability on Non-Exclusive Proprietary Surveys (NEPS) sales and by technical and operational difficulties in Transition Zone (TZ) operations.

In Marine, activity increased 11%. The upgraded vessels *Geco Beta*, *Searcher* and

Emerald were introduced in early 1995, and *Beta* completed the industry's first 8-streamer survey. Deployment of Monowing* multi-streamer towing technology and TRILOGY* onboard data management system continued. These new technologies have enabled Geco-Prakla to secure the majority of large surveys, awarded to date, for the 1996 season in Northwest Europe.

Geco-Prakla completed the first phase of the industry's first deep water seismic reservoir monitoring project. During production, 4D seismic will be used to enhance reservoir understanding in the Foinaven field. Also known as time-lapse 3D seismic, this 4D seismic project involves deployment of permanently buried seismic cables and annually repeated 3D seismic surveys.

Land and TZ revenue rose by 15%. The loss from TZ operations increased due to start up problems and poor weather. Geco-Prakla's position in the Middle East grew significantly, primarily due to the award of two multiyear contracts in Kuwait for large 3D crews and the third quarter acquisition of land operations in Saudi Arabia. Deployment of the Olympus-IMS* land information management system continued with 11 systems in the field at year-end. Olympus-IMS technology improves the management of data from complex 3D land operations thereby increasing crew efficiency. The TZ business line was formed to focus on the transition zone market.

Data Processing revenue grew 25% in 1995. Strong global growth continued in concurrent processing, which links onboard processing with onshore capabilities, and in areas where Geco-Prakla continued aggressive deployment of new technology. Productivity gains were achieved in all centers with significant capacity upgrades made in Gatwick and Houston. This

included the massive parallel processing system used to provide Inversion Services, which addresses the growing demand for pre- and post-stack depth migration and stratigraphic inversion. In 1995, with a number of commercial projects underway, Geco-Prakla began introduction of the new SEISMOS* seismic data processing package.

1994 RESULTS

In 1994, revenue declined 16% compared to 1993. Geco-Prakla reorganized into worldwide product lines in the first half of the year, which reduced costs while maintaining seismic crew capacity.

Marine revenue declined 3% in 1994. Strong sales of NEPS data were more than offset by weaker prices in proprietary marine. Fleet upgrades continued with the expansion in the number of streamers towed per vessel. Upgrading of the *Geco Gamma* was completed, and upgrading of the *Geco Beta* and *Geco Searcher* to handle 8-plus streamer configurations began. These vessels utilize Geco-Prakla's Monowing multistreamer towing technology and TRILOGY onboard data management system.

Land and TZ revenue decreased 20% compared to 1993. A decline in activity outside North America and civil unrest in Nigeria and Yemen adversely affected revenue. Results improved during the second half of the year. For transition zone operations, the Digiseis FLX* transition zone telemetric acquisition system was successfully introduced. For complex land operations, the Olympus-IMS new generation land information management system was introduced.

Data Processing revenue was down 8% compared to 1993. Improved productivity was more than offset by continuing pricing pressures in conventional onshore processing.

During the year, significant restructuring was undertaken to streamline and link local centers to high-capacity Megacenters in Gatwick and Houston. Growth continued for VIVID* seismic imaging services. A new business unit, Inversion Services, was formed to concentrate on stratigraphic inversion and VIVID services.

1993 RESULTS

Revenue dropped 10% in 1993, including the operations of Seismograph Services Limited (SSL). Geco-Prakla streamlined its operations throughout the year. A charge was taken in the fourth quarter to cover consolidation of facilities and reduction in personnel and equipment.

In 1993, Marine revenue declined 23% compared to a strong prior year. Activity, particularly in the second half of the year, declined significantly. This led to overcapacity which required an industry-wide reduction in 2D vessels. Geco-Prakla retired seven low-tech vessels and added four purpose-built, leading technology vessels. At year-end, the fleet consisted of 17 high-technology 3D vessels and two support vessels, 10% fewer than one year earlier.

Land and TZ revenue was 10% higher than 1992, including the addition of SSL's operations. These gains reflected stronger activity in North America, Latin America, Africa, the Commonwealth of Independent States (CIS) and the Middle East.

Data Processing revenue was 7% above 1992, reflecting the addition of SSL, and impacted by price erosion despite a 47% increase in processing volume. Consolidation of Data Processing continued throughout the year.

Three noncore activities were divested during 1993.

Sedco Forex

Revenue for the year was 13% higher than 1994, driven by higher activity and improved

dayrates in both the North Sea and West Africa. This improvement was partly offset by a temporary softening in the swamp barge and tender markets and falling demand for semi-submersibles in Southeast Asia.

The average Sedco Forex rig utilization rate for 1995 was 66% compared to 63% in the previous year. Average offshore rig utilization increased from 84% to 89%, aided by jackup utilization of 99%. Industry-wide competitive offshore rig utilization was 81% compared to 77% last year. The Sedco Forex average land rig utilization for the year remained flat at 40%.

At December 31, 1995, the Sedco Forex fleet consisted of 76 rigs: 34 land and 42 offshore. In March, the semi-submersible *Dundee Explorer* was acquired and renamed *Sedco Explorer*. After undergoing life enhancement, the rig commenced operations in the North Sea in July. In the first quarter, the semi-submersibles *Sedco 708* and *Sedco 709* were redeployed from Southeast Asia to begin contracts offshore West Africa, where they benefited from increased activity in the region and firmer dayrates. In June, the *Trident 15* jackup was awarded an integrated service contract in Thailand with Anadrill, Dowell and Wireline & Testing. During the third quarter, Sedco Forex was awarded the management contract for the semi-submersible *Omega*, which commenced operations in Angola in November. In December, Sedco Forex acquired full ownership of the *Sedco 714*, following an agreement to purchase the remaining 50% interest.

Following the award of a contract in Eastern Venezuela, two previously idle ultra-heavy land rigs were reactivated and commenced operations in the fourth quarter. This is the first time Sedco Forex has entered the land market in Venezuela. With a management contract for the dynamically positioned semi-

submersible *Amethyst* in Brazil, Sedco Forex will commence operations in July 1996.

In March, Sedco Forex was awarded a five-year integrated service contract in Gabon, involving the construction of a new modular design land rig, *SIMPLER* 101*. Construction was completed during the fourth quarter, and operations will begin in March 1996. In December, the award of drilling make-ready and management contracts for the semi-submersible *Laffit Pinca*y will enable Sedco Forex to reenter the Gulf of Mexico early in 1996, after an absence of five years.

1994 RESULTS

In 1994, revenue was flat compared to 1993. Weak activity in the North Sea and Africa in the first half of the year was offset by positive momentum in the second half, particularly in the fourth quarter.

The Sedco Forex offshore rig utilization rate increased from 82% in 1993 to 84% in 1994. Industry-wide competitive offshore rig utilization decreased from 78% to 77%. Sedco Forex average land rig utilization rate slipped from 51% to 40% during the same period.

At December 31, 1994, the Sedco Forex fleet consisted of 74 rigs: 40 offshore and 34 land. In the fourth quarter, the jackup *Sonny Voss* was purchased and renamed *Trident 18*.

The semi-submersibles *Sedco 700* and *Sedneth 701* were life enhanced in 1994 and contracted for tender-assisted drilling in 1995. Three significant tender-assisted drilling contracts began in 1994 for the *Sedco 600*, the *Sedco 706* and the *Searex 10*.

In 1994, Sedco Forex realigned its management structure and opened offices in Dubai and Caracas.

1993 RESULTS

Revenue in 1993 declined 15% compared to 1992. Growth in Asia was more than offset by

weak activity in the North Sea, a decline in West Africa and a decrease in land rig demand in the Middle East.

The Sedco Forex rig utilization rate in 1993 was 67% compared to 71% in 1992. Land rig utilization fell from 61% to 51% while offshore rig utilization rose from 80% to 82%. Over the same period, the industry-wide competitive offshore rig utilization rate increased from 69% to 78%, with activity in the Gulf of Mexico being a major driver.

At December 31, 1993, the Sedco Forex fleet consisted of 74 rigs: 39 offshore and 35 land. During 1993, two jackups in the North Sea, *Trident 10* and *11*, were exchanged for three jackups in Southeast Asia, which were subsequently renamed, *Trident 15*, *16* and *17*. In addition, the remaining 50% interest in *Sedco 711* was acquired. During the year, the Land Rig 32 was retired and the jackup *Sedneth Luanda* was sold.

The Sedco Forex fleet underwent a significant repositioning in 1993, with an emphasis on the Asian market.

Sedco 601 and *Sedco 706* were awarded tender-assisted drilling contracts, demonstrating the flexibility of semi-submersibles in this growing market.

Anadrill

Revenue in 1995 was up by 31% with the strongest activity gains in the Middle East, South America and West Africa.

Directional drilling activity grew by 56%. Throughout the year, the PowerPak* fleet of motors continued to expand and achieve technical success with the introduction of the PowerPak XF short-radius and PowerPak XP extended-reach motors. In the UK, Anadrill set new world records for footage drilled and operating hours in a single bit run with MWD and a

steerable motor. Another record was set for the longest extended-reach well, which had a horizontal displacement of over five miles. Anadrill has now provided services on the majority of the world's top extended-reach wells.

During 1995, Anadrill further increased its market and technological leadership in MWD and logging while drilling (LWD) services. Strong growth continued in MWD with Slim 1* MWD increasing by 45% and LWD by 36%. New IDEAL* Integrated Drilling Evaluation and Logging systems were deployed worldwide. The PowerPulse* MWD tool continued to set new standards for reliability and durability. The ARC5* Array Resistivity Compensated tool was introduced in many parts of the world with wide client acceptance. This tool gives the most accurate resistivity measurements in slim wellbores. The first commercial borehole IWD* Imaging While Drilling and formation dip measurements were introduced with the RAB* Resistivity-at-the-Bit tool.

1994 RESULTS

Revenue in 1994 grew by 25% mainly in South America, North America and Asia.

