

SCHLUMBERGER LTD /NV/
Form PRER14A
March 10, 2005

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Schlumberger Limited (Schlumberger N.V.)

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Schlumberger Limited
153 East 53rd Street, 57th Floor
New York, New York 10022-4624

42, rue Saint-Dominique
75007 Paris, France

Parkstraat 83
2514 JG The Hague
The Netherlands

NOTICE OF ANNUAL GENERAL MEETING OF STOCKHOLDERS

To Be Held April 13, 2005

March 15, 2005

The Annual General Meeting of Stockholders of Schlumberger Limited (Schlumberger N.V.) will be held at the Curaçao Marriott Beach Resort, Piscadera Bay, Willemstad, Curaçao, Netherlands Antilles, on Wednesday, April 13, 2005 at 10:30 in the morning (Curaçao time), for the following purposes:

1. To elect 12 directors.
2. To report on the course of business during the year ended December 31, 2004, to adopt and approve the Company's Consolidated Balance Sheet as at December 31, 2004, its Consolidated Statement of Income for the year ended December 31, 2004, and the declaration of dividends by the Board of Directors as reflected in the Company's 2004 Annual Report to Stockholders.
3. To adopt amendments to the Articles of Incorporation of the Company to:
 - (a) make mandatory revisions to comply with recent changes in Netherlands Antilles law; and
 - (b)

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make voluntary revisions to (1) take advantage of the flexibility provided by recent changes in Netherlands Antilles law, or (2) clarify or update certain provisions of Schlumberger's Articles of Incorporation.

4. To approve the adoption of the Schlumberger 2005 Stock Option Plan.
5. To approve the adoption of an amendment to the Schlumberger Discounted Stock Purchase Plan.
6. To approve the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm to audit the accounts of the Company for 2005.

Action will also be taken upon such other matters as may come properly before the meeting.

The close of business on March 2, 2005 has been fixed as the record date for the meeting. All holders of common stock of record at the close of business on that date are entitled to vote at the meeting.

By order of the Board of Directors,

Ellen Summer
Secretary

Please sign, date and promptly return the enclosed proxy card in the enclosed envelope, or grant a proxy and give voting instructions by telephone or internet, so that you may be represented at the meeting. Instructions are on your proxy card or on the voting instruction card included by your broker. Brokers cannot vote for items 3, 4 and 5 without your instructions.

PROXY STATEMENT

March 15, 2005

General

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Schlumberger Limited (Schlumberger N.V.) (Schlumberger or the Company) of proxies to be voted at the 2005 Annual General Meeting of Stockholders. The approximate mailing date of this proxy statement is March 15, 2005. Business at the meeting is conducted in accordance with the procedures determined by the Chairman of the meeting and is generally limited to matters properly brought before the meeting by or at the direction of the Board of Directors or by a stockholder in accordance with specified requirements requiring advance notice and disclosure of relevant information.

The Schlumberger 2004 Annual Report to Stockholders will be included in this package as a separate document. The Company's Consolidated Balance Sheet as at December 31, 2004, its Consolidated Statement of Income for the year ended December 31, 2004 and the supplemental financial information with respect to dividends included in the Annual Report are incorporated by reference as part of this proxy soliciting material.

The Company will pay the cost of furnishing proxy material to all stockholders and of soliciting proxies by mail and telephone. D. F. King & Co., Inc. has been retained by the Company to assist in the solicitation of proxies for a fee estimated at \$10,500 plus reasonable expenses. Directors, officers and employees of the Company may also solicit proxies for no additional compensation. The Company will reimburse brokerage firms, fiduciaries and custodians for their reasonable expenses in forwarding the solicitation material to beneficial owners.

