

SCHLUMBERGER LTD /NV/
Form 10-K
January 27, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

OR

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

For the transition period from _____ to _____

Commission File Number 1-4601

Schlumberger N.V.

(Schlumberger Limited)

(Exact name of registrant as specified in its charter)

Curaçao
(State or other jurisdiction of incorporation or organization) 52-0684746
(IRS Employer Identification No.)

42, rue Saint-Dominique
Paris, France 75007

77056

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62 Buckingham Gate,

London, United Kingdom

SW1E 6AJ

Parkstraat 83, The Hague,
The Netherlands

2514 JG

(Addresses of principal executive offices)

(Zip Codes)

Registrant's telephone number in the United States, including area code, is: (713) 513-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	New York Stock Exchange
	Euronext Paris
	The London Stock Exchange
	SIX Swiss Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

As of June 30, 2015, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$109.0 billion.

As of December 31, 2015, the number of shares of common stock outstanding was 1,256,367,980.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required to be furnished pursuant to Part III of this Form 10-K is set forth in, and is hereby incorporated by reference herein from, Schlumberger's definitive proxy statement for its 2016 Annual General Meeting of Stockholders, to be filed by Schlumberger with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2015 (the "2016 Proxy Statement").

SCHLUMBERGER LIMITED

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PART I

Item 1. Business.

All references in this report to “Registrant,” “Company,” “Schlumberger,” “we” or “our” are to Schlumberger Limited (Schlumberger N.V., incorporated in Curaçao) and its consolidated subsidiaries.

Founded in 1926, Schlumberger is the world’s leading supplier of technology, integrated project management and information solutions to the international oil and gas exploration and production industry. Having invented wireline logging as a technique for obtaining downhole data in oil and gas wells, Schlumberger today provides the industry’s widest range of products and services from exploration through production. As of December 31, 2015, the Company employed approximately 95,000 people of over 140 nationalities operating in approximately 85 countries. Schlumberger has principal executive offices in Paris, Houston, London and The Hague.

On August 26, 2015, Schlumberger and Cameron International Corporations (Cameron) jointly announced that they had entered into a definitive merger agreement in which Cameron will merge with an indirect wholly-owned subsidiary of Schlumberger in a stock and cash transaction. Under the terms of the agreement, Cameron shareholders will receive 0.716 shares of Schlumberger common stock and a cash payment of \$14.44 in exchange for each Cameron share of common stock outstanding. Schlumberger estimates that it will issue approximately 137 million shares of its common stock and pay cash of approximately \$2.8 billion in connection with this transaction. In November 2015, the US Department of Justice cleared the proposed merger without any conditions. On December 17, 2015, Cameron stockholders voted to adopt the proposed merger. However, the transaction remains subject to certain regulatory approvals and other customary closing conditions. It is anticipated that the closing of the transaction will occur in the first quarter of 2016.

Cameron designs, manufactures, markets and services equipment used by the oil and gas industry and industrial manufacturing companies. Cameron is a leading international manufacturer of oil and gas pressure control and separation equipment, including valves, wellheads, controls, chokes, blowout preventers and assembled systems for oil and gas drilling, production and transmission used in onshore, offshore and subsea applications and provides oil and gas separation, metering and flow measurement equipment. Cameron reported revenue of \$10.4 billion for the year ended December 31, 2014.

Schlumberger operates in each of the major oilfield service markets, managing its business through three Groups: Reservoir Characterization, Drilling and Production. Each Group consists of a number of technology-based service and product lines, or Technologies. These Technologies cover the entire life cycle of the reservoir and correspond to a number of markets in which Schlumberger holds leading positions. The business is also reported through four geographic Areas: North America, Latin America, Europe/CIS/Africa and Middle East & Asia. Within these Areas, a network of GeoMarket* regions provides logistical, technical and commercial coordination.

The role of the Groups and Technologies is to support Schlumberger in providing the best possible service to customers and that it remains at the forefront of technology development. The Groups and Technologies are collectively responsible for driving excellence in execution throughout their businesses, overseeing operational processes, resource allocation, personnel and delivering superior financial results. The GeoMarket structure offers customers a single point of contact at the local level for field operations and brings together geographically focused teams to meet local needs and deliver customized solutions. The Areas and GeoMarkets are responsible for providing the most efficient and cost effective support possible to the operations.

The Groups are as follows:

Reservoir Characterization Group – Consists of the principal Technologies involved in finding and defining hydrocarbon resources. These include WesternGeco, Wireline, Testing Services, Software Integrated Solutions (SIS) and Integrated Services Management (ISM).

- WesternGeco is a leading geophysical services supplier, providing comprehensive worldwide reservoir imaging, monitoring and development services. It provides increasingly accurate measurements and images of subsurface geology and rock properties for both customer proprietary and multiclient surveys. WesternGeco offers the industry's most extensive multiclient library.
- Wireline provides the information necessary to evaluate subsurface formation rocks and fluids to plan and monitor well construction, and to monitor and evaluate well production. Wireline offers both openhole and cased-hole services including wireline perforating.
- Testing Services provides exploration and production pressure and flow-rate measurement services both at the surface and downhole. The Technology also provides tubing-conveyed perforating services.
- Software Integrated Solutions sells proprietary software and provides consulting, information management and IT infrastructure services to customers in the oil and gas industry. SIS also offers expert consulting services for reservoir

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characterization, field development planning and production enhancement, as well as industry leading petrotechnical data services and training solutions.

- Integrated Services Management provides coordination and management of Schlumberger services, products, and third parties in projects around the world. ISM offers a certified Integrated Services Project Manager as a focal point of contact between the project owner and the various Schlumberger services, ensuring alignment of project objectives.

Drilling Group – Consists of the principal Technologies involved in the drilling and positioning of oil and gas wells and comprises Bits & Drilling Tools, M-I SWACO, Drilling & Measurements, Land Rigs and Integrated Drilling Services.

- Bits & Drilling Tools designs, manufactures and markets roller cone and fixed cutter drill bits for all environments. The drill bits include designs for premium market segments where faster penetration rates and increased footage provide significant economic benefits in lowering overall well costs. Drilling tools includes a wide variety of bottom-hole-assembly, borehole-enlargement technologies and impact tools, as well as a comprehensive collection of tubulars and tubular services for oil and gas drilling operations.
- M-I SWACO is the leading supplier of drilling fluid systems engineered to improve drilling performance by anticipating fluids-related problems, fluid systems and specialty equipment designed to optimize wellbore productivity and production technology solutions formulated to maximize production rates. M-I SWACO also provides engineered managed pressure drilling and underbalanced drilling solutions, as well as environmental services and products to safely manage waste volumes generated in both drilling and production operations.
- Drilling & Measurements provides mud logging services for geological and drilling surveillance, directional drilling, measurement-while-drilling and logging-while-drilling services for all well profiles as well as engineering support.
- Land Rigs provides land drilling rigs and related support services.
- Integrated Drilling Services encompasses the services necessary to construct or change the architecture (re-entry) of wells. This service covers all aspects of well planning, well drilling, engineering, supervision, logistics, procurement and contracting of third parties, and drilling rig management.

Production Group – Consists of the principal Technologies involved in the lifetime production of oil and gas reservoirs and includes Well Services, Completions, Artificial Lift, Well Intervention, Water Services, Integrated Production Services and Schlumberger Production Management.

- Well Services provides services used during oil and gas well drilling and completion as well as those used to maintain optimal production throughout the life of a well. The services include pressure pumping, well cementing and stimulation operations as well as intervention activities.
- Completions supplies well completion services and equipment that include packers, safety valves, sand control technology as well as a range of intelligent well completions technology and equipment.
- Artificial Lift provides production equipment and optimization services using electrical submersible pumps, gas lift equipment, rod lift systems, progressing cavity pumps and surface horizontal pumping systems.
- Well Intervention develops coiled tubing equipment and services and provides slickline services for downhole mechanical well intervention, reservoir monitoring and downhole data acquisition.
- Water Services specializes in the development, management and environmental protection of water resources.
- Integrated Production Services encompasses the project scope necessary to abandon, maintain, or increase the production of single or multiple wells. All aspects of project planning addressed include well engineering, wellsite supervision, civil engineering, logistics, procurement, contracting of third parties, and workovers.
 - Schlumberger Production Management (SPM) is a business model for field production projects. This model combines the required services and products of the Technologies with drilling rig management, specialized engineering and project management expertise to provide a complete solution to well construction and production improvement.

SPM commercial arrangements create alignment between Schlumberger and the asset holder and/or the operator whereby Schlumberger receives remuneration in line with its value creation. These projects are generally focused on developing and co-managing production of Schlumberger's customers' assets under long-term agreements. Schlumberger will invest its own services and products, and in some cases cash, into the field development activities and operations. Although in certain arrangements Schlumberger is paid for a portion of the services or products it provides, generally Schlumberger will not be paid at the time of providing its services or upon delivery of its products. Instead, Schlumberger is generally compensated based upon cash flow generated or on a fee-per-barrel basis. This may include certain arrangements whereby Schlumberger is only compensated based upon incremental production that it helps deliver above a mutually agreed baseline.

Schlumberger also has a 40% equity ownership interest in OneSubsea™, a joint venture with Cameron. The joint venture manufactures and develops products, systems and services for the subsea oil and gas market. Schlumberger's 40% share of the net income of the joint venture is reflected in the results of the Production Group.

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Supporting the Technologies is a global network of research and engineering centers. Through this organization, Schlumberger is committed to advanced technology programs that enhance oilfield efficiency, lower finding and producing costs, improve productivity, maximize reserve recovery and increase asset value while accomplishing these goals in a safe and environmentally sound manner.

Schlumberger primarily uses its own personnel to market its offerings. The customer base, business risks and opportunities for growth are essentially uniform across all services. There is a sharing of manufacturing and engineering facilities as well as research centers, and the labor force is interchangeable. Technological innovation, quality of service and price differentiation are the principal methods of competition, which vary geographically with respect to the different services offered. While there are numerous competitors, both large and small, Schlumberger believes that it is an industry leader in providing geophysical services, wireline logging, well testing, exploration and production software, drilling and completion fluids, solids and waste management, coiled-tubing, drill bits, measurement-while-drilling, logging-while-drilling, directional drilling services and mud logging. A large proportion of Schlumberger offerings is non-rig related; consequently, revenue does not necessarily correlate to the rig count.

GENERAL

Intellectual Property

Schlumberger owns and controls a variety of intellectual property, including but not limited to patents, proprietary information and software tools and applications that, in the aggregate, are material to Schlumberger's business. While Schlumberger seeks and holds numerous patents covering various products and processes, no particular patent or group of patents is considered material to Schlumberger's business.

Seasonality

Seasonal changes in weather and significant weather events can temporarily affect the delivery of oilfield services. For example, the spring thaw in Canada and consequent road restrictions can affect activity levels, while the winter months in the North Sea, Russia and China can produce severe weather conditions that typically result in temporarily reduced levels of activity. In addition, hurricanes and typhoons can disrupt coastal and offshore operations. Furthermore, customer spending patterns for multicient data, software and other oilfield services and products generally result in higher activity in the fourth quarter of each year as clients seek to utilize their annual budgets.

Customers and Backlog of Orders

For the year ended December 31, 2015, no single customer exceeded 10% of consolidated revenue. Other than WesternGeco, Schlumberger has no significant backlog due to the nature of its businesses. The WesternGeco backlog, which is based on signed contracts with customers, was \$1.1 billion at December 31, 2015 (\$0.7 billion at December 31, 2014).

Financial Information

Financial information by business segment and geographic area for the years ended December 31, 2015, 2014 and 2013 is provided in Note 17 of the Consolidated Financial Statements.

Executive Officers of Schlumberger

The following table sets forth, as of January 27, 2016, the names and ages of the executive officers of Schlumberger, including all offices and positions held by each for at least the past five years.