Directional drilling activity rose by 46% in 1994, due to an increase in activity in North America, South America and the Far East. This growth was made possible by the continued additions to the fleet of PowerPak steerable motors and the successful integration of Great Land Directional Drilling.

During the year, Anadrill's market and technological leadership was consolidated in MWD and LWD services. MWD continued to grow with Slim 1 services increasing 56%. LWD services also continued to climb. The GeoSteering* tool performed well when run in the Gulf of Mexico, the North Sea, Africa and the Far East. The RAB tool produced the industry's first borehole images while drilling.

1993 RESULTS

In 1993, revenue increased 19% compared to 1992. North America experienced the largest growth followed by South America and Asia.

The introduction of IDEAL technology established Anadrill as the technology leader in horizontal drilling by providing the industry's first "at-the-bit" measurements. Great Land Directional Drilling Inc., the leader in directional drilling in Alaska, was acquired in September 1993. Including this acquisition, directional drilling revenue increased 59% over 1992.

The Slim 1 MWD system was the fastest growing product, with an increase of 60%. LWD services rose by more than 40%, with activity in all major offshore areas.

GeoQuest

Revenue grew 18% in 1995, with strong growth in Software Products and Information Technology Services. During the fourth quarter of 1995, GeoQuest purchased the Petroleum Division of Intera Information Technologies Corporation.

Software Products revenue in 1995 increased 16% over 1994. Sales grew worldwide, fueled by continued demand for geological, petrophysical and seismic interpretation software products coupled with recently released software introducing new interpretation techniques. The reservoir characterization suite of products met with strong demand, supported by the rapid introduction of the GeoFrame* platform and the Desktop Geology* set of applications. Data Management products, especially Finder* and LogDB* applications, continued to show excellent growth as more companies adopt these products to manage their exploration and production data.

Interpretation, well data processing and related data services revenue grew 1% over

last year, in a drilling market where rig count declined 3%. Several service centers were established during the year in support of clients requesting broader services using GeoQuest's technology.

Information Technology Services revenues were four times greater than last year with sharp growth in activity in every region. In the continuous drive to reduce costs, an increasing number of oil and gas companies adopted GeoQuest as a provider of value-added solutions in information technology services.

On November 3, the purchase from Intera Information Technologies Corporation of its Petroleum Division was completed. Renamed Reservoir Technologies, this activity is the leading supplier of reservoir simulation software and consulting services for reservoir optimization. Reservoir Technologies' ECLIPSE* family of software products include black oil, compositional and thermal simulators as well as pre- and post-processors and visualizers. The natural fit between Reservoir Technologies and the other GeoQuest product segments creates new opportunities in support of our clients' continuing drive to optimize the value of their reservoirs.

1994 RESULTS

In 1994, revenue increased 11%, with brisk growth in Software Products offset by slower growth in Data Services. Significant long-term contracts secured during the year provided products and services to assist oil companies in optimizing the value of their computing environments and their exploration and production data.

Revenue from Software Products in 1994 rose 25%, reflecting significant demand for GeoQuest's traditional seismic interpretation products and new growth in data management, petrophysical, geologic, and visualization

software products. During the year, GeoQuest acquired what is now the CPS-3* mapping and surface modeling software and the StratLog* geological interpretation software.

Interpretation, well data processing and related data services revenue grew 2% in 1994. Activity continued to grow in North America and the Middle East with declines in Africa, Southeast Asia and Latin America.

1993 RESULTS

In 1993, revenue increased 30% resulting from the acquisition of GeoQuest Systems, Inc. and internal growth.

Combined Software Products revenue in 1993 grew 27%. Growth continued for both IES* Interactive Exploration System and Charisma* product families. A decline of 4% was experienced in interpretation, well data processing and related services as some services were replaced by GeoQuest software sales.

During the year, GeoQuest released several major new software products including IESX*, GeoFrame Petrophysics and GeoFrame Borehole Geology packages.

MEASUREMENT & SYSTEMS

Electricity Management

Revenue grew 20% mainly due to the acquisition of AEG's worldwide electricity metering operations which, through successful integration, contributed with very strong activity, particularly in Germany and Italy.

Improvements included higher demand for remote reading systems in the US, for electronic meters from EDF, the French national utility, which is switching from electromechanical products for residential metering, and for integrated meters and telemanagement systems from ENEL, the national utility in Italy. There was also strong growth in exports into new territories in Asia, the Middle East, Central Europe

and Latin America. These improvements and stronger European currencies compensated for lower electromechanical meter activity in the US and Canada as utilities tightened capital spending. They also offset reduced domestic demand in Argentina and Brazil due to slower economies.

Orders grew 26%, reflecting the AEG metering business acquisition and stronger demand across Europe, in particular for electronic meters from EDF, exports from France and Hungary, and large orders for automatic meter reading systems from HydroQuebec in Canada and US utilities.

1994 RESULTS

In 1994, revenue rose 3% while orders were down 3%. The increase primarily resulted from the acquisition of AEG's European metering operations. Revenue grew sharply in France on an increase in energy management product sales and high demand for electromechanical meters domestically, and high exports to the Middle East and Europe. The acquisition of Heliowatt Germany in 1993 also had a positive effect. The improvements were offset by decreases in the UK, Italy and Canada.

1993 RESULTS

In 1993, revenue declined 2%, while orders increased by the same margin. In Europe and Asia, excluding the effect of an appreciated US dollar, revenue increased in most areas. In North America, the first significant shipments of automatic meter reading products led to increases in revenue, with major orders booked for delivery through early 1995.

Water Management

In 1995, revenue and orders increased by 10% and 12%, respectively, with sustained growth in Western Europe and the US and higher demand in both Eastern Europe and Asia.

In North America, revenue and orders were up significantly over the prior year. This increase was largely attributable to record sales of remote and automatic meter reading solutions. Water meters equipped with ARB* registers generated the highest level of sales ever since their introduction. This premier product serves as the foundation for utilities' investment in total distribution automation and yielded a substantial increase in automatic meter reading orders and revenue. The introduction of our MAPS* communications systems provided customers with turnkey solutions to acquire data instantaneously, improve billing accuracy and promote water conservation.

Orders of water meters in the allocation market in France reached a new peak, while Italy recovered strongly during 1995 with high shipments of water meters to the municipalities of Southern Italy. In the German heat metering market, growth was driven by sustained construction activity and by new energy conservation regulations.

Also contributing to this growth was the introduction of a new state-of-the-art Thermiflu III* electronic heat meter. In the district heat metering field, several first-time orders were received in Poland and Romania.

Revenue growth in Asia was up significantly from 1994 as increased market penetration, product customization and fast-growing economies were the key factors of expansion in the region. Breakthrough orders were received from water distributors in Indonesia.

1994 RESULTS

In 1994, revenue and orders rose 5% and 7%, respectively. The continued strength of the US economy, the economic recovery in France and Germany, and strong demand for water meters in Mexico and Argentina following the privatization of utilities, were the chief drivers of

growth. The positive trend was only slightly offset by an unfavorable business environment in Italy and weak demand in Eastern Europe.

1993 RESULTS

Revenue and orders decreased by 8% and 6%, respectively. Europe declined due to an appreciated US dollar and weak demand in Italy, only partially offset by growth in heat meters and the launching of the new CF100* district heating product. North America experienced a sharp increase in water meter revenue as a result of continued growth in automatic meter reading systems, in particular the newly introduced Advance* reading unit.

Gas Management

Revenue for 1995 was up 13% largely due to solid growth of the service activities. In the UK, the expansion was supported by the reorganization of British Gas and higher demand from municipalities, which provided exceptional opportunities. Product revenue increased by 7%, boosted by the fast-expanding exports to the CIS and Eastern Europe. Significantly contributing to growth were shipments of the Gallus 2000* residential meter in Ukraine, after a joint venture with national Ukrainian partners was established. Residential meter requirements also increased in the UK following British Gas' reactivation of the conventional meter replacement program. Weak demand for high-pressure regulators and stations in almost all major European markets only slightly affected these gains.

The improvement in orders of 11% reflected the growth in service activities and the increasing demand for gas products in the CIS and Eastern Europe. Orders for high-pressure regulator stations, received for projects in emerging markets, offset continuing weak demand in Europe.

1994 RESULTS

In 1994, revenue declined 1%. Orders were steady as growth in services offset lower demand for products. In the UK, growth was strongly impacted by the drastic curtailment in the conventional residential meter replacement program, although growth in services resulted in orders stability. In Germany, very weak demand and overcapacity led to a decline in sales of high-pressure regulating and metering stations. France benefited from increased residential meter demand in the CIS and Eastern Europe and from the domestic market for the Dialogaz* smart meter.

1993 RESULTS

Revenue and orders declined 12% and 16%, respectively, in 1993, reflecting the economic slowdown in Western Europe, particularly in the UK, Germany and Italy. The decrease in orders resulted from reduced demand in the UK and Germany. Successful testing of prototypes in Italy and France led to the first significant order for the Dialogaz smart meter.

Electronic Transactions

In 1995, revenue and orders grew by 31% and 36%, respectively, compared with 1994, including the acquisition in late 1994 of Malco Plastics, a secure card manufacturer, and Messerschmidt Apparate, a German parking equipment distributor, and the 1995 acquisition of Danyl, a point-of-sale terminal manufacturer.

Cards activity grew significantly from the prior year due to stronger cellular subscriber demand in Europe and shipments to fourteen operators in China. Telecom benefited from the market acceptance of card-based payphone applications, with higher shipments to Latin America, the Middle East and France. In anticipation of future needs, a joint venture was started in China for the supply of token cards

and card-based telephones.

Retail Petroleum Systems experienced increases in both equipment and service revenue for North America and Eastern Europe, further enhanced by a new service operation in Russia and the launching of a joint venture in China for the manufacture of gasoline dispensers. Transaction Terminals also contributed to the growth with shipments to South Africa, while European demand remained flat.