Proxies and Voting Procedures

Each stockholder of record at the close of business on March 2, 2005 is entitled to one vote for each share registered in the stockholder's name. A stockholder of record is a person or entity who held shares on that date *registered* in its name on the records of EquiServe Trust Company, N.A. (EquiServe), Schlumberger's stock transfer agent. Persons who held shares on the record date through a broker, bank or other nominee are considered *beneficial* owners. On March 2, 2005, there were 589,591,456 outstanding shares of common stock of Schlumberger, excluding 77,514,559 shares held in treasury.

Shares cannot be voted at the meeting unless the owner of record is present in person or is represented by proxy. Schlumberger is incorporated in the Netherlands Antilles and, as provided by Netherlands Antilles law, meetings of stockholders are held in the Netherlands Antilles. Because many stockholders cannot personally attend the meeting, it is necessary that a large number be represented by proxy.

Fifty percent of the outstanding shares, exclusive of shares held in treasury, must be present in person or by proxy to constitute a quorum for the taking of any action at the meeting. Abstentions and broker non-votes are counted for determining the presence of a quorum. Broker non-votes occur when brokers who hold their customer's shares submit proxies and vote on routine items, which include election of directors and Items 2 and 6. Brokers cannot vote on Items 3(a), 3(b), 4 and 5 without instructions from the *beneficial* owners. If a quorum is not present at the meeting, the Board may call a second General Meeting at which the quorum requirement will not apply.

Stockholders with shares *registered* in their names with EquiServe and participants who hold shares in the Schlumberger Discounted Stock Purchase Plan (DSPP) may authorize a proxy by:

The internet at the following internet address: <http://www.eproxyvote.com/slb>;

Telephonically in the United States by calling toll-free 1-877-779-8683 or outside the United States by calling collect on a touch tone phone, 1-201-536-8073; or

Completing and mailing the enclosed proxy card.

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The internet and telephone voting facilities for stockholders of record will close at 11:59 p.m. Eastern time on April 12, 2004. The internet and telephone voting procedures have been designed to authenticate stockholders and to allow you to vote your shares and to confirm that your instructions have been properly recorded.

A number of banks and brokerage firms participate in a program that also permits beneficial stockholders to direct their vote by the internet or telephone. If shares are held in an account at a bank or brokerage firm that participates in such a program, beneficial stockholders may direct the vote of these shares by the internet or telephone by following the instructions on the voting form.

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy (including an internet or telephone vote) or by voting by ballot at the meeting. By providing your voting instructions promptly, you may save the Company the expense of a second mailing.

All shares entitled to vote and represented by properly executed proxies received prior to the meeting and not revoked will be voted at the meeting in accordance with your instructions.

1. Election of Directors

It is intended to fix the number of directors at 12 and to elect a Board of Directors of 12 members, each to hold office until the next Annual General Meeting of Stockholders and until a director's successor is elected and qualified or until a director's death, resignation or removal. Each of the nominees, except Michael E. Marks and Rana Talwar, is now a director and was previously elected by the stockholders. Unless instructed otherwise, the proxies will be voted for the election of the 12 nominees named below. If any nominee is unable or unwilling to serve, proxies may be voted for another person designated by the Board of Directors. The Board knows of no reason why any nominee will be unable or unwilling to serve if elected.

A majority of the votes cast is required to elect each of the nominees for director.

The Board of Directors Recommends a Vote FOR All Nominees.

The Board of Directors' nominees for election to the Board, together with information furnished by them with respect to their business experience, and other information regarding them, are set forth below:

<u>Nominee, Age and Five-Year Business Experience</u>	<u>Director Since</u>
JOHN DEUTCH, 66; Institute Professor, Massachusetts Institute of Technology, Cambridge, Massachusetts. (1)	1997 1987- 1993
JAMIE S. GORELICK, 54; Partner, Wilmer Cutler Pickering Hale and Dorr LLP, an international law firm, since July 2003, Vice Chair of Fannie Mae, financing of U.S. home mortgages, from May 1997 to July 2003, Washington, D.C. (2)	2002
ANDREW GOULD, 58; Chairman and Chief Executive Officer since February 2003, President and Chief Operating Officer, March 2002 to February 2003, Executive Vice President Oilfield Services from January 1999 to March 2002. (3)	2002
TONY ISAAC, 63; Chief Executive, The BOC Group plc, an international group with four business segments consisting of Gases and Related Products, Vacuum Technology, Supply Chain Solutions and Healthcare, since September 1999, Surrey, U.K. (4)	2003
ADRIAN LAJOUS, 61; Senior Energy Advisor, McKinsey & Company, Houston, Texas, and President of Petrométrica, an energy consulting company, Mexico City, since January 2001; Special Advisor to the President of Mexico (international oil matters), January 2000 to November 2000; Director and CEO, Pemex, Mexico's national oil company, from 1995 to 1999. (5)	2002
ANDRE LEVY-LANG, 67; Independent Investor since November 1999; Chairman of the Executive Board of Paribas, an international banking group, May 1998 to August 1999, Paris. (6)	1992

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MICHAEL E. MARKS, 54; Chief Executive Officer of Flextronics, an electronics manufacturing services company, since January 1994; Chairman of the Board from July 1993 to January 2003; Singapore. (7)

Nominee, Age and Five-Year Business Experience	Director Since
DIDIER PRIMAT, 60; President, Primwest Holding N.V., an investment management company, Curaçao, N.A. (8)	1988
TORE I. SANDVOLD, 57; Chairman, Sandvold Energy AS, an advisory company in the energy business, since September 2002, Chairman of the Board of Petoro AS, a Norwegian state-owned oil company, from May 2001 to September 2002, Director General, Norwegian Ministry of Oil & Energy from 1990 to May 2001, Oslo, Norway. (9)	2004
NICOLAS SEYDOUX, 65; Chairman, Gaumont, a French filmmaking enterprise, Paris. (8) (10)	1982
LINDA GILLESPIE STUNTZ, 50; Partner, Stuntz, Davis & Staffier P.C., a law firm, Washington, D.C. (11)	1993
RANA TALWAR, 56; Chairman, Sabre Capital Worldwide Inc., Tortola, BVI, a private equity and management firm focused on investing in financial institutions in emerging markets with an emphasis on Asia, since December 2002; Group Chief Executive, Standard Chartered PLC, a global bank in London, from June 1997 to December 2001. (12)	

- (1) Mr. Deutch is a director of Citigroup, a banking and insurance organization, where he serves on its Audit, Public Affairs and Governance and Nominating Committees; Cummins Inc., a manufacturer of diesel engines and components, where he serves on its Technology, Finance and Governance and Nominating Committees; and Raytheon Corporation, a defense technology company, where he serves on its Governance and Nominating and Public Affairs Committees. Mr. Deutch's adult son, Paul Deutch, is employed by a unit of Schlumberger. The employment of Mr. Deutch's son was not influenced by John Deutch's position as a director of the Company.
- (2) Ms. Gorelick is a director of United Technologies Corporation, a provider of high technology products and services, where she serves on its Audit, Finance and Public Issues Review Committees and serves on the boards of the John D. and Catherine T. MacArthur Foundation and the Carnegie Endowment for International Peace. She is a member of the Council on Foreign Relations.
- (3) Mr. Gould is a director of Rio Tinto plc and Rio Tinto Limited, a mineral resources group, and is a member of its Audit and Remuneration Committees.
- (4) Mr. Isaac is a director of International Power plc and is Chairman of its Audit Committee and serves on its Remuneration and Appointments Committees.
- (5) Mr. Lajous is Chairman of Oxford Institute for Energy Studies, Oxford, U.K.; Senior Energy Advisor at Morgan Stanley, London; and was a Senior Fellow at the Kennedy School of Government, Harvard University, 2003-2004.
- (6) Mr. Lévy-Lang is a director and member of the Compensation Committee of AGF, a French insurance company, a director and member of the Audit and Compensation Committees of SCOR, a French reinsurance company, a director and member of the Nominating Committee of Dexia, a Belgian financial services company, and a director of Paris-Orleans, a holding company for the Rothschild Group of Companies.
- (7) Mr. Marks is a director at SanDisk, a memory products company headquartered in California, and a member of its Compensation and Corporate Governance Committees and a director of KLA Tencor, a semiconductor fabrication equipment company headquartered in California, where he serves on its Compensation and Corporate Governance Committees.
- (8) Mr. Primat and Mr. Seydoux are cousins.
- (9) Mr. Sandvold is a director of Teekay Shipping Corporation, a leading provider of international crude oil and petroleum product transportation services, where he is a member of its Audit Committee, and also serves on the boards of Lambert Energy Advisory Ltd., E.ON Rührgas Norge AS, Energy Policy Foundation of Norway Stavanger University and Offshore Northern Seas (ONS).
- (10) Mr. Seydoux is a director of Arte, a Franco-German TV company.
- (11) Mrs. Stuntz is a director of Raytheon Company, a defense technology company, where she is a member of its Audit Committee.