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Name	Age	Current Position and Five-Year Business Experience
Paal Kibsgaard	48	Chairman of the Board of Directors, since April 2015; Chief Executive Officer, since August 2011; Director since April 2011; Chief Operating Officer, February 2010 to July 2011.
Simon Ayat	61	Executive Vice President and Chief Financial Officer, since March 2007.
Alexander Juden	55	Secretary and General Counsel, since April 2009.
Ashok Belani	57	Executive Vice President, Technology, since January 2011; President, Reservoir Characterization Group, February 2010 to August 2011.
Jean-Francois Poupeau	54	Executive Vice President Corporate Development and Communications, since June 2012; President, Drilling Group, May 2010 to June 2012.
Khaled Al Mogharbel	45	President, Drilling Group, since July 2013; President, Middle East, August 2011 to June 2013; Project – Gulfsands Petroleum – Syria, July 2009 to July 2011.
Stephane Biguet	47	Vice President Controller, Operations, since August 2015; Vice President Controller, Operations & Integration, from November 2013 to August 2015; Vice President, Global Shared Services Organization, August 2011 to October 2013; Mergers and Acquisitions Director, February 2011 to July 2011; Controller, Reservoir Characterization Group, October 2008 to July 2011.
Mark Danton	59	Vice President – Director of Taxes, since January 1999.
Simon Farrant	51	Vice President, Investor Relations, since February 2014; Special Projects Manager, December 2013 to January 2014; GeoMarket Manager, North Sea, April 2012 to November 2013; Integration Manager, Smith Merger, April 2010 to April 2012.
Sherif Foda	46	President, Production Group, since July 2013; President, Europe and Africa, June 2011 to June 2013; Saudi Arabia and Bahrain GeoMarket Manager, June 2009 to June 2011.
Aaron Gatt Florida	47	President, Reservoir Characterization Group, since August 2011; President Middle East, May 2009 to July 2011.
Howard Guild	44	Chief Accounting Officer, since July 2005.
Imran Kizilbash	49	Vice President and Treasurer, since November 2013; Controller, Operations & Integration, July 2013 to October 2013; Controller, Operations, January 2011 to June 2013; Controller, Schlumberger Limited, May 2009 to January 2011.
Gerard Martellozo	60	Vice President Human Resources, since June 2014; Senior Advisor to the CEO, August 2012 to May 2014; Human Resources Manager, Drilling Group, May 2010 to July 2012.
Patrick Schorn	47	President, Operations, since August 2015; President, Operations & Integration, July 2013 to August 2015; President, Production Group, January 2011 to June 2013; President Well Services, May 2008 to January 2011.

Available Information

The Schlumberger Internet website is www.slb.com. Schlumberger uses its Investor Relations website, www.slb.com/ir, as a routine channel for distribution of important information, including news releases, analyst presentations, and financial information. Schlumberger makes available free of charge on or through its Investor Relations website at www.slb.com/ir access to its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, its Proxy Statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers, and amendments to each of those reports, as soon as reasonably practicable after such material is filed with or furnished to the Securities and Exchange Commission (“SEC”). Alternatively, you may access these reports at the SEC’s Internet website at www.sec.gov. Copies are also available, without charge, from Schlumberger Investor Relations, 5599 San Felipe, 17th Floor, Houston, Texas 77056. Unless expressly noted, the information on our website or any other website is not incorporated by reference in this Form 10-K and should not be considered part of this Form 10-K or any other filing Schlumberger makes with the SEC.

Item 1A. Risk Factors.

The following discussion of risk factors known to us contains important information for the understanding of our “forward-looking statements,” which are discussed immediately following Item 7A. of this Form 10-K and elsewhere. These risk factors should also be read in conjunction with Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and the Consolidated Financial Statements and related notes included in this Form 10-K.

We urge you to consider carefully the risks described below, as well as in other reports and materials that we file with the SEC and the other information included or incorporated by reference in this Form 10-K. If any of the risks described below or elsewhere in this Form 10-K were to materialize, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also materially adversely affect our financial condition, results of operations and cash flows.

Demand for the majority of our services is substantially dependent on the levels of expenditures by the oil and gas industry. The current significant oil and gas industry downturn has resulted in reduced demand for oilfield services, which has had, and may continue to have, a significant adverse impact on our financial condition, results of operations and cash flows. If these conditions worsen or oil and gas prices do not improve, further reductions in spending by the oil and gas industry could have a material adverse effect on our financial condition, results of operations and cash flows.

Demand for the majority of our services depends substantially on the level of expenditures by the oil and gas industry for the exploration, development and production of oil and natural gas reserves. These expenditures are generally dependent on the industry’s view of future oil and natural gas prices and are sensitive to the industry’s view of future economic growth and the resulting impact on demand for oil and natural gas. Since 2014, oil and gas prices have declined significantly, resulting in lower expenditures by the oil and gas industry. As a result, many of our customers have reduced or delayed their oil and gas exploration and production spending, reducing the demand for our services and exerting downward pressure on the prices that we charge. These conditions have had, and may continue to have, an adverse impact on our financial condition.

Continued low oil and gas prices or a further decline in oil and gas prices could cause a reduction in cash flows for our customers, which could have significant adverse effects on the financial condition of some of our customers. This could result in project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. These effects could have a material adverse effect on our financial condition, results of operations and cash flows.

The prices for oil and natural gas have historically been volatile and can be affected by a variety of factors, including:

- demand for hydrocarbons, which is affected by general economic and business conditions;
- the ability or willingness of the Organization of Petroleum Exporting Countries (“OPEC”) to set and maintain production levels for oil;
- oil and gas production levels by non-OPEC countries;
- the level of excess production capacity;
- political and economic uncertainty and geopolitical unrest;
- the level of worldwide oil and gas exploration and production activity;
- access to potential resources;
- governmental policies and subsidies;
- the costs of exploring for, producing and delivering oil and gas;
- technological advances affecting energy consumption; and

weather conditions.

There can be no assurance that the demand or pricing for oil and natural gas will follow historic patterns or recover in the near term. Continued or worsening conditions in the oil and gas industry could further adversely affect our financial condition, results of operations and cash flows.

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A significant portion of our revenue is derived from our non-United States operations, which exposes us to risks inherent in doing business in each of the approximately 85 countries in which we operate.

Our non-United States operations accounted for approximately 76% of our consolidated revenue in 2015, 71% in 2014 and 73% in 2013. Operations in countries other than the United States are subject to various risks, including:

- volatility in political, social and economic conditions in certain areas;
- exposure to possible expropriation of our assets or other governmental actions;
- social unrest, acts of terrorism, war or other armed conflict;
- confiscatory taxation or other adverse tax policies;
- deprivation of contract rights;
- trade and economic sanctions or other restrictions imposed by the European Union, the United States or other countries;
- restrictions under the United States Foreign Corrupt Practices Act or similar legislation in other countries;
- restrictions on the repatriation of income or capital;
- currency exchange controls;
- inflation; and
- currency exchange rate fluctuations and devaluations.

We completed the wind down of our service operations in Iran during the second quarter of 2013. Prior to this, certain of our non-US subsidiaries provided oilfield services to the National Iranian Oil Company and certain of its affiliates (“NIOC”). We have reclassified the results of this business as a discontinued operation. All prior periods have been restated accordingly.

Our residual transactions or dealings with the government of Iran during 2015 consisted of payments of taxes and other typical governmental charges. Certain of our non-US subsidiaries maintained depository accounts at the Dubai branch of Bank Saderat Iran (“Saderat”), and at Bank Tejarat (“Tejarat”) in Tehran and in Kish for the deposit by NIOC of amounts owed to non-US subsidiaries of Schlumberger for prior services rendered in Iran and for the maintenance of such amounts previously received. One non-US subsidiary also maintains an account at Tejarat for payment of local expenses such as taxes and utilities. We anticipate that we will discontinue our dealings with Saderat and Tejarat following the receipt of all amounts owed to us for prior services rendered in Iran.

Our failure to comply with Foreign Corrupt Practices Act (“FCPA”) and other laws could have a negative impact on our ongoing operations.

We are subject to complex US and foreign laws and regulations, such as the FCPA, the U.K. Bribery Act and various other anti-bribery and anti-corruption laws. We are also subject to trade sanction laws that restrict certain operations in various countries or with certain persons. The internal controls, policies and procedures, and employee training and compliance programs we have implemented to deter prohibited practices may not be effective in preventing employees, contractors or agents from violating or circumventing such internal policies and violating applicable laws and regulations. Any determination that we have violated or are responsible for violations of anti-bribery or anti-corruption laws could have a material adverse effect on our financial condition. Violations of international and US laws and regulations may result in fines and penalties, criminal sanctions, administrative remedies, restrictions on business conduct and could have a material adverse effect on our reputation and our business, operating results and financial condition.

Environmental compliance costs and liabilities could reduce our earnings and cash available for operations.

We are subject to increasingly stringent laws and regulations relating to importation and use of hazardous materials, radioactive materials, chemicals and explosives and to environmental protection, including laws and regulations governing air emissions, hydraulic fracturing, water discharges and waste management. We incur, and expect to

continue to incur, capital and operating costs to comply with environmental laws and regulations. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and expensive to implement. These laws may provide for “strict liability” for remediation costs, damages to natural resources or threats to public health and safety. Strict liability can render a party liable for damages without regard to negligence or fault on the part of the party. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances.

We use and generate hazardous substances and wastes in our operations. In addition, many of our current and former properties are, or have been, used for industrial purposes. Accordingly, we could become subject to material liabilities relating to the investigation and cleanup of potentially contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the

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discovery of previously unknown contamination or the imposition of new or increased requirements could require us to incur costs or become the basis of new or increased liabilities that could reduce our earnings and our cash available for operations.

We could be subject to substantial liability claims, which could adversely affect our financial condition, results of operations and cash flows.

The technical complexities of our operations expose us to a wide range of significant health, safety and environmental risks. Our offerings involve production-related activities, radioactive materials, chemicals, explosives and other equipment and services that are deployed in challenging exploration, development and production environments. An accident involving these services or equipment, or a failure of a product, could cause personal injury, loss of life, damage to or destruction of property, equipment or the environment, or suspension of operations. Our insurance may not protect us against liability for some kinds of events, including events involving pollution, or against losses resulting from business interruption. Moreover, we may not be able to maintain insurance at levels of risk coverage or policy limits that we deem adequate. Any damages caused by our services or products that are not covered by insurance, or are in excess of policy limits or are subject to substantial deductibles, could adversely affect our financial condition, results of operations and cash flows.

Demand for our products and services could be reduced by existing and future legislation or regulations.

Environmental advocacy groups and regulatory agencies in the United States and other countries have been focusing considerable attention on the emissions of carbon dioxide, methane and other greenhouse gasses and their potential role in climate change. Existing or future legislation and regulations related to greenhouse gas emissions and climate change, as well as government initiatives to conserve energy or promote the use of alternative energy sources, may significantly curtail demand for and production of fossil fuels such as oil and gas in areas of the world where our customers operate and thus adversely affect future demand for our services. This may, in turn, adversely affect our financial condition, results of operations and cash flows.

Some international, national, state and local governments and agencies have also adopted laws and regulations or are evaluating proposed legislation and regulations that are focused on the extraction of shale gas or oil using hydraulic fracturing. Hydraulic fracturing is a stimulation treatment routinely performed on oil and gas wells in low-permeability reservoirs. Specially engineered fluids are pumped at high pressure and rate into the reservoir interval to be treated, causing cracks in the target formation. Proppant, such as sand of a particular size, is mixed with the treatment fluid to keep the cracks open when the treatment is complete. Future hydraulic fracturing-related legislation or regulations could limit or ban hydraulic fracturing, or lead to operational delays and increased costs, and therefore reduce demand for our pressure pumping services. If such additional international, national, state or local legislation or regulations are enacted, it could adversely affect our financial condition, results of operations and cash flows.

If we are unable to maintain technology leadership, this could adversely affect any competitive advantage we hold.

The oilfield service industry is highly competitive. Our ability to continually provide competitive technology and services can impact our ability to defend, maintain or increase prices for our services, maintain market share, and negotiate acceptable contract terms with our customers. If we are unable to continue to develop and produce competitive technology or deliver it to our clients in a timely and cost-competitive manner in the various markets we serve, it could adversely affect our financial condition, results of operations and cash flows.

Limitations on our ability to protect our intellectual property rights, including our trade secrets, could cause a loss in revenue and any competitive advantage we hold.

Some of our products or services, and the processes we use to produce or provide them, have been granted patent protection, have patent applications pending or are trade secrets. Our business may be adversely affected if our patents are unenforceable, the claims allowed under our patents are not sufficient to protect our technology, our patent applications are denied, or our trade secrets are not adequately protected. Our competitors may be able to develop technology independently that is similar to ours without infringing on our patents or gaining access to our trade secrets, which could adversely affect our financial condition, results of operations and cash flows.

We may be subject to litigation if another party claims that we have infringed upon its intellectual property rights.

The tools, techniques, methodologies, programs and components we use to provide our services may infringe upon the intellectual property rights of others. Infringement claims generally result in significant legal and other costs and may distract management from running our core business. Royalty payments under licenses from third parties, if available, would increase our costs. Additionally, developing non-infringing technologies would increase our costs. If a license were not available, we might not be able to continue providing a particular service or product, which could adversely affect our financial condition, results of operations and cash flows.

Failure to obtain and retain skilled technical personnel could impede our operations.

We require highly skilled personnel to operate and provide technical services and support for our business. Competition for the personnel required for our businesses intensifies as activity increases. In periods of high utilization it may become more difficult to find and retain qualified individuals. This could increase our costs or have other adverse effects on our operations.

Severe weather conditions may affect our operations.

Our business may be materially affected by severe weather conditions in areas where we operate. This may entail the evacuation of personnel and stoppage of services. In addition, if particularly severe weather affects platforms or structures, this may result in a suspension of activities. Any of these events could adversely affect our financial condition, results of operations and cash flows.

Cybersecurity risks and threats could affect our business.

We rely heavily on information systems to conduct our business. There can be no assurance that the systems we have designed to prevent or limit the effects of cyber incidents or attacks will be sufficient to prevent or detect such incidents or attacks, or to avoid a material impact on our systems when such incidents or attacks do occur. If our systems for protecting against cybersecurity risks are circumvented or breached, this could result in the loss of our intellectual property or other proprietary information, including customer data, and disruption of our business operations.