1994 RESULTS

In 1994, revenue and orders increased by 9% and 6%, respectively. In most countries, Retail Petroleum Systems revenue increased for both equipment and services, although lower product prices resulted in significantly reduced margins. Messerschmidt Apparate and Malco Plastics were acquired late in the year.

1993 RESULTS

Revenue decreased by 4%, and orders were flat in 1993. In Europe, the economic recession and depressed auto industry impacted revenue at Retail Petroleum Systems, while in North America, revenue improved. Strong growth outside Europe in parking, payphones and phone cards compensated for reduced activity in parking and banking terminals in France. Urban Terminals & Systems received a large order for ticket vending machines from the French railways, and Telecommunications' growth continued on major orders in Argentina, Mexico and Pakistan.

Automatic Test Equipment

Compared with 1994, both revenue and orders were up 32%. Sustained growth at Test Systems was driven by continued strong demand for the ITS9000* family of semiconductor test systems in North America, Europe and Asia. Revenue at Automated Systems more than doubled from last year with contributions from the

entire product range. Activity for Diagnostic Systems products expanded significantly, with growth in North America and Japan more than compensating for reduced demand in Europe. Board Systems was adversely affected by declines in the military and telecom markets.

1994 RESULTS

In 1994, revenue and orders were up 23% and 29%, respectively. All activities experienced growth during the year. Diagnostic Systems successfully launched the IDS10000* system, Automated Systems doubled its activity run rate with contributions from all activities, and Board Systems rebound showed the growing success of its Telecom Test products. Throughout 1994, activity continued to increase in all regions, notably Asia.

1993 RESULTS

Revenue and orders rose 22% and 35%, respectively, compared with 1992. Component Test Systems continued to sustain rapid growth, driven by strong demand for ITS9000 semiconductor test systems. Diagnostic Systems experienced strong product activity in North America and Europe, while Board Test Systems slipped on continued decline in defense-related business, slightly offset by shipments of Telecom Test products. The acquisition of TLA Technology, completed in July, contributed to growth.

Net Income

(Stated in millions except per share amounts)

	1995		1994		1993 ¹	
	AMOUNT	PER SHARE	AMOUNT	PER SHARE	AMOUNT	PER SHARE
NET INCOME	\$649	\$2.69	\$536	\$2.21	\$583	\$2.40

¹Income before cumulative effect of a change in accounting principle related to the Company's adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Post-retirement Benefits Other than Pensions."

In 1995, operating income of the Oilfield Services segment increased \$132 million, or 27%, to \$627 million. Higher activity outside North America and an improved Geco-Prakla were partially offset by lower results in the United States. The only setback was the deterioration in the results of Geco-Prakla, where operational problems in the last quarter offset significant improvements during the first nine months. Severe weather in the Gulf of Mexico and West of Shetlands in the North Sea, lower profitability on NEPS sales and losses resulting from technical and operational problems in Transition Zone activities were the major factors. Measurement & Systems operating income increased by 25% to \$151 million because of strong growth at Electronic Transactions and Automatic Test Equipment, and acquisitions.

In 1994, operating income of the Oilfield Services segment increased \$27 million, or 6%, to \$495 million. Strong oilfield activity in North America and an improved Geco-Prakla were only partially offset by declines in activity outside North America. Measurement & Systems operating income declined 34% to \$121 million due mainly to lower results at Electronic Transactions, Gas Management and Electricity Management. Improvements at Automatic Test Equipment were not sufficient to offset these shortfalls.

In 1993, operating income of the Oilfield Services segment declined \$78 million, as strong oilfield activity in North America was more than offset by declines outside North America at Geco-Prakla, Sedco Forex and Wireline & Testing. Measurement & Systems operating income increased \$6 million as significant improvement at Automatic Test Equipment was nearly offset by the effect of the strong US dollar versus key European currencies.

Currency Risks

Refer to page 26, "TRANSLATION OF NON-US CURRENCIES," for a description of the Company's policy on currency hedging. There are no material unhedged assets, liabilities or commitments which are denominated in other than a business' functional currency.

While changes in exchange rates do affect revenue, especially in the Measurement & Systems segment, they also affect costs. Generally speaking, the company is currency-neutral. For example, a 10% change in the average exchange rates experienced in 1995 would have changed consolidated revenue by 4%, but would have had no material effect on consolidated net income.

In general, when the US dollar weakens against other currencies, consolidated revenue increases with usually no material effect on net income. This is principally because the fall-through incremental margin in Measurement & Systems offsets the higher Oilfield Services non-US dollar denominated expenses.

The Company's businesses operate principally in US dollars, most European currencies and most South American currencies.

Income Tax Expense

The Company's US consolidated group has been in an operating loss carryforward position for ten years. The Consolidated Balance Sheet reflects a full valuation reserve against the deferred tax asset. The Company believes such a reserve is appropriate for the reasons stated on page 30, in the Notes to Consolidated Financial Statements under "Income Tax Expense."

Research & Engineering

Expenditures were as follows:

	(Stated in millions)		
	1995	1994	1993
OILFIELD SERVICES	\$ 279	\$ 279	\$ 290
MEASUREMENT & SYSTEMS	148	139	158
OTHER	1	1	2
	\$ 428	\$ 419	\$ 450

Interest Expense

Interest expense increased \$18 million in 1995 following a \$6 million decline in 1994. The increase in 1995 was due to an increase in both average debt outstanding and average rates.

The decline in 1994 was largely due to the repayment of the Dowell acquisition financing in 1993. Excluding the Dowell debt, interest expense remained constant as an increase in average debt outstanding was offset by a drop in average rates.

Liquidity

A key measure of financial position is liquidity, defined as cash plus short-term and long-term investments less debt. The following table summarizes the Company's change in consolidated liquidity for each of the past three years:

	(Stated in millions)		
	1995	1994	1993
INCOME BEFORE EXTRAORDINARY ITEM	\$ 649	\$ 536	\$ 583
DEPRECIATION & AMORTIZATION	820	776	790
OTHER	(14)	(5)	(8)
	1,455	1,307	1,365
(INCREASE) DECREASE IN WORKING CAPITAL REQUIREMENTS	(238)	(356)	76
FIXED ASSET ADDITIONS	(939)	(783)	(691)
DIVIDENDS PAID	(327)	(292)	(291)
OTHER	(6)	85	71
	(55)	(39)	530
PROCEEDS FROM EMPLOYEE STOCK PLANS	74	61	71
PURCHASE OF SHARES FOR TREASURY	(41)	(148)	-
ACQUISITION OF DOWELL SCHLUMBERGER	-	-	(590)
OTHER BUSINESSES ACQUIRED	(217)	(172)	(63)
PROCEEDS ON SALE OF BUSINESSES	-	-	93
OTHER	23	6	(8)
NET (DECREASE) INCREASE IN LIQUIDITY	\$(216)	\$(292)	\$ 33
LIQUIDITY - END OF PERIOD	\$ 188	\$ 404	\$ 696

In 1995 and 1994, the significant increase in working capital requirements followed the higher business activity. The major increases were in the working capital components of receivables and inventory. Higher fixed asset additions reflected the significant increase in Oilfield Services activities. In 1993, the increase in liquidity was sufficient to provide for the acquisition of the remaining 50% of Dowell Schlumberger.

The current consolidated liquidity level, combined with liquidity expected from operations, should satisfy future business requirements.

Common Stock, Market Prices and Dividends Declared per Share

Quarterly high and low prices for the Company's Common Stock as reported by The New York Stock Exchange (composite transactions), together with dividends declared per share in each quarter of 1995 and 1994 were:

	PRICE RANGE		DIVIDENDS DECLARED
	HIGH	LOW	
1995			
QUARTERS			
FIRST	\$ 60%	\$ 50%	\$ 0.300
SECOND	66%	58%	0.375
THIRD	69%	61%	0.375
FOURTH	70%	58%	0.375
1994			
QUARTERS			
FIRST	\$ 61½	\$ 50%	\$ 0.300
SECOND	61%	51	0.300
THIRD	63	53%	0.300
FOURTH	59	50	0.300

The number of holders of record of the Common Stock of the Company at December 31, 1995 was approximately 25,000. There are no legal restrictions on the payment of dividends or ownership or voting of such shares. United States stockholders are not subject to any Netherlands Antilles withholding or other Netherlands Antilles taxes attributable to ownership of such shares.

Environmental Matters

The Company and its subsidiaries comply with government laws and regulations and responsible management practices for the protection of the environment. 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 accrued. 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. Consistent with the Company's commitment to protection of the environment, safety and employee health, additional costs, including capital expenditures, are incurred related to current operations.

New Accounting Standards

During 1995, the Financial Accounting Standards Board issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and SFAS No. 123, "Accounting for Stock-Based Compensation." Both are effective in 1996. With regard to the latter, the Company has elected to adopt the footnote disclosure method. The Company does not expect the adoption of SFAS No. 121 to have a material effect on the Company's financial position or results of operations in 1996.