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- (12) Mr. Talwar is a director of Pearson PLC, an international media company in London, and a member of its Personnel, Nominating and Treasury Committees; a director of Fortis, an integrated financial services provider in Belgium and the Netherlands, and a member of its Risk and Capital Committees; Chairman of Centurion Bank, India, a director of Moscow Bank for Reconstruction and Development, a member of the Governing Body of the London Business School and the Indian School of Business and a director of the National Society for the Prevention of Cruelty to Children in the U.K.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to persons known by the Company to be the beneficial owners of 5% or more of the common stock.

Name and Address	Beneficial Ownership of Common Stock	
	Number of Shares	Percentage of Class
FMR Corp. (1) 85 Devonshire Street Boston, Massachusetts 02109	42,414,209	7.19%
Capital Research and Management Company (2) 333 South Hope Street Los Angeles, CA 90071	38,442,700	6.52%

(1) Based on an amendment to a Statement on Schedule 13G dated February 14, 2005. Such filing indicates that FMR Corp. has sole voting power with respect to 2,670,818 shares and sole dispositive power with respect to 42,414,209 shares. FMR Corp. is the parent of Fidelity Management & Research Company, investment adviser to the Fidelity group of investment companies. The filing indicates that the common stock was acquired in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

(2) Based on a Statement on Schedule 13G dated February 9, 2005. Such filing indicates that Capital Research and Management Company acts as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. The filing indicates that the common stock was acquired in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

The following lists the shares of Schlumberger common stock beneficially owned as of January 31, 2005 by all directors and nominees, by each of the named executive officers, and by the directors, director nominees and executive officers as a group. Except as footnoted, each individual has sole voting and investment power over the shares listed by that individual's name. As of January 31, 2005, no nominee for director owned more than 1% of the outstanding shares of the Company's common stock, except Mr. Primat who owned 3%. All directors, director nominees and executive officers as a group owned 3.4% of the outstanding shares of the Company at January 31, 2005.

Name	Shares
Dalton Boutte	143,703 ⁽¹⁾
John Deutch	5,600 ⁽²⁾
Xavier Flinois	16,347
Jamie S. Gorelick	2,400 ⁽³⁾
Andrew Gould	906,420 ⁽⁴⁾
Tony Isaac	0 ⁽⁵⁾
Adrian Lajous	3,300 ⁽⁶⁾
André Lévy-Lang	7,500

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Michael E. Marks	0
Satish Pai	74,963 ⁽⁷⁾
Jean-Marc Perraud	167,832 ⁽⁸⁾
Didier Primat	17,660,628 ⁽⁹⁾
Tore I. Sandvold	2,000
Chakib Sbiti	144,757 ⁽¹⁰⁾
Nicolas Seydoux	239,660 ⁽¹¹⁾
Linda Gillespie Stuntz	8,800 ⁽¹²⁾
Rana Talwar	0
All directors, director nominees and executive officers as a group (24 persons)	20,059,180 ⁽¹³⁾

(1) Includes 137,869 shares which may be acquired by Mr. Boutte within 60 days through the exercise of stock options.