Our ability to complete the proposed merger with Cameron is subject to various closing conditions and the receipt of consents and approvals from government entities which may impose conditions that could materially adversely affect Cameron or Schlumberger or cause the merger to be abandoned.

The merger agreement contains certain closing conditions, including approval of the proposed merger by Cameron stockholders, the absence of injunctions or other legal restrictions and that no material adverse effect shall have occurred with respect to either company. On December 17, 2015, Cameron stockholders voted to adopt our proposed merger. Also, in November 2015 the U.S. Department of Justice cleared our proposed merger without any conditions. However, we will be unable to complete the merger until consents and approvals are received from the European Commission and various other governmental entities. Regulatory entities have broad discretion in administering the governing regulations and may impose certain requirements or obligations as conditions for their approval. The merger agreement may require us to accept conditions from these regulators that could adversely affect the combined company. If the regulatory clearances are not received, or they are not received on terms that satisfy the conditions set forth in the merger agreement, then we will not be obligated to complete the merger. We can provide no assurance that the various closing conditions will be satisfied and that the necessary approvals will be obtained, or that any required conditions will not materially adversely affect the combined company following the merger. In addition, we can provide no assurance that these conditions will not result in the abandonment or delay of the merger.

Failure to complete the proposed merger with Cameron could negatively impact our stock price and our future business and financial results.

If the proposed merger is not completed, our ongoing business may be adversely affected and we would be subject to several risks, including a decline in the market price of our common stock, negative customer perception and diversion of management's focus on pursuing other opportunities that could be beneficial to us, in each case, without realizing any of the benefits that might have resulted had the merger been completed.

Multiple lawsuits have been filed against us and Cameron challenging the proposed merger, and an adverse ruling in any such lawsuit may prevent the merger from being completed.

After the announcement of the proposed merger, four putative class action lawsuits were commenced on behalf of stockholders of Cameron against Cameron and its directors, as well as against us and Schlumberger Holding Corporation and Rain Merger Sub (both of which are indirect wholly-owned subsidiaries). These lawsuits were consolidated for all purposes and a consolidated amended class action complaint (the “Consolidated Complaint”) was filed. The Consolidated Complaint seeks various remedies, including enjoining the merger from being consummated, rescission of the merger to the extent already implemented and the plaintiffs’ costs and fees. Additional lawsuits with similar allegations may be filed. While we believe these lawsuits are without merit and we intend to vigorously defend against such claims, the outcome of any such litigation is inherently uncertain. One of the conditions to the closing of the merger is that no law, order, injunction, judgment, decree, ruling or other similar requirement shall be in effect that prohibits the completion of the merger. Accordingly, if any of the plaintiffs are successful in obtaining an injunction prohibiting the completion of the merger, then that injunction may prevent the merger from becoming effective, or delay its becoming effective.

We may fail to realize the anticipated benefits of the proposed merger.

The success of the proposed merger will depend on, among other things, our ability to combine our business with that of Cameron in a manner that facilitates growth opportunities and realizes anticipated synergies. However, we must successfully combine both businesses in a manner that permits these benefits to be realized. In addition, we must achieve the anticipated synergies without

adversely affecting current revenues and investments in future growth. If we are not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully, may take longer to realize than expected, or may never be realized.

Potential issues and difficulties we may encounter in the integration process include the following:

- difficulties in managing the expanded operations of a significantly larger and more complex combined company;
- lost sales and customers as a result of certain customers of either or both of the two companies deciding not to do business with the combined company, or deciding to decrease their level of business in order to reduce their reliance on a single company;
- integrating personnel from the two companies while maintaining focus on providing consistent, high quality products and customer service;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and
- performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations.

Business issues currently faced by Cameron may impact our operations.

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Schlumberger owns or leases numerous manufacturing facilities, administrative offices, service centers, research centers, data processing centers, mines, ore, drilling fluid and production chemical processing centers, sales offices and warehouses throughout the world. Schlumberger views its principal manufacturing, mining and processing facilities, research centers and data processing centers as its "principal owned or leased facilities."

The following sets forth Schlumberger's principal owned or leased facilities:

Beijing, China; Clamart, France; Fuchinobe, Japan; Oslo and Stavanger, Norway; Singapore; Abingdon, Cambridge, Gatwick and Stonehouse, United Kingdom; Moscow, Russia; and within the United States: Boston, Massachusetts; Houston, Katy, Rosharon and Sugar Land, Texas; Battle Mountain, Nevada; Greybull, Wyoming and Florence, Kentucky.

Item 3. Legal Proceedings.

The information with respect to this Item 3. Legal Proceedings is set forth in Note 16 of the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures.

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

95 to this Form 10-K.

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PART II

Item 5. Market for Schlumberger's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities.

As of December 31, 2015, there were 23,831 stockholders of record. The principal United States market for Schlumberger's common stock is the New York Stock Exchange ("NYSE"), where it is traded under the symbol "SLB," although it is traded on other exchanges in and outside the United States, including the Euronext Paris, the London Stock Exchange and the SIX Swiss Exchange.

Common Stock, Market Prices and Dividends Declared per Share

Quarterly high and low prices for Schlumberger's common stock as reported by the NYSE (composite transactions), together with dividends declared per share in each quarter of 2015 and 2014, were as follows:

	Price Range		Dividends Declared
	High	Low	
2015			
QUARTERS			
First	\$89.00	\$75.60	\$ 0.50
Second	95.13	83.60	0.50
Third	86.69	67.75	0.50
Fourth	82.43	66.57	0.50
2014			
QUARTERS			
First	\$98.45	\$85.77	\$ 0.40
Second	118.13	96.66	0.40
Third	118.76	100.30	0.40
Fourth	102.40	78.47	0.40

There are no legal restrictions on the payment of dividends or ownership or voting of such shares, except as to shares held as treasury stock. Under current legislation, stockholders are not subject to any Curaçao withholding or other Curaçao taxes attributable to the ownership of such shares.

The following graph compares the cumulative total stockholder return on Schlumberger common stock, assuming reinvestment of dividends on the last day of the month of payment into common stock of Schlumberger, with the cumulative total return on the Standard & Poor's 500 Index (S&P 500 Index) and the cumulative total return on the Philadelphia Oil Service Index (OSX) over the five-year period ended December 31, 2015. The stockholder return set forth below is not necessarily indicative of future performance. The following graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Schlumberger specifically incorporates it by reference into such filing.

Comparison of five-year cumulative total return among
Schlumberger common stock, the S&P 500 Index and the
Philadelphia Oil Service Index (OSX)

Assumes \$100 invested on December 31, 2010 in Schlumberger common stock, in the S&P 500 Index and in the Philadelphia Oil Service Index (OSX) and reinvestment of dividends on the last day of the month of payment.

Share Repurchases

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

Schlumberger’s common stock repurchase program activity for the three months ended December 31, 2015 was as follows:

(Stated in thousands, except per share amounts)

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Maximum value of shares that may yet be purchased under the program
October 1 through October 31, 2015	2,398.0	\$ 74.00	2,398.0	\$1,644,290
November 1 through November 30, 2015	1,525.7	\$ 78.44	1,525.7	\$1,524,623
December 1 through December 31, 2015	1,473.7	\$ 68.92	1,473.7	\$1,423,058
	5,397.4	\$ 73.86	5,397.4	

In connection with the exercise of stock options under Schlumberger’s stock incentive plans, Schlumberger routinely receives shares of its common stock from optionholders in consideration of the exercise price of the stock options. Schlumberger does not view these transactions as requiring disclosure under this Item 5 as the number of shares of Schlumberger common stock received from optionholders is not material.

On January 21, 2016, the Board approved a new \$10 billion share repurchase program for Schlumberger common stock. This new program will take effect once the remaining \$1.4 billion authorized to be repurchased under the July 18, 2013 program is exhausted.

Unregistered Sales of Equity Securities

None.

Item 6. Selected Financial Data.

The following selected consolidated financial data should be read in conjunction with both “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8. Financial Statements and Supplementary Data” of this Form 10-K in order to understand factors, such as business combinations and charges and credits, which may affect the comparability of the Selected Financial Data:

(Stated in millions, except per share amounts)

	Year Ended December 31				
	2015	2014	2013	2012	2011
Revenue	\$35,475	\$48,580	\$45,266	\$41,731	\$36,579
Income from continuing operations	\$2,072	\$5,643	\$6,801	\$5,230	\$4,516
Diluted earnings per share from continuing operations	\$1.63	\$4.31	\$5.10	\$3.91	\$3.32
Working capital	\$12,791	\$10,518	\$12,700	\$11,788	\$10,001
Total assets	\$68,005	\$66,904	\$67,100	\$61,547	\$55,201
Net debt ⁽¹⁾	\$5,547	\$5,387	\$4,443	\$5,111	\$4,850
Long-term debt	\$14,442	\$10,565	\$10,393	\$9,509	\$8,556
Schlumberger stockholders' equity	\$35,633	\$37,850	\$39,469	\$34,751	\$31,263
Cash dividends declared per share	\$2.00	\$1.60	\$1.25	\$1.10	\$1.00

⁽¹⁾ “Net debt” represents gross debt less cash, short-term investments and fixed income investments, held to maturity. Management believes that Net debt provides useful information regarding the level of Schlumberger indebtedness by reflecting cash and investments that could be used to repay debt.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis contains forward-looking statements, including, without limitation, statements relating to our plans, strategies, objectives, expectations, intentions and resources. Such forward-looking statements should be read in conjunction with our disclosures under "Item 1A. Risk Factors" of this Form 10-K.

Executive Overview

Schlumberger revenue of \$35.5 billion in 2015 represented a drop of 27% from 2014 due to customer spending falling as commodity prices weakened during the year. Revenue in North America decreased 39%, driven by a land rig count that ended the year 68% lower than the peak seen in 2014 as well as by pricing pressure that intensified during the year. North American offshore revenue fell more modestly as rigs in the US Gulf of Mexico shifted from exploration to development work, although the overall market in North America was the weakest for oilfield services since 1986. Internationally, revenue declined 21% as customers cut budgets and pressured service pricing, with these effects often exacerbated by activity disruptions, project delays and cancellations.

In the oil markets, the negative sentiments that had dominated the year accelerated during the fourth quarter after some early optimism earlier in the summer. The impact of OPEC lifting production targets to produce at maximum rates, combined with production in North America from unconventional resources declining slower than expected following the April peak, has led to supply continuing to exceed increasing demand. As a result, commodity prices fell dramatically, with oil dropping to a 12-year low by the end of the year. These weaker fundamentals drove industry exploration and production (E&P) capital investment significantly lower, resulting in the first two-year sequential decline in spend in 30 years.

In the natural gas markets, US production grew to a record of 75 Bcf/d, as new fields in the US Gulf of Mexico were brought into production and supplies from unconventional shale gas and tight oil reservoirs continued to grow. This trend is expected to continue with newly completed pipeline capacity in the northeast United States bringing new supplies. A relatively mild start to the winter together with North American gas storage levels well above the five-year average will keep natural gas prices low. Internationally, European gas demand growth returned to positive territory. Despite this increased demand, storage levels are at record highs due to ample supply from the North Sea and Russia, as well as from liquefied natural gas (LNG). Demand rebounded in Asia but remained in a downward trend overall. As LNG exports from Australia grow, the region is likely to remain oversupplied with low natural gas prices persisting.

Schlumberger's financial performance in 2015 was significantly impacted by the large decrease in land activity, particularly in the US, where the year-end land rig count was less than 700 rigs. This created massive overcapacity in the land market that impacted pricing levels across a broad range of oilfield services. Internationally, revenue in the Europe, CIS & Africa Area fell by 26% as a result of the weakening Russian ruble, and due to a drop in exploration activities in the United Kingdom and Norway GeoMarkets. In Latin America, revenue declined 22% due to decreased activity in Mexico, Brazil, and Colombia as a result of sustained budget cuts that led to rig count reductions. Middle East & Asia Area revenue decreased 17% on lower activity in the Asia Pacific region, particularly in Australia, although this was partially offset by robust activity in the Gulf Cooperation Council countries, particularly Saudi Arabia, Kuwait, and Oman.

Among the Groups, Reservoir Characterization performance was negatively impacted by sustained cuts in exploration spending, currency weaknesses, and operational disruptions from exhausted customer budgets that affected Wireline activities, particularly in the Europe, CIS & Africa and Middle East & Asia Areas. In the Drilling Group, the drop in drilling activity coupled with persistent pricing pressure, currency weaknesses and operational disruptions lowered Drilling & Measurements and M-I SWACO revenues across all geographies but most significantly in the Europe, CIS & Africa Area. Production Group performance was mainly affected by the fall in North American land activity as exhausted customer budgets led to a continued decline in rig count and increased pricing pressure.

In this uncertain environment, Schlumberger continues to focus on what it can control. Throughout the year, Schlumberger took a number of actions to streamline and resize its organization as it continues to navigate the current market downturn. In spite of current conditions, Schlumberger remains constructive in its view of the market outlook in the medium term, and continues to believe that the underlying balance of supply and demand will tighten, driven by growth in demand, weakening supply as the massive E&P investment cuts take effect, and by the size of the annual supply replacement challenge.