Consolidated Statement of Income

(Stated in thousands except per share amounts)

YEAR ENDED DECEMBER 31,	1995	1994	1993
REVENUE			
OPERATING	\$ 7,621,694	\$ 6,696,845	\$ 6,705,466
INTEREST AND OTHER INCOME	91,536	83,898	98,801
	7,713,230	6,780,743	6,804,267
EXPENSES			
COST OF GOODS SOLD AND SERVICES	5,804,157	5,107,889	5,024,596
RESEARCH & ENGINEERING	427,848	418,871	450,185
MARKETING	283,790	251,750	285,628
GENERAL	345,441	321,433	311,088
INTEREST	81,620	63,328	68,888
TAXES ON INCOME	121,217	81,395	81,119
	7,064,073	6,244,666	6,221,504
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	649,157	536,077	582,763
POSTRETIREMENT BENEFITS	-	-	(248,000)
NET INCOME	\$ 649,157	\$ 536,077	\$ 334,763
NET INCOME PER SHARE:			
BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	\$ 2.69	\$ 2.21	\$ 2.40
POSTRETIREMENT BENEFITS	-	-	(1.03)
NET INCOME PER SHARE	\$ 2.69	\$ 2.21	\$ 1.37
AVERAGE SHARES OUTSTANDING	242,374	243,423	242,672

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies

Consolidated Balance Sheet

ASSETS

(Stated in thousands)

DECEMBER 31,	1995	1994
CURRENT ASSETS		
CASH AND SHORT-TERM INVESTMENTS	\$ 1,120,533	\$ 1,231,893
RECEIVABLES LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS (1995 \$58,246; 1994 \$52,700)	1,939,873	1,761,022
INVENTORIES	782,168	696,272
OTHER CURRENT ASSETS	181,129	134,564
	4,023,703	3,823,751
LONG-TERM INVESTMENTS, HELD TO MATURITY	279,950	273,052
FIXED ASSETS LESS ACCUMULATED DEPRECIATION	3,118,458	2,857,490
EXCESS OF INVESTMENT OVER NET ASSETS		
OF COMPANIES PURCHASED LESS AMORTIZATION	1,330,490	1,204,690
OTHER ASSETS	157,499	163,116
	\$ 8,910,100	\$ 8,322,099
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 1,773,605	\$ 1,704,755
ESTIMATED LIABILITY FOR TAXES ON INCOME	299,841	301,269
BANK LOANS	515,703	621,470
DIVIDEND PAYABLE	91,706	73,389
LONG-TERM DEBT DUE WITHIN ONE YEAR	83,417	85,771
	2,764,272	2,786,654
LONG-TERM DEBT	613,404	394,167
POSTRETIREMENT BENEFITS	354,830	327,282
OTHER LIABILITIES	213,577	231,042
	3,946,083	3,739,145
STOCKHOLDERS' EQUITY		
COMMON STOCK	737,328	695,946
INCOME RETAINED FOR USE IN THE BUSINESS	6,654,072	6,350,433
TREASURY STOCK AT COST	(2,414,577)	(2,406,321)
TRANSLATION ADJUSTMENT	(12,806)	(57,104)
	4,964,017	4,582,954
	\$ 8,910,100	\$ 8,322,099

See Notes to Consolidated Financial Statements

Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies

Consolidated Statement of Cash Flows

(Stated in thousands)

YEAR ENDED DECEMBER 31,	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
INCOME BEFORE EXTRAORDINARY ITEM	\$ 649,157	\$ 536,077	\$ 582,763
ADJUSTMENTS TO RECONCILE INCOME BEFORE EXTRAORDINARY ITEM TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	820,196	776,167	790,169
EARNINGS OF COMPANIES CARRIED AT EQUITY, LESS DIVIDENDS RECEIVED (1995 \$1,000; 1994 \$5,377; 1993 \$10,408)	(3,791)	(1,621)	(1,039)
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	20,306	23,039	15,820
OTHER ADJUSTMENTS	(3,562)	(3,574)	(7,106)
CHANGE IN OPERATING ASSETS AND LIABILITIES:			
(INCREASE) DECREASE IN RECEIVABLES	(136,312)	(182,989)	140,929
(INCREASE) DECREASE IN INVENTORIES	(99,334)	(37,444)	2,654
(DECREASE) INCREASE IN ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	(9,243)	(77,412)	16,546
DECREASE IN ESTIMATED LIABILITY FOR TAXES ON INCOME	(3,684)	(73,801)	(101,119)
OTHER - NET	(39,389)	(15,379)	15,861
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,194,344	943,063	1,455,478
CASH FLOWS FROM INVESTING ACTIVITIES:			
PURCHASES OF FIXED ASSETS	(938,847)	(782,837)	(691,101)
SALES/RETIREMENTS OF FIXED ASSETS	26,936	105,240	50,287
PROCEEDS FROM SALE OF BUSINESSES	-	-	93,000
ACQUISITION OF DOWELL SCHLUMBERGER	-	-	(590,000)
PAYMENT FOR PURCHASE OF BUSINESSES	(200,805)	(171,631)	(39,450)
DECREASE (INCREASE) IN INVESTMENTS	129,165	50,230	(181,329)
DECREASE (INCREASE) IN OTHER ASSETS	42,496	(88)	(8,567)
NET CASH USED IN INVESTING ACTIVITIES	(941,055)	(799,086)	(1,367,160)
CASH FLOWS FROM FINANCING ACTIVITIES:			
DIVIDENDS PAID	(327,189)	(292,368)	(290,793)
PROCEEDS FROM EMPLOYEE STOCK PURCHASE PLAN	36,159	36,183	37,049
PROCEEDS FROM EXERCISE OF STOCK OPTIONS	37,518	25,145	33,788
PURCHASE OF SHARES FOR TREASURY	(40,552)	(148,089)	-
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	486,518	143,889	182,861
PAYMENTS OF PRINCIPAL ON LONG-TERM DEBT	(287,455)	(176,420)	(85,887)
NET (DECREASE) INCREASE IN SHORT-TERM DEBT	(143,444)	261,616	58,122
NET CASH USED IN FINANCING ACTIVITIES	(238,445)	(150,044)	(64,860)
NET INCREASE (DECREASE) IN CASH	14,844	(6,067)	23,458
CASH, BEGINNING OF YEAR	57,671	63,738	40,280
CASH, END OF YEAR	\$ 72,515	\$ 57,671	\$ 63,738

See Notes to Consolidated Financial Statements

Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies

Consolidated Statement of Stockholders' Equity

(Dollar amounts in thousands)

	COMMON STOCK				TRANSLATION ADJUSTMENT	INCOME RETAINED FOR USE IN THE BUSINESS
	ISSUED		IN TREASURY			
	SHARES	AMOUNT	SHARES	AMOUNT		
BALANCE, JANUARY 1, 1993	305,895,648	\$ 518,139	64,061,257	\$ 2,317,854	\$ (32,484)	\$ 6,063,005
TRANSLATION ADJUSTMENT					(44,023)	
SALES TO OPTIONEES LESS SHARES EXCHANGED		(323)	(943,146)	(34,111)		
DOWELL ACQUISITION		100,000				
SHARES ISSUED FOR ACQUISITION	77,961	5,264				
EMPLOYEE STOCK PURCHASE PLAN	693,559	37,049				
NET INCOME						334,763
DIVIDENDS DECLARED (\$1.20 PER SHARE)						(291,307)
BALANCE, DECEMBER 31, 1993	306,667,168	660,129	63,118,111	2,283,743	(76,507)	6,106,461
TRANSLATION ADJUSTMENT					19,403	
SALES TO OPTIONEES LESS SHARES EXCHANGED		(366)	(702,621)	(25,511)		
PURCHASES FOR TREASURY			2,754,000	148,089		
EMPLOYEE STOCK PURCHASE PLAN	734,284	36,183				
NET INCOME						536,077
DIVIDENDS DECLARED (\$1.20 PER SHARE)						(292,105)
BALANCE, DECEMBER 31, 1994	307,401,452	695,946	65,169,490	2,406,321	(57,104)	6,350,433
TRANSLATION ADJUSTMENT					44,298	
SALES TO OPTIONEES LESS SHARES EXCHANGED		5,223	(871,330)	(32,296)		
PURCHASES FOR TREASURY			690,000	40,552		
EMPLOYEE STOCK PURCHASE PLAN	724,794	36,159				
NET INCOME						649,157
DIVIDENDS DECLARED (\$1.425 PER SHARE)						(345,518)
BALANCE, DECEMBER 31, 1995	308,126,246	\$ 737,328	64,988,160	\$ 2,414,577	\$ (12,806)	\$ 6,654,072

See Notes to Consolidated Financial Statements

Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies

Notes to Consolidated Financial Statements

Summary of Accounting Policies

The Consolidated Financial Statements of Schlumberger Limited and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the accounts of majority-owned subsidiaries. Significant 20%–50% owned companies are carried on the equity method and classified in Other Assets. The Company's pro rata share of after-tax earnings is included in Interest and other income. Equity in undistributed earnings of all 50% owned companies at December 31, 1995 amounted to \$3 million.

REVENUE RECOGNITION

Generally, revenue is recognized after services are rendered and products are shipped.

TRANSLATION OF NON-US CURRENCIES

All assets and liabilities recorded in functional currencies other than US dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to the Stockholders' Equity section of the Consolidated Balance Sheet. Revenue and expenses are translated at the weighted average exchange rates for the period. All realized and unrealized transaction gains and losses are included in income in the period in which they occur. Included in the 1995 results were transaction losses of \$2 million, compared to gains of \$2 million and \$4 million in 1994 and 1993, respectively.

Currency exchange contracts are entered into as a hedge against the effect of future settlement of assets and liabilities denominated in other than the functional currency of the

individual businesses. Gains or losses on the contracts are recognized when the currency exchange rates fluctuate, and the resulting charge or credit offsets the unrealized currency gains or losses on those assets and liabilities. At December 31, 1995, contracts were outstanding to purchase the US dollar equivalent of \$105 million in various foreign currencies and to sell the equivalent of \$126 million at forward rates on the dates the contracts were entered. These contracts mature on various dates in 1996.

INVESTMENTS

The Consolidated Balance Sheet reflects the Company's investment portfolio separated between current and long-term based on maturity. Except for \$104 million of investments which are considered trading at December 31, 1995 (1994–\$95 million), it is the Company's intent to hold the investments until maturity.

Both short-term and long-term investments held to maturity are stated at cost plus accrued interest, which approximates market, and comprise primarily Eurodollar time deposits, certificates of deposit and commercial paper and Euronotes, substantially all denominated in US dollars. Substantially all the investments designated as held to maturity that were purchased and sold during the year had original maturities of less than three months. Short-term investments that are designated as trading are stated at market. The unrealized holding gain on such securities was not significant.

Long-term investments mature in 1997–\$124 million, in 1998–\$62 million and \$94 million thereafter.

For purposes of the Consolidated Statement of Cash Flows, the Company does not consider short-term investments to be cash equivalents as they generally have original

maturities in excess of three months. Short-term investments at December 31, 1995 and 1994 were \$1.0 billion and \$1.2 billion, respectively.