- (2) Includes 600 shares owned by Mr. Deutch's wife, as to which he disclaims beneficial ownership, and excludes 500 shares which he deferred receipt under the Stock and Deferral Plan for Non-Employee Directors.
- (3) Excludes 2,500 shares which she deferred receipt under the Stock and Deferral Plan for Non-Employee Directors.
- (4) Includes 794,540 shares which may be acquired by Mr. Gould within 60 days through the exercise of stock options.
- (5) Excludes 2,500 shares which he deferred receipt under the Stock and Deferral Plan for Non-Employee Directors.
- (6) Held through a limited liability company in which Mr. Lajous has an indirect interest.
- (7) Includes 71,745 shares which may be exercised by Mr. Pai within 60 days by the exercise of stock options.
- (8) Includes 152,633 shares which may be acquired by Mr. Perraud within 60 days through the exercise of stock options.
- (9) Includes 560,000 shares as to which Mr. Primat shares investment power and 4,499,008 shares held for account of the minor children of Mr. Primat as to which he has joint voting and investment power.
- (10) Includes 139,257 shares which may be acquired by Mr. Sbiti through the exercise of stock options.
- (11) Excludes 15,364 shares owned by Mr. Seydoux's wife, as to which he has no voting and investment power.
- (12) Includes 3,000 shares as to which Mrs. Stuntz shares voting power and 300 shares owned by a minor child in a trust for which Mrs. Stuntz serves as trustee.
- (13) Includes 1,895,933 shares which may be acquired by executive officers as a group within 60 days through the exercise of stock options and excludes 5,500 shares for which directors deferred receipt under the Stock and Deferral Plan for Non-Employee Directors.

Section 16 (a) Beneficial Ownership Reporting Compliance

The Company believes, based upon a review of the forms filed by its officers and directors, that during 2004 all of its officers and directors filed on a timely basis the reports required to be filed under Section 16 (a) of the Securities Exchange Act of 1934, except that Doug Pferdehirt inadvertently omitted 2,343 shares from his initial Form 3 and inadvertently failed to submit two Form 4's with respect to 151 shares purchased under a dividend reinvestment plan.

Director Compensation

Directors who are employees of Schlumberger do not receive compensation for serving on the Board or on committees of the Board. Board members who are not employees receive annual fees of \$40,000 each, annual stock awards with respect to 2,000 shares of Schlumberger common stock, or units representing the right to receive those shares, and additional annual fees of \$10,000 as members of each of the committees on which they serve, except that the Chair of each Committee receives an annual fee of \$20,000, rather than the \$10,000 annual fee for committee service. In 2004, each non-employee director received 2,000 shares of Schlumberger common stock.

Director Stock Ownership Guidelines

The Board believes that ownership of stock of the Company by Board members aligns their interests with the interests of the Company's stockholders. Accordingly, the Board has established a guideline that, within five years after April 22, 2004 or after joining the Board, each Board member own at least 5,000 shares or restricted stock units.

Board of Directors Meetings and Committees

During 2004, the Board of Directors held four meetings. Schlumberger has an Audit, a Compensation, a Nominating and Governance, a Finance, and a Technology Committee. During 2004, the Audit Committee met seven times; the Compensation Committee met five times; the Finance Committee met twice; the Nominating and Governance Committee met three times; and the Technology Committee met twice. All incumbent director nominees attended at least 75% of the aggregate of the meetings of the Board and of the committees of the Board on which such directors served except Didier Primat, who attended 71% of the meetings.