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Fourth Quarter 2015 Results

Product Groups

(Stated in millions)

	Fourth Quarter 2015		Third Quarter 2015	
	Income before Revenue Taxes		Income before Revenue Taxes	
Reservoir Characterization	\$2,154	\$520	\$2,321	\$614
Drilling	2,953	494	3,219	594
Production	2,671	303	2,974	330
Eliminations & other	(34)	(29)	(42)	(17)
Pretax operating income		1,288		1,521
Corporate & other ⁽¹⁾		(179)		(198)
Interest income ⁽²⁾		8		8
Interest expense ⁽³⁾		(83)		(78)
Charges & credits ⁽⁴⁾		(2,136)		-
	\$7,744	\$(1,102)	\$8,472	\$1,253

Geographic Areas

(Stated in millions)

	Fourth Quarter 2015		Third Quarter 2015	
	Income before Revenue Taxes		Income before Revenue Taxes	
North America	\$1,955	\$139	\$2,273	\$202
Latin America	1,407	324	1,422	295
Europe/CIS/Africa	2,059	428	2,274	505
Middle East & Asia	2,248	507	2,372	641
Eliminations & other	75	(110)	131	(122)
Pretax operating income		1,288		1,521
Corporate & other ⁽¹⁾		(179)		(198)
Interest income ⁽²⁾		8		8
Interest expense ⁽³⁾		(83)		(78)
Charges & credits ⁽⁴⁾		(2,136)		-
	\$7,744	\$(1,102)	\$8,472	\$1,253

⁽¹⁾Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other

nonoperating items.

- (2) Excludes interest income included in the segments' income (fourth quarter 2015: \$6 million; third quarter 2015: \$6 million).
- (3) Excludes interest expense included in the segments' income (fourth quarter 2015: \$8 million; third quarter 2015: \$8 million).
- (4) Charges and credits are described in detail in Note 3 to the Consolidated Financial Statements.

Fourth-quarter revenue of \$7.7 billion decreased \$728 million, or 9%, sequentially with International revenue of \$5.7 billion decreasing \$354 million, or 6%, and North America revenue decreasing \$318 million, or 14%. Pricing pressure accounted for more than one-third of the overall sequential revenue decline, with the remainder attributable to a combination of lower activity levels and currency impacts.

Internationally, fourth-quarter revenue decreased 6% sequentially due to the combination of customer budget cuts, the start of the seasonal winter slow-down, persistent pricing pressure, currency weakness and the near absence of the usual year-end product, software, and multiclient seismic license sales. Europe/CIS/Africa Area revenue decreased 9% sequentially mainly in Russia and

Central Asia due to weakness in the Russian ruble, the start of the seasonal winter slow-down in Russia as summer projects wound down, and activity reductions in the Caspian region. Solid activity in the Nigeria & Gulf of Guinea and North Africa GeoMarkets was offset largely by lower activity in the UK, Central & West Africa and Angola GeoMarkets as rig count declined and projects ended. Middle East & Asia Area revenue declined 5% sequentially mainly due to lower activity in Australia and the Asia-Pacific region as a result of customer budget cuts and project completions. Revenue from the Middle East GeoMarkets was also lower as solid activity in Kuwait and Iraq was more than offset by reductions in the rest of the region due to the effects of service pricing concessions, project cancellations, delayed start-ups of new projects, and abrupt activity disruptions as budgets were exhausted. Latin America Area revenue decreased 1% sequentially, mainly on significantly lower activity in the Colombia & Peru, Brazil, and Argentina, Bolivia & Chile GeoMarkets due to customer budget cuts and currency weakness. These effects were largely offset by multiclient seismic license sales in Mexico.

North America fourth-quarter revenue declined 14% sequentially, largely mirroring the US land rig count decline of 15% as customer cash flows diminished and E&P budgets were exhausted. Land revenue fell 18% from lower activity and persistent pricing pressure, while offshore revenue decreased 4%. The usual year-end surge in multiclient seismic license sales was largely muted.

Fourth-quarter pretax operating income of \$1.3 billion decreased \$233 million, or 15%, sequentially with International pretax operating income of \$1.26 billion decreasing 13%, and North America pretax operating income decreasing 31%.

Fourth-quarter 2015 pretax operating margin of 16.6% decreased 132 basis points (bps) sequentially. Internationally, pretax operating margin of 22.0% decreased 170 bps sequentially as pricing pressure across the Areas was partially offset by streamlining the cost and resource base. In addition, project cancellations, delayed start-ups of new projects, and abrupt activity disruptions all contributed to the sequential reduction in pretax operating margin, particularly in the Middle East & Asia Area. Middle East & Asia pretax operating margin decreased 448 bps to 22.5%, Europe/CIS/Africa fell 138 bps to 20.8%, while Latin America increased 229 bps to 23.0% mainly due to strong margins from multiclient seismic license sales in Mexico and Central America. North America pretax operating margin declined 175 bps 7.1% as a result of pricing pressure that impacted all services and products.

Reservoir Characterization Group

Fourth-quarter revenue of \$2.2 billion declined 7% sequentially, primarily due to sustained cuts in exploration spending, the start of the seasonal winter slow-down, currency weakness, and operational disruptions from exhausted customer budgets that impacted Wireline activities, particularly in the Europe/CIS/Africa and Middle East & Asia Areas. This decline was partially offset by marine seismic surveys and multiclient seismic license sales in Mexico. Year-end product and software sales were largely muted.

Pretax operating margin of 24.2% declined 230 bps sequentially as the contribution of high-margin multiclient seismic sales was more than offset by a decline in high-margin Wireline services.

Drilling Group

Fourth-quarter revenue of \$3.0 billion decreased 8% sequentially, primarily from a drop in drilling activity, persistent pricing pressure, the start of the seasonal winter slow-down, currency weakness, and operational disruptions from exhausted customer budgets that impacted Drilling & Measurements and M-I SWACO revenues, mainly in the Europe/CIS/Africa and Middle East & Asia Areas.

Pretax operating margin of 16.7% contracted 173 bps sequentially as revenue declined on pricing weakness and abrupt operational disruptions.

Production Group

Fourth-quarter revenue of \$2.7 billion decreased 10% sequentially with 80% of the decrease attributable to a further decline in North American land activity as exhausted customer budgets led to a further decline in rig count and increased pricing pressure. Market pricing for pressure pumping services dropped to even more unsustainable levels.

Pretax operating margin of 11.3% increased 24 bps sequentially despite lower activity and increasing pricing weakness in pressure pumping services. The decline in pressure pumping margin was largely offset by the combination of accretive margin contributions from Schlumberger Production Management projects in Latin America and higher net earnings from the OneSubsea joint venture.

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Full-Year 2015 Results

Product Groups

(Stated in millions)

	2015		2014	
	Revenue	Income before Taxes	Revenue	Income before Taxes
Reservoir Characterization	\$9,501	\$2,450	\$12,905	\$3,708
Drilling	13,563	2,538	18,128	3,805
Production	12,548	1,585	17,763	3,193
Eliminations & other	(137)	(63)	(216)	(130)
Pretax operating income		6,510		10,576
Corporate & other ⁽¹⁾		(768)		(848)
Interest income ⁽²⁾		30		31
Interest expense ⁽³⁾		(316)		(347)
Charges & credits ⁽⁴⁾		(2,575)		(1,773)
	\$35,475	\$2,881	\$48,580	\$7,639

Geographic Areas

(Stated in millions)

	2015		2014	
	Revenue	Income before Taxes	Revenue	Income before Taxes
North America	\$9,811	\$999	\$16,151	\$3,057
Latin America	6,014	1,315	7,699	1,639
Europe/CIS/Africa	9,284	1,979	12,515	2,765
Middle East & Asia	9,898	2,661	11,875	3,273
Eliminations & other	468	(444)	340	(158)
Pretax operating income		6,510		10,576
Corporate & other ⁽¹⁾		(768)		(848)
Interest income ⁽²⁾		30		31
Interest expense ⁽³⁾		(316)		(347)
Charges & credits ⁽⁴⁾		(2,575)		(1,773)
	\$35,475	\$2,881	\$48,580	\$7,639

⁽¹⁾ Comprised principally of certain corporate expenses not allocated to the segments stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other

nonoperating items.

(2) Excludes interest income included in the segments' income (2015: \$22 million; 2014: \$20 million).

(3) Excludes interest expense included in the segments' income (2015: \$30 million; 2014: \$22 million).

(4) Charges and credits are described in detail in Note 3 to the Consolidated Financial Statements.

Full-year 2015 revenue of \$35.5 billion decreased \$13.1 billion, or 27%, versus the same period last year with International revenue of \$25.2 billion decreasing \$6.9 billion, or 21%, and North America revenue of \$9.8 billion decreasing \$6.3 billion, or 39%.

Internationally, revenue decreased 21% year-on-year due to customer budget cuts and service pricing concessions as customers responded to lower commodity prices. Revenue was also impacted by the fall of certain currencies against the US dollar, which accounted for more than one-third of the revenue decline. Europe/CIS/Africa Area revenue decreased 26%, mainly due to the

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weakness in the Russian ruble. Exploration activities in the UK and Norway fell as customer spending decelerated. In Sub-Saharan Africa, offshore rigs demobilized as exploration decreased. In North Africa, work progressed slowly while Libya activity remained muted, as onshore operations were limited due to security concerns. Revenue in the Latin America Area declined 22% due to significantly lower activity levels in Mexico, Brazil and Colombia because of sustained budget cuts that led to rig count reductions. The impact of the devaluation of the Venezuela bolivar also affected the revenue decline in the Venezuela, Trinidad and Tobago GeoMarket. Middle East & Asia Area revenue decreased 17% due to a double-digit drop in revenue in the Asia-Pacific region, particularly in Australia. This decrease arose from reduced activity and pricing concessions, but was partially offset by robust activity in the Gulf Cooperation Council countries in the Middle East, particularly in Saudi Arabia, Kuwait and Oman. Activity in Iraq continued to decline.

North America full-year 2015 revenue decreased 39% year-on-year mainly from land which was down 45%, while offshore decreased 17% compared to the same period of 2014. The decrease in land was driven by severe activity and pricing declines as customer spending was cut. With the year-end US land rig count 68% lower than the 2014 peak, the massive over-capacity in the land services market offers no signs of pricing recovery in the short- to medium-term. Offshore activity in the US Gulf of Mexico remained resilient, although revenue did decline as work shifted from exploration to development activities driven by customer budget cuts.

Full-year 2015 pretax operating income of \$6.5 billion decreased \$4.1 billion, or 38%, versus the same period last year with International pretax operating income of \$6.0 billion decreasing 22% and North America pretax operating income of \$1.0 billion decreasing 67%.

Full-year 2015 pretax operating margin of 18.4% decreased 342 bps compared to 2014. Internationally, pretax operating margin of 23.6% decreased 29 bps year-on-year. Middle East & Asia pretax operating margin decreased 67 bps to 26.9%, Latin America expanded 58 bps to 21.9%, and Europe/CIS/Africa declined 79 bps to 21.3%. Despite the revenue decline from pricing concessions and an increasingly unfavorable shift in revenue mix from offshore exploration to development, pretax operating margins were essentially flat internationally as a result of proactive cost and resource management. North America pretax operating margin declined 874 bps year-on-year to 10.2% on decreased pressure pumping activity and pricing weakness on land.

Reservoir Characterization Group

Full-year 2015 revenue of \$9.5 billion was 26% lower than the same period last year primarily due to sustained customer cuts in exploration and discretionary spending that impacted Wireline and Testing Technologies and software sales. Revenue also decreased due to lower WesternGeco marine vessel utilization and reduced multiclient sales.

Year-on-year, pretax operating margin decreased 294 bps to 25.8% as a result of an unfavorable overall revenue mix reflecting the decline in high-margin exploration activity as well as lower high-margin multiclient and software sales.

Drilling Group

Full-year 2015 revenue of \$13.6 billion was 25% lower than the previous year primarily due to the severe drop in rig count in North America, reduced activity levels and service pricing concessions internationally that mainly affected Drilling & Measurements and M-I SWACO technologies. Unfavorable currency effects in Russia and Venezuela also contributed to the decline.

Year-on-year, pretax operating margin decreased 228 bps to 18.7%, primarily due to a decrease in higher-margin activities of Drilling & Measurements as well as pricing concessions. Despite the revenue decline, prompt action on cost management and the benefit of a local cost structure that minimized the impact of unfavorable currency effects on pretax operating income helped limit the operating margin decline.

Production Group

Full-year 2015 revenue of \$12.5 billion decreased 29% year-on-year, with approximately two-thirds of the decline attributable to Well Services pressure pumping technologies as a result of activity reductions and pricing pressure as the land rig count declined dramatically in North America.

Year-on-year, pretax operating margin declined 535 bps to 12.6% as lower activity and increasing pricing pressure continued in North America land.