INVENTORIES

Inventories are stated principally at average or standard cost, which approximates average cost, or at market, if lower. Inventory consists primarily of materials and supplies.

EXCESS OF INVESTMENT OVER NET ASSETS OF COMPANIES PURCHASED

Cost in excess of net assets of purchased companies is amortized on a straight-line basis over periods ranging from 10 to 40 years. Accumulated amortization was \$278 million and \$216 million at December 31, 1995 and 1994, respectively.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets by the straight-line method. Fixed assets include the manufacturing cost (average cost) of oilfield technical equipment manufactured by subsidiaries of the Company. Expenditures for renewals, replacements and betterments are capitalized. Maintenance and repairs are charged to operating expenses as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

TAXES ON INCOME

The Company and its subsidiaries compute taxes on income in accordance with the tax rules and regulations of the many taxing authorities where the income is earned. The

income tax rates imposed by these taxing authorities vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that differences are due to revenue or expense items reported in one period for tax purposes and in another period for financial accounting purposes, an appropriate provision for deferred income taxes is made.

Approximately \$1.9 billion of consolidated income retained for use in the business at December 31, 1995 represented undistributed earnings of consolidated subsidiaries and the Company's pro rata share of 20%-50% owned companies. No provision is made for deferred income taxes on those earnings considered to be indefinitely reinvested or earnings that would not be taxed when remitted.

Tax credits and other allowances are credited to current income tax expense on the flow-through method of accounting.

NET INCOME PER SHARE

Net income per share is computed by dividing net income by the average number of common shares outstanding during the year. The effect of common stock equivalents on the computation of earnings per share was not significant.

RESEARCH & ENGINEERING

All research & engineering expenditures are expensed as incurred, including costs relating to patents or rights that may result from such expenditures.

Acquisitions

During 1995, subsidiaries of the Company acquired a further 40% interest in CGST Save, a French gas meter service company, the remaining 40% interest in J. B. Rombach, a German metering business, G.S.I. Saudi Arabia Ltd., a

land seismic company, the Petroleum Division of Intera Information Technologies Corporation, a reservoir simulation software company, and Danyl Inc., a point-of-sale terminal manufacturer; the purchase prices were \$71 million, \$42 million, \$15 million, \$59 million and \$12 million, respectively. These acquisitions were accounted for as purchases. Costs in excess of net assets acquired were \$167 million which are being amortized on a straight-line basis over periods between 15 and 25 years.

During 1994, subsidiaries of the Company acquired the European metering activities of AEG, Messerschmidt Apparate, a parking equipment distributor, and Malco Plastics, a secure card manufacturer; the purchase prices were \$113 million, \$9 million and \$34 million, respectively. These acquisitions were accounted for as purchases. Costs in excess of net assets acquired were \$108 million which are being amortized on a straight-line basis over periods between 20 and 40 years.

Fixed Assets

A summary of fixed assets follows:

DECEMBER 31,	<i>(Stated in millions)</i>	
	1995	1994
LAND	\$ 78	\$ 71
BUILDINGS & IMPROVEMENTS	1,027	966
MACHINERY AND EQUIPMENT	8,003	7,501
TOTAL COST	9,108	8,538
LESS ACCUMULATED DEPRECIATION	5,990	5,681
	\$ 3,118	\$ 2,857

Estimated useful lives of Buildings & Improvements range from 8 to 50 years and of Machinery and Equipment from 2 to 18 years.

Long-Term Debt

A summary of long-term debt by currency follows:

(Stated in millions)

DECEMBER 31,	1995	1994
UK POUND	\$ 192	\$ 91
GERMAN MARK	165	11
JAPANESE YEN	113	80
US DOLLAR	110	140
ALL OTHER	33	72
	<u>\$ 613</u>	<u>\$ 394</u>

Long-term debt is at variable rates; substantially all of the debt is at rates ranging up to 7%. Such rates are reset every six months or sooner. Accordingly, the carrying value of long-term debt at December 31, 1995 approximates the aggregate fair value.

Long-term debt at December 31, 1995 is due \$176 million in 1997, \$12 million in 1998, \$5 million in 1999, \$357 million in 2000 and \$63 million thereafter.

At December 31, 1995, there were no interest rate swap arrangements outstanding. At times, interest rate swap arrangements are entered into to adjust non-US dollar denominated debt and interest rates into US dollars. Interest rate swap arrangements had an immaterial effect on consolidated interest expense in 1995 and 1994. The exposure in the event of nonperformance by the other parties to the arrangements is not significant.

Lines of Credit

At December 31, 1995, the Company's principal US subsidiary had an available unused Revolving Credit Agreement with a group of banks. The Agreement provided that the subsidiary may borrow up to \$500 million until December 1998 at money market-based rates. In addition, at December 31, 1995, the

Company and its subsidiaries had available unused lines of credit of approximately \$884 million.

Capital Stock

The Company is authorized to issue 500,000,000 shares of Common Stock, par value \$0.01 per share, of which 243,138,086 and 242,231,962 shares were outstanding on December 31, 1995 and 1994, respectively. The Company is also authorized to issue 200,000,000 shares of cumulative Preferred Stock, par value \$0.01 per share, which may be issued in series with terms and conditions determined by the Board of Directors. No shares of Preferred Stock have been issued. Holders of Common Stock and Preferred Stock are entitled to one vote for each share of stock held.

The Company has a noncompensatory Employee Discounted Stock Purchase Plan. Under the Plan, employees may purchase Common Stock at the end of the Plan year through payroll deductions of up to 10% of compensation. The price per share is equal to 85% of the lower of the beginning or end of Plan year market price. With stockholder approval, in 1992 the Company amended the Plan to increase the aggregate number of shares available for purchase to 8,000,000. During 1995, 724,794 shares were purchased under the Plan.

In 1994, the Company adopted the Schlumberger 1994 Stock Option Plan, under which stock options may be granted until January 26, 2004. The number of shares that may be issued under this plan cannot exceed 10,000,000.

Options to purchase shares of the Company's Common Stock have been granted under various incentive plans to officers and

key employees at prices equal to 100% of the fair market value at the date of grant.

Transactions under stock incentive plans were as follows:

	NUMBER OF SHARES	OPTION PRICE PER SHARE
OUTSTANDING		
JAN. 1, 1994	9,591,996	\$29.25-67.00
GRANTED	3,178,150	\$53.25-57.94
EXERCISED	(728,637)	\$29.25-44.63
LAPSED OR CANCELLED	(480,660)	\$33.13-67.00
OUTSTANDING		
DEC. 31, 1994	11,560,849	\$29.25-67.00
GRANTED	753,700	\$53.06-67.69
EXERCISED	(897,919)	\$29.25-67.00
LAPSED OR CANCELLED	(346,150)	\$33.69-67.00
OUTSTANDING		
DEC. 31, 1995	11,070,480	\$29.25-67.69
EXERCISABLE AT		
DEC. 31, 1995	6,259,270	\$29.25-67.00
AVAILABLE FOR GRANT		
DEC. 31, 1994	9,853,745	
DEC. 31, 1995	9,444,095	

In January 1993, Schlumberger acquired the remaining 50% interest in the Dowell Schlumberger group of companies. The purchase price included a warrant, expiring in 7.5 years and valued at \$100 million, to purchase 7.5 million shares of Schlumberger Limited Common Stock at an exercise price of \$59.95 per share. The warrant is fully vested and non-transferable.

Income Tax Expense

The Company and its subsidiaries operate in over 100 taxing jurisdictions.

The Company's US consolidated group has a net operating loss carryforward of \$550 million and net deductible temporary

differences of \$650 million at December 31, 1995. Significant temporary differences pertain to postretirement medical benefits, fixed assets and environmental remediation projects. Most of the carryforward will expire in the years 2002-2003.

No deferred tax asset related to the carryforwards has been recorded as the Company has concluded that a full valuation allowance remains appropriate in light of the Company's historical experience in its US operations where there is uncertainty with respect to the ability to forecast with acceptable accuracy a sufficiently high level of sustained profitability to justify the recording of an income tax asset, the realization of which is dependent upon future operating results. In addition, rapid changes in market conditions and the fact that the US operations have been in a tax loss carryforward position for ten years are other factors taken into consideration.

The effect of the US operating loss carryforward is a significant reconciling item between the US statutory federal tax rate (35%) and the Company's effective tax rate. The operating loss carryforward had the effect of reducing 1995, 1994 and 1993 income tax expense by \$65 million, \$77 million and \$75 million, respectively. Excluding the effect of the loss carryforward, the Company's effective tax rates would have been about 25% in each of the three years in the period ended December 31, 1995.

The Company's provision for deferred taxes was less than \$5 million in each of the three years in the period ended December 31, 1995. Accordingly, the major component of income tax expense is the current provision.

Leases and Lease Commitments

Total rental expense was \$206 million in 1995, \$192 million in 1994 and \$177 million in 1993.

Future minimum rental commitments under noncancelable leases for years ending December 31 are: 1996 \$81 million; 1997 \$66 million; 1998 \$50 million; 1999 \$40 million; and 2000 \$32 million. For the ensuing three five-year periods, these commitments decrease from \$26 million to \$5 million. The minimum rentals over the remaining terms of the leases aggregate \$8 million.

Contingencies

The Company and its subsidiaries comply with government laws and regulations and responsible management practices for the protection of the environment. 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 accrued. 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 a case in Texas involving the validity of a 1988 settlement and release in connection with an incidental business venture, the trial court, in 1993, rendered a judgment notwithstanding the verdict of the jury, exonerating Schlumberger from any liability. In late 1994, a Texas Court of Appeals reversed the trial court judgment and reinstated the jury award of about \$75 million against Schlumberger. The Texas Supreme Court granted the Schlumberger

motion to hear the case. Oral argument was held before the Texas Supreme Court on October 11, 1995. Schlumberger and outside counsel believe the decision of the trial court was correct. Consequently, no provision has been made in the consolidated financial statements for this matter.