Members of the Committees of the Board of Directors

	Audit Committee	Compensation Committee	Nominating and Governance Committee	Finance Committee	Technology Committee
John Deutch			X		X*
Jamie S. Gorelick	X	X			
Andrew Gould				X	
Tony Isaac	X			X*	
Adrian Lajous	X	X	X		
André Lévy-Lang	X*		X		X
Didier Primat				X	
Tore I. Sandvold				X	
Nicolas Seydoux		X	X*		
Linda Gillespie Stuntz	X	X*	X		

* Chair

Audit Committee

The Audit Committee is comprised of five independent directors who meet the independence and other requirements of the New York Stock Exchange's listing standards. The Audit Committee assists the Board in its oversight of the integrity of the Company's financial statements, legal and regulatory compliance, the independent registered public accountant's qualifications and independence, and the performance of Schlumberger's internal audit function and of the independent registered public accountants. The Audit Committee recommends for approval by the stockholders a firm of independent registered public accountants whose duty is to examine the Schlumberger consolidated financial statements. The Audit Committee has the sole authority and responsibility to appoint, subject to stockholder approval, compensate and oversee the independent registered public accountants, and to pre-approve all engagements, fees and terms for audit and other services provided by the Company's independent registered public accountants. The independent registered public accountants are accountable to the Audit Committee. The Board of Directors has determined that Messrs. Isaac and Lévy-Lang, who are independent under applicable New York Stock Exchange listing standards, are audit committee financial experts as defined by applicable SEC rules. The Audit Committee operates pursuant to a written charter, which is available on the Company's website at www.slb.com/ir. Stockholders may also obtain a copy of the charter without charge by writing to the Secretary of the Company at 153 East 53rd Street, 57th Floor, New York, New York, 10022-4624.

Compensation Committee

The Compensation Committee is comprised of four independent directors who meet the independence requirements of the New York Stock Exchange's listing standards. The Committee assists the Board in discharging its responsibilities with regard to executive compensation and

oversight of the general compensation philosophy of the Company and prepares a report on executive compensation to the Company's

stockholders. It is responsible for reviewing and approving the objectives, evaluating the performance, and reviewing and recommending the compensation of the Chief Executive Officer to the Board meeting in executive session. The Compensation Committee also administers the Company's stock option plans. The Compensation Committee operates pursuant to a written charter, which is available on the Company's website at www.slb.com/ir. Stockholders may also obtain a copy of the charter without charge by writing to the Secretary of the Company at 153 East 53rd Street, 57th Floor, New York, New York, 10022-4624.

Nominating and Governance Committee

The Nominating and Governance Committee is comprised of five independent directors, who meet the independence requirements of the New York Stock Exchange's listing standards. The Nominating and Governance Committee assists the Board in identifying individuals qualified to become directors under criteria approved by the Board. The Nominating and Governance Committee recommends to the Board the number and names of persons to be proposed by the Board for election as directors at the annual general meeting of stockholders and may also recommend to the Board persons to be appointed by the Board or to be elected by the stockholders to fill any vacancies which occur on the Board. The Nominating and Governance Committee is responsible for periodically reviewing director compensation and benefits, reviewing corporate governance trends, and recommending to the Board any improvements to the Company's corporate governance guidelines as it deems appropriate. The Nominating and Governance Committee also recommends directors to serve on and to chair the Board Committees and leads the Board's appraisal process. The Nominating and Governance Committee operates pursuant to a written charter, which is available on the Company's website at www.slb.com/ir. Stockholders may also obtain a copy of the charter without charge by writing to the Secretary of the Company at 153 East 53rd Street, 57th Floor, New York, New York, 10022-4624.