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Full-Year 2014 Results

Product Groups

(Stated in millions)

	2014		2013	
	Revenue	Income before Taxes	Revenue	Income before Taxes
Reservoir Characterization	\$12,905	\$3,708	\$13,050	\$3,711
Drilling	18,128	3,805	16,792	3,238
Production	17,763	3,193	15,646	2,624
Eliminations & other	(216)	(130)	(222)	(229)
Pretax operating income		10,576		9,344
Corporate & other ⁽¹⁾		(848)		(726)
Interest income ⁽²⁾		31		22
Interest expense ⁽³⁾		(347)		(369)
Charges and credits ⁽⁴⁾		(1,773)		420
	\$48,580	\$7,639	\$45,266	\$8,691

Geographic Areas

(Stated in millions)

	2014		2013	
	Revenue	Income before Taxes	Revenue	Income before Taxes
North America	\$16,151	\$3,057	\$13,897	\$2,735
Latin America	7,699	1,639	7,754	1,589
Europe/CIS/Africa	12,515	2,765	12,411	2,593
Middle East & Asia	11,875	3,273	10,767	2,697
Eliminations & other	340	(158)	437	(270)
Pretax operating income		10,576		9,344
Corporate & other ⁽¹⁾		(848)		(726)
Interest income ⁽²⁾		31		22
Interest expense ⁽³⁾		(347)		(369)
Charges and credits ⁽⁴⁾		(1,773)		420
	\$48,580	\$7,639	\$45,266	\$8,691

⁽¹⁾Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other

nonoperating items.

(2) Excludes interest income included in the segments' income (2014: \$20 million; 2013: \$11 million).

(3) Excludes interest expense included in the segments' income (2014: \$22 million; 2013: \$22 million).

(4) Charges and credits are described in detail in Note 3 to the Consolidated Financial Statements.

Full-year 2014 revenue of \$48.6 billion grew \$3.3 billion, or 7%, versus the same period last year with International revenue of \$32.1 billion increasing \$1.2 billion, or 4%, and North America revenue of \$16.2 billion growing \$2.3 billion, or 16%.

Internationally, higher activities in a number of GeoMarkets, both offshore and in key land markets, contributed to the increase. The increase was led by the Middle East & Asia, which increased 10%, mainly from robust drilling and exploration results in Saudi Arabia, Australia, the United Arab Emirates and Oman. Europe/CIS/Africa increased 1%, led by the Sub-Saharan Africa region on strong

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development and exploration activities, particularly in Central West Africa, Angola and Continental Europe GeoMarkets. Norway also experienced strong growth driven by market share gains and higher rig-related services for a number of customers. Latin America, however, decreased 1% primarily because of lower activity and pricing in Brazil and Mexico which was partially offset by strong activity in Argentina and Ecuador.

North America revenue increased 16% mainly due to land, which was up 22%, while offshore was down 3%. The increase in land was driven by market share gains in pressure pumping, artificial lift and drilling services. The pressure pumping growth was augmented by improvements in operational efficiency and the introduction of new technologies. The decrease in offshore revenue was attributable to lower drilling and exploration activities, and due to a series of operational delays that impacted several product lines earlier in the year combined with lower multiclient sales.

Full-year 2014 pretax operating income of \$10.6 billion grew \$1.2 billion, or 13%, versus the same period last year with International pretax operating income of \$7.7 billion increasing 12% and North America pretax operating income of \$3.1 billion increasing 12%.

Full-year 2014 pretax operating margin of 21.8% increased 113 bps compared to 2013, as pretax operating margins internationally were up 168 bps, to 23.9%, while North America pretax operating margin was down 75 bps, to 18.9%. The increase in International Area margins reflected increased high-margin exploration activities, market share gains, growth in accretive integration-related activities and premium pricing on new technology introductions. The North America margin contraction reflected pressure pumping commodity inflation.

Reservoir Characterization Group

Full-year 2014 revenue of \$12.9 billion was down 1% compared to 2013. Revenue increased in Testing Services, from higher offshore exploration, and Software Integrated Solutions, driven by software sales across all international areas. However, these increases were offset by lower WesternGeco marine vessel utilization and reduced multiclient seismic sales.

Year-on-year, pretax operating margin increased 30 bps, to 28.7%, largely due to the higher-margin exploration activities that benefited Wireline Technologies and Testing Services. Higher margin software sales also contributed to the improvement. These increases were partially offset by lower profitability in WesternGeco due to lower vessel utilization and multiclient seismic sales.

Drilling Group

Full-year 2014 revenue of \$18.1 billion was 8% higher than 2013, primarily due to the robust demand for Drilling & Measurements services and M-I SWACO Technologies as activity strengthened in the North America and Middle East & Asia Areas. Land Rig revenue from the May 2014 acquisition of Saxon also contributed to the growth.

Year-on-year, pretax operating margin increased 171 bps, to 21.0%, primarily due to the increase in higher-margin exploration activities of Drilling & Measurements in North America offshore and in the international markets. Improved profitability on Integrated Drilling Services activities also contributed to the margin increase.

Production Group

Full-year 2014 revenue of \$17.8 billion increased 14% compared to 2013, primarily from Well Services pressure pumping technologies driven by market share gains, improvements in operational efficiency and the introduction of new technologies. Schlumberger Production Management (SPM) revenue grew as projects in Latin America continued to progress ahead of work plans. Revenue from the expanding artificial lift business also contributed to the year-on-year growth.

Year-on-year, pretax operating margin increased 121 bps, to 18.0%, mainly on improved profitability for Well Services and Well Intervention, particularly internationally. SPM activities also contributed to the margin expansion. However, these improvements were partially offset by the decrease in margins in North America due to pressure pumping commodity cost inflation.

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Interest and Other Income

Interest and other income consisted of the following:

(Stated in millions)

	2015	2014	2013
Interest income	\$52	\$51	\$33
Earnings of equity method investments	184	240	132
	\$236	\$291	\$165

The decrease in earnings of equity method investments in 2015 as compared to 2014 primarily reflects the effects of the downturn in the oil and gas industry, which has negatively impacted the majority of Schlumberger's investments in affiliates, particularly those in North America.

The increase in earnings of equity method investments in 2014 as compared to 2013 primarily reflects the strong performance of a drilling service company in which Schlumberger has an investment, as well as the impact of the first full year of results from the OneSubsea joint venture.

Interest Expense

Interest expense of \$346 million in 2015 decreased by \$23 million compared to 2014 primarily as the effect of an increase in the weighted average debt balance of approximately \$0.5 billion was more than offset by a 30 bps decrease in the weighted average borrowing rates from 2.8% in 2014 to 2.5% in 2015.

Interest expense of \$369 million in 2014 decreased by \$22 million compared to 2013 primarily as the effect of an increase in the weighted average debt balance of approximately \$1.1 billion was more than offset by a 40 bps decrease in the weighted average borrowing rates from 3.2% in 2013 to 2.8% in 2014.

Other

Research & engineering and General & administrative expenses, as a percentage of Revenue, were as follows:

	2015	2014	2013
Research & engineering	3.1 %	2.5 %	2.6 %
General & administrative	1.4 %	1.0 %	0.9 %

Income Taxes

The Schlumberger effective tax rate was 25.9% in 2015, 25.2% in 2014, and 21.3% in 2013.

The Schlumberger effective tax rate is sensitive to the geographic mix of earnings. When the percentage of pretax earnings generated outside of North America increases, the Schlumberger effective tax rate will generally decrease. Conversely, when the percentage of pretax earnings generated outside of North America decreases, the Schlumberger effective tax rate will generally increase.

The effective tax rate for each of 2015, 2014 and 2013 was significantly impacted by the charges and credits described in Note 3 to the Consolidated Financial Statements because they were only partially tax effective. Excluding the impact of these charges and credits, the effective tax rate was 20.2% in 2015, 21.9% in 2014 and 22.9% in 2013. The decrease in the effective tax rate, excluding the impact of charges and credits, was primarily attributable to the change in the geographic mix of earnings and the favorable resolution of tax examinations in certain jurisdictions.

Charges and Credits

Schlumberger recorded significant charges and credits in continuing operations during 2015, 2014 and 2013. These charges and credits, which are summarized below, are more fully described in Note 3 to the Consolidated Financial Statements.

The following is a summary of the 2015 charges and credits, all of which were classified as Impairments & other in the Consolidated Statement of Income:

(Stated in millions)

	Pretax	Tax	Net
Workforce reductions	\$920	\$107	\$813
Fixed asset impairments	776	141	635
Inventory write-downs	269	27	242
Impairment of SPM project	182	36	146
Facility closures	177	37	140
Geopolitical events	77	-	77
Currency devaluation loss in Venezuela	49	-	49
Contract termination costs	41	2	39
Other	84	7	77
	\$2,575	\$357	\$2,218

The following is a summary of the 2014 charges and credits, all of which were classified as Impairments & other in the Consolidated Statement of Income:

(Stated in millions)

	Pretax	Tax	Net
WesternGeco restructuring	\$806	\$25	\$781
Currency devaluation loss in Venezuela	472	-	472
Workforce reduction	296	37	259
Impairment of SPM project	199	72	127
	\$1,773	\$134	\$1,639

The following is a summary of the 2013 charges and credits:

(Stated in millions)

	Pretax	Tax	Net
Gain on formation of OneSubsea joint venture ⁽¹⁾	\$(1,028)	\$-	\$(1,028)
Impairment of equity method investments ⁽²⁾	364	19	345
Provision for accounts receivable ⁽³⁾	152	30	122
Currency devaluation loss in Venezuela ⁽²⁾	92	-	92
	\$(420)	\$49	\$(469)

⁽¹⁾Classified as Gain on formation of OneSubsea in the Consolidated Statement of Income.

⁽²⁾Classified in Impairments & other in the Consolidated Statement of Income.

⁽³⁾Classified in Cost of revenue in the Consolidated Statement of Income.

Net Debt

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

Details of changes in Net Debt follow:

(Stated in millions)

	2015	2014	2013
Income from continuing operations before controlling interests	\$2,135	\$5,711	\$6,843
Gain on formation of OneSubsea joint venture	-	-	(1,028)
Impairments and other charges	2,575	1,773	608
Depreciation and amortization ⁽¹⁾	4,078	4,094	3,879
Earnings of equity method investments, less dividends received	(125)	(113)	(71)
Pension and other postretirement benefits expense	438	355	518
Stock-based compensation expense	326	329	315
Pension and other postretirement benefits funding	(346)	(390)	(538)
(Increase) decrease in working capital ⁽²⁾	(478)	(36)	90
Other	202	(528)	74
Cash flow from operations	8,805	11,195	10,690
Capital expenditures	(2,410)	(3,976)	(3,943)
SPM investments	(953)	(740)	(902)
Multiclient seismic data capitalized	(486)	(321)	(394)
Free cash flow ⁽³⁾	4,956	6,158	5,451
Dividends paid	(2,419)	(1,968)	(1,608)
Proceeds from employee stock plans	448	825	537
Stock repurchase program	(2,182)	(4,678)	(2,596)
	803	337	1,784
Business acquisitions and investments, net of cash acquired plus debt assumed	(478)	(1,501)	(610)
Payment for OneSubsea transaction	-	-	(600)
Discontinued operations - settlement with U.S. Department of Justice ⁽⁴⁾	(233)	-	-
Other	(252)	220	94
(Increase) decrease in Net Debt	(160)	(944)	668
Net Debt, Beginning of period	(5,387)	(4,443)	(5,111)
Net Debt, End of period	\$(5,547)	\$(5,387)	\$(4,443)

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

(2) Includes severance payments of approximately \$810 million during 2015.

(3) "Free cash flow" represents cash flow from operations less capital expenditures, SPM investments and multiclient seismic data capitalized. Management believes that this is an important measure because it represents funds available to reduce debt and pursue opportunities that enhance shareholder value such as acquisitions and returning cash to shareholders through stock repurchases and dividends.

(4) Refer to Note 20 to the Consolidated Financial Statements for details.

(Stated in millions)

Components of Net Debt	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Cash	\$2,793	\$3,130	\$3,472
Short-term investments	10,241	4,371	4,898
Fixed income investments, held to maturity	418	442	363
Long-term debt – current portion	(3,011)	(1,244)	(1,819)

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Short-term borrowings	(1,546)	(1,521)	(964)
Long-term debt	(14,442)	(10,565)	(10,393)
	\$(5,547)	\$(5,387)	\$(4,443)

Key liquidity events during 2015, 2014 and 2013 included:

- On August 26, 2015, Schlumberger and Cameron jointly announced that they had entered into a definitive merger agreement in which Cameron will merge with Schlumberger Holdings Corporation, an indirect wholly-owned United States subsidiary of Schlumberger. Under the terms of the agreement, Cameron shareholders will receive 0.716 shares of Schlumberger

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Limited common stock and a cash payment of \$14.44 in exchange for each Cameron share of common stock outstanding. In connection with this transaction, Schlumberger Holdings Corporation will acquire approximately 137 million shares of common stock from Schlumberger Limited and transfer these shares to Cameron’s shareholders. Additionally, Schlumberger Holdings Corporation will pay cash of approximately \$2.8 billion in connection with this transaction. The transaction remains subject to certain regulatory approvals and other customary closing conditions. It is anticipated that the closing of this transaction will occur in the first quarter of 2016.