In February 1996, in a case involving a \$3 million contract dispute, a jury in Johnson County, Texas, found against Schlumberger and awarded \$23 million in damages, which could be doubled or tripled plus attorneys' fees and interest. The Company and its outside counsel believe the findings are not supported by the evidence and law, and will appeal. Accordingly, no provision has been made in the accompanying financial statements for this matter.

In addition, the Company 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 the Company any liability that might ensue would not be material in relation to the consolidated financial statements.

Segment Information

The Company's business comprises three segments: Oilfield Services, Measurement & Systems and Omnes. Services and products are described in more detail on pages 42-43 in this report. Oilfield Services and Measurement & Systems are reportable segments.

Financial information for the years ended December 31, 1995, 1994 and 1993 by industry segment and by geographic area is as follows:

(Stated in millions)

	OILFIELD SERVICES	MEASUREMENT & SYSTEMS	ADJUST. & ELIM.	CONSOLIDATED
INDUSTRY SEGMENT 1995				
OPERATING REVENUE				
CUSTOMERS	\$ 4,867	\$ 2,755	\$ -	\$ 7,622
INTER-SEGMENT TRANSFERS	1	4	(5)	-
	\$ 4,868	\$ 2,759	\$ (5)	\$ 7,622
OPERATING INCOME	\$ 627	\$ 151	\$(17)	\$ 761
INTEREST EXPENSE				(82)
INTEREST AND OTHER INCOME LESS OTHER CHARGES - \$1				91
INCOME BEFORE TAXES				\$ 770
DEPRECIATION EXPENSE	\$ 650	\$ 104	\$ 6	\$ 760
FIXED ASSET ADDITIONS	\$ 800	\$ 122	\$ 17	\$ 939
AT DECEMBER 31				
IDENTIFIABLE ASSETS	\$ 5,192	\$ 2,213	\$(29)	\$ 7,376
CORPORATE ASSETS				1,534
TOTAL ASSETS				\$ 8,910
INDUSTRY SEGMENT 1994				
OPERATING REVENUE				
CUSTOMERS	\$ 4,362	\$ 2,335	\$ -	\$ 6,697
INTER-SEGMENT TRANSFERS	3	4	(7)	-
	\$ 4,365	\$ 2,339	\$ (7)	\$ 6,697
OPERATING INCOME	\$ 495	\$ 121	\$(23)	\$ 593
INTEREST EXPENSE				(63)
INTEREST AND OTHER INCOME PLUS OTHER CREDITS - \$3				87
INCOME BEFORE TAXES				\$ 617
DEPRECIATION EXPENSE	\$ 625	\$ 92	\$ 5	\$ 722
FIXED ASSET ADDITIONS	\$ 661	\$ 91	\$ 31	\$ 783
AT DECEMBER 31				
IDENTIFIABLE ASSETS	\$ 4,766	\$ 1,936	\$(14)	\$ 6,688
CORPORATE ASSETS				1,634
TOTAL ASSETS				\$ 8,322
INDUSTRY SEGMENT 1993				
OPERATING REVENUE				
CUSTOMERS	\$ 4,337	\$ 2,368	\$ -	\$ 6,705
INTER-SEGMENT TRANSFERS	1	2	(3)	-
	\$ 4,338	\$ 2,370	\$ (3)	\$ 6,705
OPERATING INCOME	\$ 468	\$ 184	\$(23)	\$ 629
INTEREST EXPENSE				(69)
INTEREST AND OTHER INCOME PLUS OTHER CREDITS - \$5				104
INCOME BEFORE TAXES				\$ 664
DEPRECIATION EXPENSE	\$ 638	\$ 95	\$ 6	\$ 739
FIXED ASSET ADDITIONS	\$ 570	\$ 100	\$ 21	\$ 691
AT DECEMBER 31				
IDENTIFIABLE ASSETS	\$ 4,707	\$ 1,620	\$(41)	\$ 6,286
CORPORATE ASSETS				1,631
TOTAL ASSETS				\$ 7,917

Transfers between segments and geographic areas are for the most part made at regular prices available to unaffiliated customers. Certain Oilfield Services segment fixed assets are manufactured within that segment.

During the years ended December 31, 1995, 1994 and 1993, neither sales to any government nor sales to any single customer exceeded 10% of consolidated operating revenue.

Corporate assets largely comprise short-term and long-term investments.

	WESTERN HEMISPHERE		EASTERN HEMISPHERE		<i>(Stated in millions)</i>	
	US	OTHER	EUROPE	OTHER	ADJUST. & ELIM.	CONSOL- IDATED
GEOGRAPHIC AREA 1995						
OPERATING REVENUE						
CUSTOMERS	\$ 1,826	\$ 905	\$ 2,779	\$ 2,112	\$ -	\$ 7,622
INTER-AREA TRANSFERS	358	17	149	30	(554)	-
	<u>\$ 2,184</u>	<u>\$ 922</u>	<u>\$ 2,928</u>	<u>\$ 2,142</u>	<u>\$ (554)</u>	<u>\$ 7,622</u>
OPERATING INCOME	\$ 130	\$ 135	\$ 170	\$ 367	\$ (41)	\$ 761
INTEREST EXPENSE						(82)
INTEREST AND OTHER INCOME LESS OTHER CHARGES - \$1						91
INCOME BEFORE TAXES						\$ 770
AT DECEMBER 31						
IDENTIFIABLE ASSETS	\$ 1,748	\$ 720	\$ 2,894	\$ 2,025	\$ (11)	\$ 7,376
CORPORATE ASSETS						1,534
TOTAL ASSETS						\$ 8,910
GEOGRAPHIC AREA 1994						
OPERATING REVENUE						
CUSTOMERS	\$ 1,650	\$ 749	\$ 2,299	\$ 1,999	\$ -	\$ 6,697
INTER-AREA TRANSFERS	251	10	140	30	(431)	-
	<u>\$ 1,901</u>	<u>\$ 759</u>	<u>\$ 2,439</u>	<u>\$ 2,029</u>	<u>\$ (431)</u>	<u>\$ 6,697</u>
OPERATING INCOME	\$ 177	\$ 106	\$ 49	\$ 304	\$ (43)	\$ 593
INTEREST EXPENSE						(63)
INTEREST AND OTHER INCOME PLUS OTHER CREDITS - \$3						87
INCOME BEFORE TAXES						\$ 617
AT DECEMBER 31						
IDENTIFIABLE ASSETS	\$ 1,660	\$ 620	\$ 2,387	\$ 2,210	\$ (189)	\$ 6,688
CORPORATE ASSETS						1,634
TOTAL ASSETS						\$ 8,322
GEOGRAPHIC AREA 1993						
OPERATING REVENUE						
CUSTOMERS	\$ 1,491	\$ 671	\$ 2,569	\$ 1,974	\$ -	\$ 6,705
INTER-AREA TRANSFERS	253	5	169	17	(444)	-
	<u>\$ 1,744</u>	<u>\$ 676</u>	<u>\$ 2,738</u>	<u>\$ 1,991</u>	<u>\$ (444)</u>	<u>\$ 6,705</u>
OPERATING INCOME	\$ 129	\$ 86	\$ 141	\$ 306	\$ (33)	\$ 629
INTEREST EXPENSE						(69)
INTEREST AND OTHER INCOME PLUS OTHER CREDITS - \$5						104
INCOME BEFORE TAXES						\$ 664
AT DECEMBER 31						
IDENTIFIABLE ASSETS	\$ 1,485	\$ 536	\$ 2,529	\$ 1,854	\$ (118)	\$ 6,286
CORPORATE ASSETS						1,631
TOTAL ASSETS						\$ 7,917

Pension and Other Benefit Plans

US PENSION PLANS

The Company and its US subsidiary sponsor several defined benefit pension plans that cover substantially all employees. The benefits are based on years of service and compensation on a career-average pay basis. These plans are substantially fully funded with a trustee in respect to past and current service. Charges to expense are based upon costs computed by independent actuaries. The funding policy is to contribute annually amounts that can be deducted for federal income tax purposes. These contributions are intended to provide for benefits earned to date and those expected to be earned in the future.

Net pension cost in the US for 1995, 1994 and 1993 included the following components:

	<i>(Stated in millions)</i>		
	1995	1994	1993
SERVICE COST - BENEFITS EARNED DURING THE PERIOD	\$26	\$25	\$20
INTEREST COST ON PROJECTED BENEFIT OBLIGATION	46	44	42
EXPECTED RETURN ON PLAN ASSETS (ACTUAL RETURN: 1995 \$137; 1994 \$3; 1993 \$87)	(47)	(46)	(42)
AMORTIZATION OF TRANSITION ASSET	(2)	(2)	(2)
AMORTIZATION OF PRIOR SERVICE COST/OTHER	4	6	3
NET PENSION COST	\$27	\$27	\$21

Effective January 1, 1996, the Company and its subsidiaries amended their pension plans to improve retirement benefits for current employees. The funded status at December 31, 1995 reflects the amendment.

The funded status of the plans at December 31, 1995 and 1994 was as follows:

	<i>(Stated in millions)</i>	
	1995	1994
ACTUARIAL PRESENT VALUE OF OBLIGATIONS:		
VESTED BENEFIT OBLIGATION	\$615	\$577
ACCUMULATED BENEFIT OBLIGATION	\$617	\$579
PROJECTED BENEFIT OBLIGATION	\$675	\$645
PLAN ASSETS AT MARKET VALUE	698	584
EXCESS OF ASSETS OVER PROJECTED BENEFIT OBLIGATION	23	(61)
UNRECOGNIZED NET LOSS (GAIN)	(96)	9
UNRECOGNIZED PRIOR SERVICE COST	39	28
UNRECOGNIZED NET ASSET AT TRANSITION DATE	(9)	(10)
PENSION LIABILITY	\$ (43)	\$ (34)

Assumed discount rate and rate of compensation increases used to determine the projected benefit obligations were 7.5% and 4.5%, respectively; the expected long-term rate of return on plan assets was 8.5%. Plan assets at December 31, 1995 consist of common stocks (\$432 million), cash or cash equivalents (\$46 million), fixed income investments (\$134 million) and other investments (\$86 million). Less than 1% of the plan assets at December 31, 1995 represented Schlumberger Limited Common Stock.