Finance Committee

The Finance Committee advises the Board and senior management on various matters, including dividends, financial policies and the investment and reinvestment of funds. The Finance Committee periodically reviews the administration of the Schlumberger employee benefit plans and those of its subsidiaries. In addition, the Finance Committee recently revised its charter expressly to include the review of financial risk management, financial aspects of acquisitions submitted to the Board, and the Investor Relations and Stockholder Services of the Company. The Finance Committee operates pursuant to a written charter, which is available on the Company's website at www.slb.com/ir. Stockholders may also obtain a copy of the charter without charge by writing to the Secretary of the Company at 153 East 53rd Street, 57th Floor, New York, New York, 10022-4624.

Technology Committee

The Technology Committee advises the Board and senior management on various matters, including the quality and relevance of programs dealing with scientific research, development, information and manufacturing technology, and also advises on research strategy and university relationships. The Technology Committee operates pursuant to a written charter, which is available on the Company's website at www.slb.com/ir. Stockholders may also obtain a copy of the charter without charge by writing to the Secretary of the Company at 153 East 53rd Street, 57th Floor, New York, New York, 10022-4624.

Corporate Governance Matters

Schlumberger is committed to adhering to sound principles of corporate governance and has adopted corporate governance principles that the Board believes promote the effective functioning of the Board of Directors, its committees and the Company.

Director Independence

The Board of Directors had determined that each director and nominee is independent, as defined for purposes of the New York Stock Exchange's listing standards, other than Mr. Gould, who is Chairman and Chief

Executive Officer of Schlumberger. In making this determination, the Board affirmatively determined that each independent director or nominee had no material relationship with Schlumberger or management, and that none of the express disqualifications contained in the NYSE rules applied to any of them. As contemplated by NYSE rules, the Board has adopted categorical standards to assist it in making independence determinations, under which relationships that fall within the categorical standards are not required to be disclosed in the proxy statement and their impact on independence need not be separately discussed. The Board, however, considers all material relationships with each director in making its independence determinations. A relationship falls within the categorical standards if it:

Is a type of relationship addressed in Section 303A 2(b) of the NYSE Listed Company Manual, but under those rules does not preclude a determination of independence; or

Consists of charitable contributions by the Company to an organization where a director is an executive officer and does not exceed the greater of \$1 million or 2% of the organization's gross revenue in any of the last 3 years.

None of the independent directors and nominees had relationships relevant to an independence determination that were outside the scope of the Board's categorical standards.

Director Nominations

In obtaining the names of possible nominees, the Nominating and Governance Committee makes its own inquiries and will receive suggestions from other directors, management, stockholders and other sources, and its process for evaluating nominees identified in unsolicited recommendations from security holders is the same as its process for unsolicited recommendations from other sources. In the case of Mr. Marks and Mr. Talwar, who are being nominated as directors for the first time this year, both were recommended by one of the director search firms retained by the Nominating and Governance Committee. All potential nominees must be considered by the Nominating and Governance Committee before being contacted by other Company directors or officers as possible nominees and before having their names formally considered by the full Board. The Nominating and Governance Committee will consider nominees recommended by security holders who meet the eligibility requirements for submitting stockholder proposals for inclusion in the next proxy statement and submit their recommendations in writing to Chair, Nominating and Governance Committee, care of the Secretary, Schlumberger Limited, 153 East 53rd Street, 57th Floor, New York, New York 10022-4624 by the deadline for such stockholder proposals referred to at the end of this proxy statement. Unsolicited recommendations must contain all of the information that would be required in a proxy statement soliciting proxies for the election of the candidate as a director, a description of all direct or indirect arrangements or understandings between the recommending security holder and the candidate, all other companies to which the candidate is being recommended as a nominee for director, and a signed consent of the candidate to cooperate with reasonable background checks and personal interviews, and to serve as a director of the Company, if elected.