In order to partially fund the purchase of the 137 million shares of common stock from Schlumberger Limited that will be transferred to Cameron stockholders, Schlumberger Holdings Corporation issued the following notes during the fourth quarter of 2015:

- \$500 million of 1.90% Senior Notes due 2017;
- \$1.3 billion of 2.35% Senior Notes due 2018;
- \$1.6 billion of 3.00% Senior Notes due 2020;
- \$850 million of 3.63% Senior Notes due 2022; and
- \$1.75 billion of 4.00% Senior Notes due 2025.

Schlumberger Holdings Corporation expects to use a combination of cash on hand and commercial paper borrowings to finance the difference between the proceeds received from the issuance of these notes and the cash required to complete the Cameron merger.

- During the fourth quarter of 2013, Schlumberger issued \$1.5 billion of 3.65% Senior Notes due 2023.
- During the fourth quarter of 2013, Schlumberger issued €0.5 billion of 1.50% Guaranteed Notes due 2019.
- During the second quarter of 2013, Schlumberger paid Cameron \$600 million in connection with the formation of the OneSubsea joint venture.
 - On April 17, 2008, the Schlumberger Board of Directors (the “Board”) approved an \$8 billion share repurchase program for shares of Schlumberger common stock, to be acquired before December 31, 2011. On July 21, 2011, the Board approved an extension of this repurchase program to December 31, 2013. This program was completed during the third quarter of 2013.

On July 18, 2013, the Board approved a new \$10 billion share repurchase program to be completed at the latest by June 30, 2018. Schlumberger had repurchased \$8.6 billion of shares under this new share repurchase program as of December 31, 2015.

The following table summarizes the activity under these share repurchase programs during 2015, 2014 and 2013:

(Stated in thousands, except per share amounts)

	Total	Average
Total cost	number	price
of shares	of shares	paid per
purchased	purchased	share
2015 \$2,182,180	26,751.0	\$ 81.57
2014 \$4,677,687	47,545.9	\$ 98.38
2013 \$2,596,447	31,349.5	\$ 82.82

On January 21, 2016, the Board approved a new \$10 billion share repurchase program for Schlumberger common stock. This new program will take effect once the remaining \$1.4 billion authorized to be repurchased under the July 18, 2013 program is exhausted.

· Net cash provided by operating activities was \$8.8 billion in 2015, \$11.2 billion in 2014 and \$10.7 billion in 2013. The decrease in operating cash flows in 2015 as compared to 2014 was largely attributable to lower earnings before non-cash charges and credits and depreciation and amortization expense while the increase in operating cash flows in 2014 as compared to 2013 was largely attributable to higher earnings before non-cash charges and credits and depreciation and amortization expense.

· Dividends paid during 2015, 2014 and 2013 were \$2.4 billion, \$2.0 billion and \$1.6 billion, respectively.

On January 15, 2015, Schlumberger announced that its Board approved a 25% increase in the quarterly dividend, to \$0.50.

On January 16, 2014, Schlumberger announced that its Board approved a 28% increase in the quarterly dividend, to \$0.40.

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· Capital expenditures were \$2.4 billion in 2015, \$4.0 billion in 2014 and \$3.9 billion in 2013. Capital expenditures are expected to be approximately \$2.4 billion in 2016.

· During the fourth quarter of 2015, Schlumberger made a \$500 million cash investment into a new SPM project. Schlumberger is obligated to make a further \$500 million cash investment into this project during the first quarter of 2016.

During 2015, 2014 and 2013 Schlumberger made contributions of \$346 million, \$390 million and \$538 million, respectively, to its postretirement benefit plans. The US pension plans were 86% funded at both December 31, 2015 and 2014 based on the projected benefit obligation.

Schlumberger's international defined benefit pension plans were a combined 93% funded at December 31, 2015 based on the projected benefit obligation. This compares to 94% funded at December 31, 2014.

Schlumberger currently anticipates contributing approximately \$350 million to its postretirement benefit plans in 2016, subject to market and business conditions.

Schlumberger maintains a €5.0 billion Guaranteed Euro Medium Term Note program. This program provides for the issuance of various types of debt instruments such as fixed or floating rate notes in Euro, US dollar or other currencies. Schlumberger has issued €0.5 billion 1.50% Guaranteed Notes due 2019 under this program.

As of December 31, 2015, Schlumberger had \$13.0 billion of cash and short-term investments on hand. Schlumberger had separate committed debt facility agreements aggregating \$3.8 billion with commercial banks, of which \$1.4 billion was available and unused as of December 31, 2015. The \$3.8 billion of committed debt facility agreements included \$3.5 billion of committed facilities, which support commercial paper programs. Schlumberger believes that these amounts are sufficient to meet future business requirements for at least the next 12 months.

The total outstanding commercial paper borrowings were \$2.383 billion as of December 31, 2015 and \$1.538 billion as of December 31, 2014.

Summary of Contractual Obligations

(Stated in millions)

	Total	Accumulated			
		2016	2017-2018	2019-2020	After 2020
Debt ⁽¹⁾	\$18,999	\$4,558	\$ 4,152	\$ 2,511	\$ 7,778
Interest on fixed rate debt obligations ⁽²⁾	2,444	401	740	653	650
Operating leases	1,428	261	367	274	526
Purchase obligations and other ⁽³⁾	1,922	1,734	120	49	19
	\$24,793	\$6,954	\$ 5,379	\$ 3,487	\$ 8,973

⁽¹⁾Excludes future payments for interest.

⁽²⁾Excludes interest on \$4.7 billion of variable rate debt, which had a weighted average interest rate of 1.0% as of December 31, 2015.

⁽³⁾Represents an estimate of contractual obligations in the ordinary course of business. Although these contractual obligations are considered enforceable and legally binding, the terms generally allow Schlumberger the option to reschedule and adjust its requirements based on business needs prior to the delivery of goods. This amount also reflects a \$500 million cash investment into an SPM project that Schlumberger is obligated to make during the first quarter of 2016.

Refer to Note 18, Pension and Other Benefit Plans, of the Consolidated Financial Statements for details regarding Schlumberger's pension and other postretirement benefit obligations.

As discussed in Note 14, Income Taxes, of the Consolidated Financial Statements, included in the Schlumberger Consolidated Balance Sheet at December 31, 2015 is approximately \$1.3 billion of liabilities associated with uncertain

tax positions in the over 100 jurisdictions in which Schlumberger conducts business. Due to the uncertain and complex application of tax regulations, combined with the difficulty in predicting when tax audits throughout the world may be concluded, Schlumberger cannot make reliable estimates of the timing of cash outflows relating to these liabilities.

Schlumberger has outstanding letters of credit/guarantees that relate to business performance bonds, custom/excise tax commitments, facility lease/rental obligations, etc. These were entered into in the ordinary course of business and are customary practices in the various countries where Schlumberger operates.

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Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires Schlumberger to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. The following accounting policies involve “critical accounting estimates” because they are particularly dependent on estimates and assumptions made by Schlumberger about matters that are inherently uncertain.

Schlumberger bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Multiclient Seismic Data

Schlumberger capitalizes the costs associated with obtaining multiclient seismic data. The carrying value of the multiclient seismic data library at December 31, 2015 and 2014 was \$1.03 billion and \$793 million, respectively. Such costs are charged to Cost of revenue based on the percentage of the total costs to the estimated total revenue that Schlumberger expects to receive from the sales of such data. However, under no circumstances will an individual survey carry a net book value greater than a 4-year, straight-line amortized value.

The carrying value of surveys is reviewed for impairment annually as well as when an event or change in circumstance indicates an impairment may have occurred. Adjustments to the carrying value are recorded when it is determined that estimated future revenues, which involve significant judgment on the part of Schlumberger, would not be sufficient to recover the carrying value of the surveys. Significant adverse changes in Schlumberger’s estimated future cash flows could result in impairment charges in a future period. For purposes of performing the annual impairment test of the multiclient library, larger surveys (which are typically prefunded by customers) are analyzed for impairment on a survey-by-survey basis and smaller surveys are analyzed based on two pools of surveys: United States and non-United States. The United States and non-United States pools were determined to be the most appropriate level at which to perform the impairment review based upon a number of factors, including (i) various macroeconomic factors that influence the ability to successfully market surveys, and (ii) the focus of the sales force and related costs.

Allowance for Doubtful Accounts

Schlumberger maintains an allowance for doubtful accounts in order to record accounts receivable at their net realizable value. Judgment is involved in recording and making adjustments to this reserve. Allowances have been recorded for receivables believed to be uncollectible, including amounts for the resolution of potential credit and other collection issues such as disputed invoices. Depending on how such potential issues are resolved, or if the financial condition of Schlumberger customers were to deteriorate resulting in an impairment of their ability to make payments, adjustments to the allowance may be required.

Schlumberger operates in more than 85 countries. At December 31, 2015, only four of those countries individually accounted for greater than 5% of Schlumberger’s accounts receivable balance, of which only two (Venezuela and Mexico) accounted for greater than 10%. Schlumberger has experienced delays in payment from its national oil company customer in Venezuela. During the fourth quarter of 2015, Schlumberger entered into an agreement with its national oil company customer in Venezuela to receive certain fixed assets in lieu of payment of approximately \$200 million of accounts receivable.

Goodwill, Intangible Assets and Long-Lived Assets

Schlumberger records the excess of purchase price over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed as goodwill. The goodwill relating to each of Schlumberger's reporting units is tested for impairment annually as well as when an event, or change in circumstances, indicates an impairment may have occurred.

Under generally accepted accounting principles, Schlumberger has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of one of its reporting units is greater than its carrying amount. If, after assessing the totality of events or circumstances, Schlumberger determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, there is no need to perform any further testing. However, if Schlumberger concludes otherwise, then it is required to perform the first step of a two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the goodwill of the reporting unit is less than its carrying value.

Schlumberger has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test.

For purposes of performing the impairment test for goodwill, Schlumberger's reporting units are its three Groups: Reservoir Characterization, Drilling and Production. Schlumberger elected to perform the qualitative assessment described above for purposes of its annual goodwill impairment test in 2015. Based on this assessment, Schlumberger concluded that it was more likely than not that the fair value of each of its reporting units was greater than its carrying amount. Accordingly, no further testing was required.

Long-lived assets, including fixed assets, intangible assets and investments in SPM projects, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In reviewing for impairment, the carrying value of such assets is compared to the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. If such cash flows are not sufficient to support the asset's recorded value, an impairment charge is recognized to reduce the carrying value of the long-lived asset to its estimated fair value, as was the case for certain assets in 2015 and 2014. The determination of future cash flows as well as the estimated fair value of long-lived assets involves significant estimates on the part of management. If there is a material change in economic conditions or other circumstances influencing the estimate of future cash flows or fair value, Schlumberger could be required to recognize impairment charges in the future.

Income Taxes

Schlumberger conducts business in more than 100 tax jurisdictions, a number of which have tax laws that are not fully defined and are evolving. Schlumberger's tax filings are subject to regular audits by the tax authorities. These audits may result in assessments for additional taxes that are resolved with the authorities or, potentially, through the courts. Schlumberger recognizes the impact of a tax position in its financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. Tax liabilities are recorded based on estimates of additional taxes which will be due upon the conclusion of these audits. Estimates of these tax liabilities are made based upon prior experience and are updated in light of changes in facts and circumstances. However, due to the uncertain and complex application of tax regulations, the ultimate resolution of audits may result in liabilities that could be materially different from these estimates. In such an event, Schlumberger will record additional tax expense or tax benefit in the period in which such resolution occurs.

Pension and Postretirement Benefits

Schlumberger's pension and postretirement benefit obligations are described in detail in Note 18 to the Consolidated Financial Statements. The obligations and related costs are calculated using actuarial concepts, which include critical assumptions related to the discount rate, expected rate of return on plan assets and medical cost trend rates. These assumptions are important elements of expense and/or liability measurement and are updated on an annual basis, or upon the occurrence of significant events.

The discount rate that Schlumberger uses reflects the prevailing market rate of a portfolio of high-quality debt instruments with maturities matching the expected timing of the payment of the benefit obligations. The following summarizes the discount rates utilized by Schlumberger for its various pension and postretirement benefit plans:

The discount rate utilized to determine the liability for Schlumberger's United States pension plans and postretirement medical plans was 4.50% at December 31, 2015 and 4.15% at December 31, 2014.

The weighted-average discount rate utilized to determine the liability for Schlumberger's international pension plans was 4.36% at December 31, 2015 and 4.07% at December 31, 2014.

The weighted-average discount rate utilized to determine expense for Schlumberger's United States pension plans and postretirement medical plans decreased from 4.85% in 2014 to 4.15% in 2015.

The weighted-average discount rate utilized to determine expense for Schlumberger's international pension plans decreased from 4.76% in 2014 to 4.07% in 2015.