NON-US PENSION PLANS

Outside of the US, subsidiaries of the Company sponsor several defined benefit and defined contribution plans that cover substantially all employees who are not covered by statutory plans. For defined benefit plans, charges to expense are based upon costs computed by independent actuaries. These plans are substantially fully funded with trustees in respect to past and current service. For all

defined benefit plans, pension expense was \$13 million, \$16 million and \$23 million in 1995, 1994 and 1993, respectively. The only significant defined benefit plan is in the UK.

Net pension cost in the UK plan for 1995, 1994 and 1993 (translated into US dollars at the average exchange rate for the periods) included the following components:

	<i>(Stated in millions)</i>		
	1995	1994	1993
SERVICE COST – BENEFITS EARNED DURING THE PERIOD	\$ 10	\$ 10	\$ 12
INTEREST COST ON PROJECTED BENEFIT OBLIGATION	9	10	10
EXPECTED RETURN ON PLAN ASSETS (ACTUAL RETURN: 1995 43%; 1994 \$(11); 1993 58)	(16)	(15)	(13)
AMORTIZATION OF TRANSITION ASSET AND OTHER	(2)	(3)	–
NET PENSION COST	\$ 1	\$ 2	\$ 9

The funded status of the plan (translated into US dollars at year-end exchange rates) was as follows:

	<i>(Stated in millions)</i>	
	1995	1994
ACTUARIAL PRESENT VALUE OF OBLIGATIONS:		
VESTED BENEFIT OBLIGATION	\$ 108	\$ 106
ACCUMULATED BENEFIT OBLIGATION	\$ 108	\$ 106
PROJECTED BENEFIT OBLIGATION	\$ 129	\$ 130
PLAN ASSETS AT MARKET VALUE	222	187
EXCESS OF ASSETS OVER PROJECTED BENEFIT OBLIGATION	93	57
UNRECOGNIZED NET GAIN	(85)	(60)
UNRECOGNIZED PRIOR SERVICE COST	4	4
UNRECOGNIZED NET ASSET AT TRANSITION DATE	(5)	(6)
PENSION ASSET (LIABILITY)	\$ 7	\$ (5)

The assumed discount rate and rate of compensation increases used to determine the projected benefit obligation were 7.5% and 5%, respectively; the expected long-term rate of return on plan assets was 8.5%. Plan assets consist of common stocks (\$176 million), cash or cash equivalents (\$3 million) and fixed income investments (\$43 million). None of the plan assets represents Schlumberger Limited Common Stock.

For defined contribution plans, funding and cost are generally based upon a predetermined percentage of employee compensation. Charges to expense in 1995, 1994 and 1993 were \$10 million, \$12 million and \$9 million, respectively.

OTHER DEFERRED BENEFITS

In addition to providing pension benefits, the Company and its subsidiaries have other deferred benefit programs. Expense for these programs was \$76 million, \$71 million and \$63 million in 1995, 1994 and 1993, respectively.

HEALTH CARE BENEFITS

The Company and its US subsidiary provide health care benefits for certain active employees. The cost of providing these benefits is recognized as expense when incurred and aggregated \$37 million, \$34 million and \$36 million in 1995, 1994 and 1993, respectively. Outside of the United States, such benefits are mostly provided through government-sponsored programs.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company and its US subsidiary provide certain health care benefits to former employees who have retired under the US pension plans. The accumulated postretirement benefit charge on January 1, 1993 for all current

retirees and the pro rata amount for active employees based on years of service was \$248 million. Such amount was recorded as an extraordinary item (cumulative effect of an accounting change) in the first quarter of 1993.

In 1995, service cost and interest cost expenses were \$12 million and \$25 million, respectively, compared to \$13 million and \$24 million in 1994. The principal actuarial assumptions used to measure the above-mentioned costs were a discount rate of 7.5% in 1995 and 7% in 1994, and an original medical cost trend rate of 13% graded to 6% over 10 years and 6% thereafter.

The funded status at December 31, 1995 and 1994 was as follows:

	<i>(Stated in millions)</i>	
	1995	1994
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION:		
RETIREES	\$ 173	\$ 155
FULLY ELIGIBLE	6	4
ACTIVES	181	175
	<u>\$ 360</u>	<u>\$ 334</u>
UNRECOGNIZED NET LOSS	(5)	(7)
POSTRETIREMENT BENEFIT LIABILITY AT DECEMBER 31	<u>\$ 355</u>	<u>\$ 327</u>

The assumed discount rate used to determine the accumulated postretirement benefit obligation was 7.5% for 1995 and 1994.

If the assumed medical cost trend rate was increased by one percentage point, health care cost in 1995 would have been \$44 million, and the accumulated postretirement benefit obligation would have been \$417 million at December 31, 1995.

Supplementary Information

Operating revenue and related cost of goods sold and services comprised the following:

	<i>(Stated in millions)</i>		
YEAR ENDED DECEMBER 31,	1995	1994*	1993*
OPERATING REVENUE			
SALES	\$ 2,372	\$ 2,019	\$ 2,021
SERVICES	5,250	4,678	4,684
	<u>\$ 7,622</u>	<u>\$ 6,697</u>	<u>\$ 6,705</u>
DIRECT OPERATING COSTS			
GOODS SOLD	\$ 1,645	\$ 1,372	\$ 1,354
SERVICES	4,159	3,736	3,671
	<u>\$ 5,804</u>	<u>\$ 5,108</u>	<u>\$ 5,025</u>

*Restated in part for comparative purposes

Cash paid for interest and income taxes was as follows:

	<i>(Stated in millions)</i>		
YEAR ENDED DECEMBER 31,	1995	1994	1993
INTEREST	\$ 81	\$ 64	\$ 69
INCOME TAXES	\$ 132	\$ 148	\$ 136

Accounts payable and accrued liabilities are summarized as follows:

	<i>(Stated in millions)</i>	
DECEMBER 31,	1995	1994
PAYROLL, VACATION AND EMPLOYEE BENEFITS	\$ 425	\$ 385
TRADE	564	470
OTHER	785	850
	<u>\$ 1,774</u>	<u>\$ 1,705</u>

The caption "Interest and other income" includes interest income, principally from short-term and long-term investments, of \$89 million, \$78 million and \$89 million for 1995, 1994 and 1993, respectively.

Report of Independent Accountants

To the Board of Directors and Stockholders
of Schlumberger Limited

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Schlumberger Limited and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial

statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.



Price Waterhouse LLP
New York, New York
January 23, 1996,
except as to the penultimate paragraph of the Contingencies note on page 31, which is as of February 20, 1996

Quarterly Results (Unaudited)

The following table summarizes results for each of the four quarters for the years ended December 31, 1995 and 1994. Gross profit

equals operating revenue less cost of goods sold and services.

(Stated in millions except per share amounts)

	OPERATING		NET INCOME	
	REVENUE	GROSS PROFIT	AMOUNT	PER SHARE
QUARTERS-1995				
FIRST	\$ 1,762	\$ 426	\$ 147	\$ 0.61
SECOND	1,877	459	167	0.69
THIRD	1,919	464	169	0.70
FOURTH	2,064	469	166	0.69
	<u>\$ 7,622</u>	<u>\$ 1,818</u>	<u>\$ 649</u>	<u>\$ 2.69</u>
QUARTERS-1994				
FIRST	\$ 1,640	\$ 376	\$ 121	\$ 0.50
SECOND	1,639	383	123	0.51
THIRD	1,637	399	137	0.56
FOURTH	1,781	431	155	0.64
	<u>\$ 6,697</u>	<u>\$ 1,589</u>	<u>\$ 536</u>	<u>\$ 2.21</u>

Five Year Summary

(Stated in millions except per share amounts)

YEAR ENDED DECEMBER 31	1995	1994	1993	1992	1991
SUMMARY OF OPERATIONS					
OPERATING REVENUE:					
OILFIELD SERVICES	\$4,868	\$4,365	\$4,338	\$3,849	\$3,847
MEASUREMENT & SYSTEMS	2,759	2,339	2,370	2,484	2,300
TOTAL OPERATING REVENUE	\$7,622	\$6,697	\$6,705	\$6,332	\$6,145
% INCREASE OVER PRIOR YEAR	14%	-%	6%	3%	16%
OPERATING INCOME:					
OILFIELD SERVICES	\$ 627	\$ 495	\$ 468	\$ 546	\$ 602
MEASUREMENT & SYSTEMS	151	121	184	178	170
ELIMINATIONS	(17)	(23)	(23)	(28)	(38)
	\$ 761	\$ 593	\$ 629	\$ 696	\$ 734
% INCREASE (DECREASE) OVER PRIOR YEAR	28%	(6%)	(10%)	(5%)	8%
INTEREST EXPENSE	82	63	69	77	102
TAXES ON INCOME	121	81	81	86	166
INCOME, BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	\$ 649	\$ 536	\$ 583	\$ 662	\$ 816 ¹
% INCREASE (DECREASE) OVER PRIOR YEAR	21%	(8%)	(12%)	(19%)	43%
POSTRETIREMENT BENEFITS	-	-	(248)	-	-
NET INCOME	\$ 649	\$ 536	\$ 335	\$ 662	\$ 816 ¹
INCOME PER SHARE:					
BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	\$ 2.69	\$ 2.21	\$ 2.40	\$ 2.75	\$ 3.42 ¹
POSTRETIREMENT BENEFITS	-	-	(1.03)	-	-
NET INCOME	\$ 2.69	\$ 2.21	\$ 1.37	\$ 2.75	\$ 3.42 ¹
CASH DIVIDENDS DECLARED	\$1.425	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
SUMMARY OF FINANCIAL DATA					
INCOME AS % OF REVENUE	9%	8%	9%	10%	13%
RETURN ON AVERAGE STOCKHOLDERS' EQUITY	14%	12%	14%	16%	24%
FIXED ASSET ADDITIONS	\$ 939	\$ 783	\$ 691	\$ 809	\$ 921
DEPRECIATION EXPENSE	\$ 760	\$ 722	\$ 739	\$ 671	\$ 627
AVERAGE NUMBER OF SHARES OUTSTANDING	242	243	243	241	239
AT DECEMBER 31					
LIQUIDITY	\$ 188	\$ 404	\$ 696	\$ 663	\$ 724
WORKING CAPITAL	\$1,259	\$1,037	\$ 908	\$1,242	\$1,094
TOTAL ASSETS	\$8,910	\$8,322	\$7,917	\$7,007	\$6,854
LONG-TERM DEBT	\$ 613	\$ 394	\$ 447	\$ 374	\$ 341
STOCKHOLDERS' EQUITY	\$4,964	\$4,583	\$4,406	\$4,231	\$3,853
NUMBER OF EMPLOYEES	51,000	48,000	48,000	51,000	53,000

¹Includes a gain of \$177 million (\$0.74 per share) on the sale of an investment and a \$25 million (\$0.10 per share) charge for restructuring the North American oilfield operations.