The Nominating and Governance Committee believes that nominees should, in the judgment of the Board, be persons of integrity and honesty, be able to exercise sound, mature and independent business judgment in the best interests of the stockholders as a whole, be recognized leaders in business or professional activity, have background and experience that will complement those of other board members, be able to actively participate in Board and Committee meetings and related activities, be able to work professionally and effectively with other Board members and Schlumberger management, be available to remain on the Board long enough to make an effective contribution, and have no material relationship with competitors or other third parties that could present realistic possibilities of conflict of interest or legal issues. The Nominating and Governance Committee also believes that the Board should include appropriate expertise and reflect gender, cultural and geographical diversity.

Stockholder Communication with Board Members

The Board has established a process for security holders to send communications, other than sales-related communications, to one or more of its members. Any such communication should be sent by letter addressed

to the member or members of the Board to whom the communication is directed, care of the Secretary, Schlumberger Limited, 153 East 53rd Street, 57th Floor, New York, New York 10022-4624. All such communications will be forwarded to the Board member or members specified.

Director Presiding at Executive Sessions

The Board of Directors schedules executive sessions without any management members present in conjunction with each regularly scheduled Board meeting, and at the request of a director. Mr. Nicolas Seydoux, Chair of the Nominating and Governance Committee, presides at these executive sessions of non-management directors.

Director Attendance at Annual General Meeting

The Board's policy regarding director attendance at the Annual General Meeting of Stockholders is that directors are welcome to attend, and that the Company will make all appropriate arrangements for directors that choose to attend. In 2004, Messrs. Gould and Seydoux attended the Annual General Meeting.

Corporate Governance Guidelines and Code of Ethics

Copies of Schlumberger's Corporate Governance Guidelines and Schlumberger's Code of Ethics are available at the Company's corporate governance website located at www.slb.com/ir. Stockholders may also obtain copies of Schlumberger's Corporate Governance Guidelines and Schlumberger's Code of Ethics without charge by writing to the Secretary of the Company at 153 East 53rd Street, 57th Floor, New York, New York, 10022-4624.

Audit Committee Report

During 2004, the Audit Committee periodically reviewed and discussed the Company's financial statements with Company management and the independent registered public accounting firm, PricewaterhouseCoopers LLP, including matters raised by the independent registered public accounting firm pursuant to Statement on Auditing Standards No. 61 (Communication with Audit Committees) and the requirements of Public Accounting Oversight Board. The Audit Committee discussed with the Company's senior management and independent registered public accounting firm the review of the Company's reporting and internal controls undertaken in connection with certifications by the Company's Chief Executive Officer and Chief Financial Officer pursuant to the Sarbanes-Oxley Act of 2002 in certain of the Company's filings with the Securities and Exchange Commission. The Audit Committee also reviewed and discussed such other matters as it deemed appropriate, including the Company's compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and the other provisions of the Sarbanes-Oxley Act of 2002 and rules adopted or proposed to be adopted by the Securities and Exchange Commission and the New York Stock Exchange.

The Company's independent registered public accounting firm provided the Audit Committee with written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Committee discussed PricewaterhouseCoopers LLP's independence with them.

Based on the foregoing review and discussion, and relying on the representation of Company management and the independent registered public accounting firm's report to the Audit Committee, the Audit Committee recommended that the Board of Directors include the financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 filed with the Securities and Exchange Commission.

SUBMITTED BY THE AUDIT COMMITTEE OF THE SCHLUMBERGER

BOARD OF DIRECTORS

Jamie S. Gorelick
Tony Isaac
Adrian Lajous

André Lévy-Lang, Chair
Linda G. Stuntz

EXECUTIVE COMPENSATION

Summary of Cash and Certain Other Compensation

The following table shows the compensation paid by the Company and its subsidiaries to the Chief Executive Officer, the next four most highly compensated executive officers as at December 31, 2004, and to one other person who served as an executive officer during the year but who was not an executive officer as of December 31, 2004 (the named officers), for the fiscal years ending December 31, 2004, 2003 and 2002.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Annual Compensation	Long Term Compensation Awards	All Other Compensation (\$) ⁽⁶⁾