The expected rate of return for Schlumberger's retirement benefit plans represents the average rate of return expected to be earned on plan assets over the period that benefits included in the benefit obligation are expected to be paid. The

expected rate of return for Schlumberger's United States pension plans has been determined based upon expected rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class. The weighted average expected rate of return on plan assets for the United States pension plans was 7.25% in both 2015 and 2014. The weighted average expected rate of return on plan assets for the international pension plans was 7.50% in both 2015 and 2014. A lower expected rate of return would increase pension expense.

Schlumberger's medical cost trend rate assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. The overall medical cost trend rate assumption utilized to determine the 2015 postretirement medical expense was 7.0% graded to 5.0% over the next ten years. The overall medical trend rate assumption utilized to determine the postretirement medical liability at December 31, 2015 was 7.0% graded to 5.0% over the next ten years.

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The following illustrates the sensitivity to changes in certain assumptions, holding all other assumptions constant, for the United States and international pension plans:

(Stated in millions)

Change in Assumption	Effect on 2015 Pretax Pension Expense	Effect on Dec. 31, 2015 Liability
25 basis point decrease in discount rate	+\$68	+\$457
25 basis point increase in discount rate	-\$65	-\$431
25 basis point decrease in expected return on plan assets	+\$25	-
25 basis point increase in expected return on plan assets	-\$24	-

The following illustrates the sensitivity to changes in certain assumptions, holding all other assumptions constant, for Schlumberger's United States postretirement medical plans:

(Stated in millions)

Change in Assumption	Effect on 2015 Pretax Pension Expense	Effect on Dec. 31, 2015 Liability
25 basis point decrease in discount rate	+\$6	+\$39
25 basis point increase in discount rate	-\$5	-\$37
100 basis point decrease per annum in medical cost trend rate	-\$6	-\$33
100 basis point increase per annum in medical cost trend rate	+\$7	+\$37

Investments in Affiliated Companies

Investments in Affiliated Companies on the consolidated balance sheet primarily reflects Schlumberger's investments in privately held companies, some of which are in the startup or development stages and are often still defining their strategic direction. Such investments are inherently risky and their success is dependent on factors such as technology development, market acceptance and their ability to raise additional funds. The technology being developed by these companies may never materialize and they could fail. Schlumberger monitors its portfolio to determine if any investment is other-than-temporarily impaired. If an investment is considered to be other-than-temporarily impaired, it is written down to its fair value, as was the case for certain investments in 2015 and 2013.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Schlumberger is subject to market risks primarily associated with changes in foreign currency exchange rates and interest rates.

As a multinational company, Schlumberger conducts business in approximately 85 countries. Schlumberger's functional currency is primarily the US dollar, which is consistent with the oil and gas industry. Approximately 83%

of Schlumberger's revenue in 2015 was denominated in US dollars. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar-reported expenses will increase.

A 5% increase or decrease in the average exchange rates of all the foreign currencies in 2015 would have changed revenue by approximately 1%. If the 2015 average exchange rates of the US dollar against all foreign currencies had strengthened by 5%, Schlumberger's pretax operating income would have increased by approximately 3%. Conversely, a 5% weakening of the US dollar average exchange rates would have decreased pretax operating income by approximately 3%.

Please refer to Note 3 to the Consolidated Financial Statements for a discussion of exchange rates as it relates to Schlumberger's operations in Venezuela.

Schlumberger maintains a foreign-currency risk management strategy that uses derivative instruments to protect its interests from unanticipated fluctuations in earnings and cash flows caused by volatility in currency exchange rates. Foreign currency forward contracts and foreign currency options provide a hedge against currency fluctuations either on monetary assets/liabilities denominated in other than a functional currency or on expenses.

At December 31, 2015, contracts were outstanding for the US dollar equivalent of \$3.8 billion in various foreign currencies of which \$1.2 billion relate to hedges of debt balances denominated in currencies other than the functional currency.

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that uses a mix of variable and fixed rate debt combined with its investment portfolio and occasionally interest rate swaps to mitigate the exposure to changes in interest rates. At December 31, 2015, Schlumberger had fixed rate debt aggregating approximately \$14.3 billion and variable rate debt aggregating approximately \$4.7 billion before considering the effects of cross currency swaps.

Schlumberger's exposure to interest rate risk associated with its debt is also partially mitigated by its investment portfolio. Both Short-term investments and Fixed income investments, held to maturity, which totaled approximately \$10.7 billion at December 31, 2015, are comprised primarily of money market funds, time deposits, certificates of deposit, commercial paper, bonds and notes, substantially all of which are denominated in US dollars. The average return on investments was 1.0% in 2015.

The following table represents the carrying amounts of Schlumberger's debt at December 31, 2015 by year of maturity:

	Expected Maturity Dates									Total
	2016	2017	2018	2019	2020	2021	2022	2023	2025	
Fixed rate debt										
1.95% Senior Notes	\$ 1,100									\$ 1,100
2.65% Senior Notes	500									500
1.25% Senior Notes		\$ 1,000								1,000
1.90% Senior Notes		499								499
2.35% Senior Notes			\$ 1,297							1,297
1.50% Guaranteed Notes				\$ 566						566
3.00% Senior Notes					\$ 1,591					1,591
3.30% Senior Notes						\$ 1,597				1,597
4.20% Senior Notes						1,100				1,100
2.40% Senior Notes							\$ 999			999
3.63% Senior Notes							845			845
3.65% Senior Notes								\$ 1,496		1,496
4.00% Senior Notes									\$ 1,741	1,741
Total fixed rate debt	\$ 1,600	\$ 1,499	\$ 1,297	\$ 566	\$ 1,591	\$ 2,697	\$ 1,844	\$ 1,496	\$ 1,741	\$ 14,331
Variable rate debt	2,957	28	1,329	354	-	-	-	-	-	4,668
Total	\$ 4,557	\$ 1,527	\$ 2,626	\$ 920	\$ 1,591	\$ 2,697	\$ 1,844	\$ 1,496	\$ 1,741	\$ 18,999

(Stated in millions)

The fair market value of the outstanding fixed rate debt was approximately \$14.3 billion as of December 31, 2015. The weighted average interest rate on the variable rate debt as of December 31, 2015 was 1.0%.

Schlumberger does not enter into derivatives for speculative purposes.

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Forward-looking Statements

This Form 10-K and other statements we make contain “forward-looking statements” within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of its segments (and for specified products or geographic areas within each segment); oil and natural gas demand and production growth; oil and natural gas prices; improvements in operating procedures and technology; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger’s customers; the integration of Cameron into our business; the anticipated benefits of the Cameron transaction; the success of Schlumberger’s joint ventures and alliances; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, global economic conditions; changes in exploration and production spending by Schlumberger’s customers and changes in the level of oil and natural gas exploration and development; general economic, political and business conditions in key regions of the world; pricing erosion; weather and seasonal factors; operational modifications, delays or cancellations; production declines; changes in government regulations and regulatory requirements, including those related to offshore oil and gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services and climate-related initiatives; the inability of technology to meet new challenges in exploration; the risk that the contemplated Cameron merger will not occur, negative effects from the pendency of the contemplated Cameron merger; the inability after the closing of the Cameron merger to successfully integrate the merged businesses and to realize expected synergies; the inability to retain key employees; expenses for the merger; and other risks and uncertainties detailed in the Risk Factors section of this Form 10-K and other filings that we make with the Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

Item 8. Financial Statements and Supplementary Data.

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

	(Stated in millions, except per share amounts)		
Year Ended December 31,	2015	2014	2013
Revenue	\$35,475	\$48,580	\$45,266
Interest & other income	236	291	165
Gain on formation of OneSubsea	-	-	1,028
Expenses			
Cost of revenue	28,321	37,398	35,331
Research & engineering	1,094	1,217	1,174
General & administrative	494	475	416
Impairments & other	2,575	1,773	456
Interest	346	369	391
Income from continuing operations before taxes	2,881	7,639	8,691
Taxes on income	746	1,928	1,848
Income from continuing operations	2,135	5,711	6,843
Loss from discontinued operations	-	(205)	(69)
Net income	2,135	5,506	6,774
Net income attributable to noncontrolling interests	63	68	42
Net income attributable to Schlumberger	\$2,072	\$5,438	\$6,732
Schlumberger amounts attributable to:			
Income from continuing operations	2,072	5,643	6,801
Loss from discontinued operations	-	(205)	(69)
Net income	\$2,072	\$5,438	\$6,732
Basic earnings per share of Schlumberger			
Income from continuing operations	\$1.63	\$4.36	\$5.14
Loss from discontinued operations	-	(0.16)	(0.05)
Net income	\$1.63	\$4.20	\$5.09
Diluted earnings per share of Schlumberger			
Income from continuing operations	\$1.63	\$4.31	\$5.10
Loss from discontinued operations	-	(0.16)	(0.05)
Net income ⁽¹⁾	\$1.63	\$4.16	\$5.05
Average shares outstanding:			
Basic	1,267	1,295	1,323
Assuming dilution	1,275	1,308	1,333

⁽¹⁾Amounts may not add due to rounding.

See the Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Stated in millions)

Year Ended December 31,	2015	2014	2013
Net income	\$2,135	\$5,506	\$6,774
Currency translation adjustments			
Unrealized net change arising during the period	(522)	(463)	(151)
Marketable securities			
Unrealized (loss) gain arising during the period	(50)	(166)	35
Reclassification to net income - impairment charge	40	-	-
Cash flow hedges			
Net (loss) gain on cash flow hedges	(178)	(238)	49
Reclassification to net income of net realized gain (loss)	235	113	(50)
Pension and other postretirement benefit plans			
Actuarial gain (loss)			
Actuarial (loss) gain arising during the period	(210)	(1,285)	1,328
Amortization to net income of net actuarial loss	306	177	300
Prior service cost			
Amortization to net income of net prior service cost	101	128	125
Income taxes on pension and other postretirement benefit plans	(74)	82	(302)
Comprehensive income	1,783	3,854	8,108
Comprehensive income attributable to noncontrolling interests	63	68	42
Comprehensive income attributable to Schlumberger	\$1,720	\$3,786	\$8,066

See the Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Stated in millions)

December 31,	2015	2014
ASSETS		
Current Assets		
Cash	\$2,793	\$3,130
Short-term investments	10,241	4,371
Receivables less allowance for doubtful accounts (2015 - \$333; 2014 - \$275)	8,780	11,171
Inventories	3,756	4,628
Deferred taxes	208	144
Other current assets	1,134	1,250
	26,912	24,694
Fixed Income Investments, held to maturity	418	442
Investments in Affiliated Companies	3,311	3,235
Fixed Assets less accumulated depreciation	13,415	15,396
Multiclient Seismic Data	1,026	793
Goodwill	15,605	15,487
Intangible Assets	4,569	4,654
Other Assets	2,749	2,203
	\$68,005	\$66,904
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	7,727	9,246
Estimated liability for taxes on income	1,203	1,647
Long-term debt - current portion	3,011	1,244
Short-term borrowings	1,546	1,521
Dividends payable	634	518
	14,121	14,176
Long-term Debt	14,442	10,565
Postretirement Benefits	1,434	1,501
Deferred Taxes	1,075	1,296
Other Liabilities	1,028	1,317
	32,100	28,855
Equity		
Common stock	12,693	12,495
Treasury stock	(13,372)	(11,772)
Retained earnings	40,870	41,333
Accumulated other comprehensive loss	(4,558)	(4,206)
Schlumberger stockholders' equity	35,633	37,850
Noncontrolling interests	272	199
	35,905	38,049
	\$68,005	\$66,904

See the Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(Stated in millions)

Year ended December 31,	2015	2014	2013
Cash flows from operating activities:			
Net income	\$2,135	\$5,506	\$6,774
Add: Loss from discontinued operations	-	205	69
Adjustments to reconcile net income to cash provided by operating activities:			
Gain on formation of OneSubsea	-	-	(1,028)
Impairments and other charges	2,575	1,773	608
Depreciation and amortization ⁽¹⁾	4,078	4,094	3,879
Pension and other postretirement benefits expense	438	355	518
Stock-based compensation expense	326	329	315
Pension and other postretirement benefits funding	(346)	(390)	(538)
Earnings of equity method investments, less dividends received	(125)	(113)	(71)
Change in assets and liabilities: ⁽²⁾			
Decrease (increase) in receivables	2,176	(187)	(803)
Decrease (increase) in inventories	625	(36)	188
Decrease in other current assets	76	119	17
Decrease (increase) in other assets	16	(134)	(78)
(Decrease) increase in accounts payable and accrued liabilities	(2,656)	(36)	654
(Decrease) increase in estimated liability for taxes on income	(699)	104	34
Increase (decrease) in other liabilities	24	(79)	60
Other	162	(315)	92
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,805	11,195	10,690
Cash flows from investing activities:			
Capital expenditures	(2,410)	(3,976)	(3,943)
SPM investments	(953)	(740)	(902)
Multiclient seismic data capitalized	(486)	(321)	(394)
Business acquisitions and investments, net of cash acquired	(443)	(1,008)	(1,210)
(Purchase) sale of investments, net	(5,848)	446	(648)
Other	(112)	19	218
NET CASH USED IN INVESTING ACTIVITIES	(10,252)	(5,580)	(6,879)
Cash flows from financing activities:			
Dividends paid	(2,419)	(1,968)	(1,608)
Proceeds from employee stock purchase plan	296	295	270
Proceeds from exercise of stock options	152	530	267
Stock repurchase program	(2,182)	(4,678)	(2,596)
Proceeds from issuance of long-term debt	9,565	2,289	4,554
Repayment of long-term debt	(3,771)	(2,878)	(3,141)
Net (decrease) increase in short-term borrowings	(3)	552	37
Other	(264)	(38)	18
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,374	(5,896)	(2,199)
Cash flow (used in) provided by discontinued operations - operating activities	(233)	24	(2)
Cash flow used in discontinued operations - investing activities	-	-	(28)
Cash flow (used in) provided by discontinued operations	(233)	24	(30)

Net (decrease) increase in cash before translation effect	(306)	(257)	1,582
Translation effect on cash	(31)	(85)	(15)
Cash, beginning of period	3,130	3,472	1,905
Cash, end of period	\$2,793	\$3,130	\$3,472

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

(2) Net of the effect of business acquisitions and divestitures.