Directors

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*Private Investor
New York City*

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*Chairman & Chief Executive Officer
Schlumberger*

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*Chairman
The Rank Organisation Plc
London*

André Lévy-Lang³

*Chairman of the Board of Management
Compagnie Financière de Paribas
Paris*

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*Chairman & Chief Executive Officer
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Dearborn, Michigan*

Didier Primat²

*President
Primwest Holding N.V.
Curaçao, N.A.*

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*Chairman & Chief Executive Officer
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*Partner
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*President & Chief Executive Officer
Det Norske Veritas
Hovik, Norway*

Eiji Umene²

*Consultant
US-Japanese markets
Tokyo*

¹Member, Audit Committee

²Member, Compensation Committee

³Member, Finance Committee

⁴Member, Nominating Committee

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Chairman & Chief Executive Officer

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Vice President

Michel Soublin

Vice President

Pierre-Jean Sivignon

Treasurer

Carole H. Finamore

Assistant Secretary

Schlumberger Organization

OILFIELD SERVICES

Wireline & Testing

Evaluation, testing, production enhancement and monitoring services for oil and gas wells: borehole measurements of petrophysical, geological and seismic properties; cement and corrosion evaluation; wireline- and tubing-conveyed perforating; well testing and production systems; production logging, light remedial and abandonment services.

Dowell

Fluids engineering and pumping services: cementing, drilling fluids, stimulation, sand control, water control, coiled tubing and coiled tubing drilling.

Geco-Prakla

Seismic data acquisition, processing and interpretation: seismic services for marine, land and transition zone; seismic monitoring services; exploration services for fully integrated project management; planning, acquisition, processing and sales of NEPS data.

Sedco Forex

Offshore and land drilling: 76 rigs, comprising 42 offshore (2 long-term charter) and 34 land rigs.

Anadrill

Real-time drilling services: directional drilling, measurements-while-drilling and logging while drilling.

GeoQuest

Exploration and production solutions: software products, interpretation and data services, data management and information technology services.

Integrated Project Management

Project management and well engineering: selection of optimum oilfield technology, safety and quality management systems for well construction, production and field development projects.

MEASUREMENT & SYSTEMS

Electricity Management

Systems for management of electricity distribution and usage: residential metering and energy management systems; utility revenue collection systems and services; commercial, industrial, transmission and distribution measurement and billing products and systems; local and remote automatic meter reading systems and services; load management systems.

Water Management

Systems for management of water usage: automatic meter reading and billing systems; water management and meter installation services; water submetering services for multi-dwelling buildings; meters for measuring water, thermal energy and industrial fluids consumption.

Gas Management

Systems for management of gas usage: residential, commercial and industrial gas meters; regulators, governors, safety valves, stations and systems; gas treatment including filtration, odorization and heating; network management systems including remote reading and control, and prepayment systems.

Electronic Transactions

Electronic transactions systems: card applications, including magnetic stripe cards, smart cards and terminals and management systems for transactions in a wide range of sectors, including telecommunications, retail and banking; systems for retail petroleum, parking and mass transit, health care management and campus communities.

Automatic Test Equipment

Measurement and handling equipment for semiconductor manufacture: automated systems for semiconductor testing and assembly, board test systems and diagnostic systems.

OMNES

Communications and information technology solutions: wide- and local-area networks, security, Internet, messaging and business application solutions for the energy exploration and production sector that allow information technology systems to communicate anywhere in the world.

STOCKHOLDER INFORMATION

Schlumberger Common Stock is listed on the New York Stock Exchange, trading symbol SLB, and on exchanges in Paris, London, Amsterdam, Brussels, Frankfurt, Basel, Geneva, Lausanne, Zurich and Tokyo.

For quarterly earnings, dividend announcements and other information requests, call Schlumberger Shareholder Direct® at 1-800-99-SLB-99 from the US and Canada. International callers dial 1-402-573-9796.

Schlumberger can be accessed on the Internet at URL: [HTTP://WWW.SLB.COM](http://WWW.SLB.COM)

STOCK TRANSFER AGENT AND REGISTRAR

The First National Bank of Boston
c/o Boston EquiServe
Investor Relations
Mail Stop 45-02-09
P.O. Box 644
Boston, Massachusetts 02102-0644
1-800-733-5001 or 1-617-575-3400

FORM 10-K

The Company's 1995 annual report on Form 10-K filed with the Securities and Exchange Commission is available without charge. From the US and Canada, call 1-800-99-SLB-99. International callers dial 1-402-573-9796. Alternatively, write to the Secretary, Schlumberger Limited, 277 Park Avenue, New York, NY 10172.

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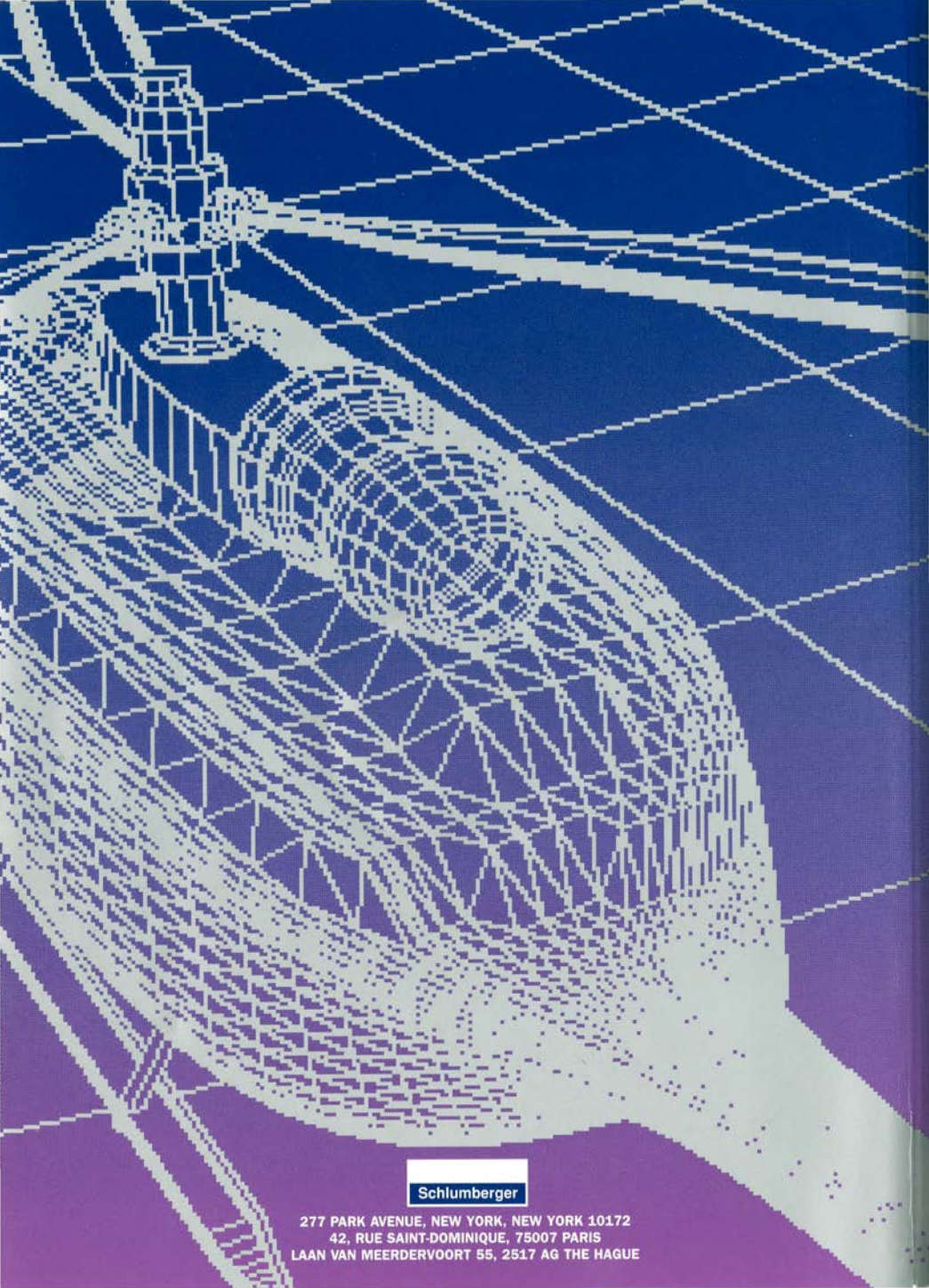
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277 PARK AVENUE, NEW YORK, NEW YORK 10172
42, RUE SAINT-DOMINIQUE, 75007 PARIS
LAAN VAN MEERDERVOORT 55, 2517 AG THE HAGUE