See the Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Stated in millions)

	Common Stock		Retained	Accumulated Other Comprehensive	Noncontrolling	
	Issued	In Treasury	Earnings	Loss	Interests	Total
Balance, January 1, 2013	\$11,912	\$(6,160)	\$32,887	\$ (3,888)	\$ 107	\$34,858
Net income			6,732		42	6,774
Currency translation adjustments				(151)		(151)
Changes in fair value of marketable securities				35		35
Changes in fair value of cash flow hedges				(1)		(1)
Pension and other postretirement benefit plans				1,451		1,451
Shares sold to optionees, less shares exchanged	(44)	311				267
Vesting of restricted stock	(56)	56				-
Shares issued under employee stock purchase plan	18	252				270
Stock repurchase program		(2,596)				(2,596)
Stock-based compensation expense	315					315
Dividends declared (\$1.25 per share)			(1,653)			(1,653)
Other	47	2			17	66
Balance, December 31, 2013	12,192	(8,135)	37,966	(2,554)	166	39,635
Net income			5,438		68	5,506
Currency translation adjustments				(463)		(463)
Changes in fair value of marketable securities				(166)		(166)
Changes in fair value of cash flow hedges				(125)		(125)
Pension and other postretirement benefit plans				(898)		(898)
Shares sold to optionees, less shares exchanged	(26)	556				530
Vesting of restricted stock	(79)	79				-
Shares issued under employee stock purchase plan	33	262				295
Stock repurchase program		(4,678)				(4,678)
Stock-based compensation expense	329					329
Dividends declared (\$1.60 per share)			(2,071)			(2,071)
Shares issued for acquisition	72	141				213
Other	(26)	3			(35)	(58)
Balance, December 31, 2014	12,495	(11,772)	41,333	(4,206)	199	38,049
Net income			2,072		63	2,135
Currency translation adjustments				(522)		(522)

Changes in fair value of marketable securities	(10)				(10)
Changes in fair value of cash flow hedges	57				57
Pension and other postretirement benefit plans	123				123
Shares sold to optionees, less shares exchanged	(38)	190			152
Vesting of restricted stock	(112)	112			-
Shares issued under employee stock purchase plan	17	279			296
Stock repurchase program		(2,182)			(2,182)
Stock-based compensation expense	326				326
Dividends declared (\$2.00 per share)			(2,535)		(2,535)
Other	5	1		10	16
Balance, December 31, 2015	\$12,693	\$(13,372)	\$40,870	\$ (4,558)	\$ 272
					\$35,905

See the Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

SHARES OF COMMON STOCK

(Stated in millions)

		Shares	
	Issued	In Treasury	Outstanding
Balance, January 1, 2013	1,434	(106)	1,328
Shares sold to optionees, less shares exchanged	-	5	5
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	4	4
Stock repurchase program	-	(31)	(31)
Balance, December 31, 2013	1,434	(127)	1,307
Shares sold to optionees, less shares exchanged	-	9	9
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	4	4
Shares issued for acquisition	-	2	2
Stock repurchase program	-	(48)	(48)
Balance, December 31, 2014	1,434	(159)	1,275
Shares sold to optionees, less shares exchanged	-	3	3
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	4	4
Stock repurchase program	-	(27)	(27)
Balance, December 31, 2015	1,434	(178)	1,256

See the Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. Business Description

Schlumberger Limited (Schlumberger N.V., incorporated in Curaçao) and its consolidated subsidiaries (collectively, “Schlumberger”) comprise the world’s leading supplier of technology, integrated project management and information solutions to the international oil and gas exploration and production industry.

On August 26, 2015, Schlumberger and Cameron International Corporations (Cameron) jointly announced that they had entered into a definitive merger agreement in which Cameron will merge with an indirect wholly-owned subsidiary of Schlumberger in a stock and cash transaction. Cameron designs, manufactures, markets and services equipment used by the oil and gas industry and industrial manufacturing companies. Under the terms of the merger agreement, Cameron shareholders will receive 0.716 shares of Schlumberger common stock and a cash payment of \$14.44 in exchange for each Cameron share of common stock outstanding. Schlumberger estimates that it will issue approximately 137 million shares of its common stock and pay cash of approximately \$2.8 billion in connection with this transaction. The transaction remains subject to certain regulatory approvals and customary closing conditions. It is anticipated that the closing of the transaction will occur in the first quarter of 2016. Cameron reported revenue of \$10.4 billion for the year ended December 31, 2014.

2. Summary of Accounting Policies

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

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, Schlumberger evaluates its estimates, including those related to collectibility of accounts receivable; recoverability of fixed assets, goodwill, intangible assets, Schlumberger Production Management investments and investments in affiliates; income taxes; multiclient seismic data; contingencies and actuarial assumptions for employee benefit plans. Schlumberger bases its estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

Schlumberger recognizes revenue based upon purchase orders, contracts or other persuasive evidence of an arrangement with the customer that include fixed or determinable prices provided that collectibility is reasonably assured. Revenue is recognized for services when they are rendered. Revenue is recognized for products upon delivery and when the customer assumes the risks and rewards of ownership.

Revenue from seismic contract services performed on a dayrate basis is recognized as the service is performed. Revenue from other services, including pre-funded multiclient surveys, is recognized as the seismic data is acquired and/or processed on a proportionate basis as work is performed. This method requires revenue to be recognized based

upon quantifiable measures of progress, such as square kilometers acquired. Multiclient data surveys are licensed or sold to customers on a non-transferable basis. Revenue from sales of completed multiclient data surveys is recognized upon obtaining a signed licensing agreement and providing customers with access to such data.

Revenue is occasionally generated from contractual arrangements that include multiple deliverables. Revenue from these arrangements is recognized as each item is delivered based on their relative fair value, provided that the delivered items have stand-alone value to the customer.

Revenue derived from the sale of licenses of Schlumberger software may include installation, maintenance, consulting and training services. If services are not essential to the functionality of the software, the revenue for each element of the contract is recognized separately based on its respective vendor specific objective evidence of fair value when all of the following conditions are met: a signed contract is obtained, delivery has occurred, the fee is fixed or determinable and collectibility is probable.

Short-term and Fixed Income Investments

The Consolidated Balance Sheet reflects the Schlumberger investment portfolio separated between current and long term, based on maturity. Both Short-term investments and Fixed Income Investments, held to maturity are comprised primarily of money market

funds, time deposits, certificates of deposit, commercial paper, bonds and notes, substantially all of which are denominated in US dollars. Under normal circumstances Schlumberger intends to hold such investments until maturity. These investments are stated at cost plus accrued interest, which approximates market.

For purposes of the Consolidated Statement of Cash Flows, Schlumberger does not consider Short-term investments to be cash equivalents.

Fixed Income Investments, held to maturity at December 31, 2015 of \$418 million mature as follows: \$107 million in 2017, \$298 million in 2018, \$12 million in 2019 and \$1 million in 2020.

Investments in Affiliated Companies

Investments in companies in which Schlumberger does not have a controlling financial interest, but over which it has significant influence are accounted for using the equity method. Schlumberger's share of the after-tax earnings of equity method investees is included in Interest and other income. Investments in privately held companies in which Schlumberger does not have the ability to exercise significant influence are accounted for using the cost method. Investments in publicly traded companies in which Schlumberger does not have significant influence are accounted for as available-for-sale marketable securities. These marketable securities are reported at fair value, based on quoted market prices, with unrealized gains and losses reported as a component of Accumulated other comprehensive loss. The fair value of these marketable securities was \$41 million at December 31, 2015 (\$91 million at December 31, 2014). The cost basis of these marketable securities was \$41 million at December 31, 2015 (\$81 million at December 31, 2014) after reflecting a \$40 million other-than-temporary impairment charge recorded during the fourth quarter of 2015.

Equity and cost method investments as well as investments in publicly traded companies are classified as Investments in Affiliated Companies in the Consolidated Balance Sheet.

Multiclient Seismic Data

The multiclient library consists of completed and in-process seismic surveys that are licensed on a nonexclusive basis. Schlumberger capitalizes costs directly incurred in acquiring and processing the multiclient seismic data. Such costs are charged to Cost of revenue based on the percentage of the total costs to the estimated total revenue that Schlumberger expects to receive from the sales of such data. However, under no circumstance will an individual survey carry a net book value greater than a 4-year, straight-line amortized value.

The carrying value of the multiclient library is reviewed for impairment annually as well as when an event or change in circumstance indicating impairment may have occurred. Adjustments to the carrying value are recorded when it is determined that estimated future cash flows, which involves significant judgment on the part of Schlumberger, would not be sufficient to recover the carrying value of the surveys. Significant adverse changes in Schlumberger's estimated future cash flows could result in impairment charges in a future period.

Schlumberger Production Management

Schlumberger Production Management ("SPM") projects are focused on developing and co-managing the production of Schlumberger customers' assets under long-term agreements. Schlumberger will invest its own services, products and in some cases cash, into the field development activities and operations. Although in certain arrangements Schlumberger is paid for a portion of the services or products it provides, generally Schlumberger will not be paid at

the time of providing its services or upon delivery of its products. Instead, Schlumberger is compensated based upon cash flow generated or on a fee-per-barrel basis. This may include certain arrangements whereby Schlumberger is only compensated based upon incremental production it helps deliver above a mutually agreed baseline.

Schlumberger capitalizes its cash investments in a project as well as the direct costs associated with providing services or products for which Schlumberger will be compensated when the related production is achieved. Revenue is recognized as the related production is achieved. These capitalized investments are amortized to the Consolidated Statement of Income as the related oil production is achieved based on the units of production method, whereby each unit produced is assigned a pro-rata portion of the unamortized costs based on estimated total production, resulting in a matching of revenue with the applicable costs.

The unamortized portion of Schlumberger's investments in SPM projects was approximately \$1.829 billion and \$1.411 billion at December 31, 2015 and 2014, respectively. These amounts are included within Other Assets in Schlumberger's Consolidated Balance Sheet.

Concentration of Credit Risk

Schlumberger's assets that are exposed to concentrations of credit risk consist primarily of cash, short-term investments, fixed income investments held to maturity, receivables from clients and derivative financial instruments. Schlumberger places its cash, short-term investments and fixed income investments held to maturity with financial institutions and corporations, and limits the amount of credit exposure with any one of them. Schlumberger regularly evaluates the creditworthiness of the issuers in which it invests. By using derivative financial instruments to hedge certain exposures, Schlumberger exposes itself to some credit risk. Schlumberger minimizes this credit risk by entering into transactions with high-quality counterparties, limiting the exposure to each counterparty and monitoring the financial condition of its counterparties.

Schlumberger operates in more than 85 countries and as such, its accounts receivable are spread over many countries and customers. As of December 31, 2015, only two countries (Venezuela and Mexico) individually accounted for greater than 10% of Schlumberger's accounts receivable balance. Schlumberger has experienced delays in payment from its national oil company customer in Venezuela. Schlumberger maintains an allowance for uncollectible accounts receivable based on expected collectibility and performs ongoing credit evaluations of its customers' financial condition. If the financial condition of its customers were to deteriorate resulting in an impairment of their ability to make payments, adjustments to the allowance may be required.

Earnings per Share

The following is a reconciliation from basic to diluted earnings per share from continuing operations of Schlumberger for each of the last three years:

(Stated in millions, except per share amounts)

	Schlumberger Income from Continuing Operations	Average Shares Outstanding	Earnings per Share from Continuing Operations
2015:			
Basic	\$ 2,072	1,267	\$ 1.63
Assumed exercise of stock options	-	4	
Unvested restricted stock	-	4	
Diluted	\$ 2,072	1,275	\$ 1.63
2014:			
Basic	\$ 5,643	1,295	\$ 4.36
Assumed exercise of stock options	-	9	
Unvested restricted stock	-	4	
Diluted	\$ 5,643	1,308	\$ 4.31
2013:			
Basic	\$ 6,801	1,323	\$ 5.14
Assumed exercise of stock options	-	6	
Unvested restricted stock	-	4	
Diluted	\$		