

SCHLUMBERGER LTD /NV/
Form PRE 14A
February 08, 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. __)

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:

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75007 Paris, France

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2514 JG The Hague
The Netherlands

NOTICE OF ANNUAL GENERAL MEETING OF STOCKHOLDERS

To Be Held April 13, 2005

March , 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.
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.

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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 , 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 outstanding shares of common stock of Schlumberger, excluding 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, 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, 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)	

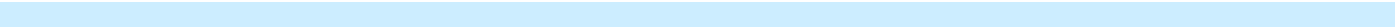
- (1) Mr. Deutch is a director of Citigroup, a banking and insurance organization, where he serves on its Audit, Public Affairs and Governance and Nominating Committees; Cummins Inc., a manufacturer of diesel engines and components, where he serves on its Technology, Finance and Governance and Nominating 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.

<u>Name and Address</u>	<u>Beneficial Ownership of Common Stock</u>	
	<u>Number of Shares</u>	<u>Percentage of Class</u>
		

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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.

<u>Name</u>	<u>Shares</u>
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
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.

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.

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.

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.

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.

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.

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. However, as of the filing of this preliminary proxy statement, neither the audit of the financial statements nor the audits of internal control over financial reporting are complete and further communication will occur. The Audit Committee will discuss 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 will review and discuss such other matters as it deems 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 expected representation of Company management and the expected independent registered public accounting firm's report to the Audit Committee, the Audit Committee is expected to recommend 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 when the audits by PricewaterhouseCoopers LLP are complete.

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

Year	Annual Compensation		Long Term Compensation							
	Salary (\$)(4)	Bonus (\$)(4)	Awards	All Other Compensation (\$)(6)						
			Securities Underlying Options (#)(5)							
2004	1,500,000	2,100,000	415,000	157,500						
2003	1,500,000	1,125,000	300,000	108,000						
2002	966,667	300,000	300,000	124,700						
2004	618,047	848,269	90,000	61,561						
2003	559,284	629,195	100,000	49,452						
2004	600,000	858,000	50,000	59,100						
2003	550,000	385,000	60,000	38,040						
2002	430,395	84,000	50,000	30,301						
Y 28	MARCH 31	APRIL 30	MAY 31	JUNE 30	JULY 31	AUGUST 31	SEPTEMBER 30	OCTOBER 31	NOVEMBER 30	DECEMBER 31
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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The comparable yield and projected payment schedule are not provided to you for any purpose other than the determination of your interest accruals in respect of your Notes, and we make no representation regarding the amount of contingent payments with respect to your Notes.

If, during any taxable year, the actual payments with respect to the Notes exceed the projected payments for that taxable year, you will incur a net positive adjustment under the contingent debt regulations equal to the amount of such excess. You will treat a net positive adjustment as additional interest income in that taxable year.

If, during any taxable year, the actual payments with respect to the Notes are less than the amount of projected payments for that taxable year, you will incur a net negative adjustment under the contingent debt regulations equal to the amount of such deficit. This net negative adjustment will (a) reduce your interest income on the Notes for that taxable year, and (b) to the extent of any excess after the application of (a), give rise to an ordinary loss to the extent of your interest income on the Notes during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments. Any net negative adjustment in excess of the amounts described in (a) and (b) will be carried forward as a negative adjustment to offset future interest income with respect to the Notes or to reduce the amount realized on a sale, exchange or the maturity of the Notes. A net negative adjustment is not subject to the two percent floor limitation on miscellaneous itemized deductions.

You are required to use the comparable yield and projected payment schedule that we compute in determining your interest accruals in respect of your Notes, unless you timely disclose and justify on your U.S. federal income tax return the use of a different comparable yield and projected payment schedule.

Furthermore, it is possible that any Form 1099-OID you receive in respect of the Notes may not take net negative or positive adjustments into account and therefore may overstate or understate your interest inclusions. You should consult your tax advisor as to whether and how adjustments should be made to the amounts reported on any Form 1099-OID.

If you purchase your Notes at a price other than their adjusted issue price as determined for tax purposes, you must determine the extent to which the difference between the price you paid for your Notes and their adjusted issue price is attributable to a change in expectations as to the projected payment schedule, a change in interest rates, or both, and reasonably allocate the difference accordingly. If the adjusted issue price of your Notes is greater than the price you paid for your Notes, you must make positive adjustments increasing (i) the amount of interest that you would otherwise accrue and include in income each year, and (ii) the amount of ordinary income (or decreasing the amount of ordinary loss) recognized upon the sale, exchange or maturity, by the amounts allocated to each of interest and projected payment schedule; if the adjusted issue price of your Notes is less than the price you paid for your Notes, you must make negative adjustments, decreasing (i) the amount of interest that you must include in income each year, and (ii) the amount of ordinary income (or increasing the amount of ordinary loss) recognized upon the sale, exchange or maturity by the amounts allocated to each of interest and projected payment schedule. Adjustments allocated to the interest amount are not made until the date the daily portion of interest accrues.

The adjusted issue price of your Notes will equal your Notes' original issue price plus any interest deemed to be accrued on your Notes (under the rules governing contingent payment debt instruments) as of the time you purchase your Notes, decreased by the projected amount of any contingent payments previously made with respect to the Notes. The original issue price of your Notes is equal to the first price at which a substantial amount of the Notes is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Because any Form 1099-OID that you receive will not reflect the effects of positive or negative adjustments resulting from your purchase of Notes at a price other than the adjusted issue price determined for tax purposes, you are urged to consult with your tax advisor as to whether and how adjustments should be made to the amounts reported on any Form 1099-OID.

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You will recognize income or loss upon the sale, exchange or maturity of your Notes in an amount equal to the difference, if any, between the amount of cash you receive at such time and your adjusted basis in your Notes. In general, your adjusted basis in your Notes will equal the amount you paid for your Notes, increased by the amount of interest you previously accrued with respect to your Notes (in accordance with the comparable yield for your Notes), decreased by the projected amount of any contingent payments previously made to you with respect to your Notes and increased or decreased by the amount of any positive or negative adjustment, respectively, that you are required to make if you purchase your Notes at a price other than the adjusted issue price determined for tax purposes.

Any income you recognize upon the sale, exchange or maturity of your Notes will be ordinary interest income. Any loss you recognize at such time will be ordinary loss to the extent of interest you included as income in the current or previous taxable years in respect of your Notes, and, thereafter, capital loss. If you are a non-corporate holder, you would generally be able to use an ordinary loss to offset your income only in the taxable year in which you recognize the ordinary loss and would generally not be able to carry such ordinary loss forward or back to offset income in other taxable years.

In addition, pursuant to recently enacted legislation, for taxable years beginning after December 31, 2018, with respect to a debt instrument issued with original issue discount, such as the Notes, an accrual method taxpayer that reports revenues on an applicable financial statement generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in an applicable financial statement of the taxpayer. For this purpose, an applicable financial statement generally means a financial statement certified as having been prepared in accordance with generally accepted accounting principles or that is made on the basis of international financial reporting standards and which is used by the taxpayer for various specified purposes. This rule could potentially require such a taxpayer to recognize income for U.S. federal income tax purposes with respect to the Notes prior to the time such income would be recognized pursuant to the rules described above. Potential investors in the Notes should consult their tax advisors regarding the potential applicability of these rules to their investment in the Notes.

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SUPPLEMENTAL PLAN OF DISTRIBUTION

Jefferies LLC, the broker-dealer subsidiary of Jefferies Group LLC and an affiliate of Jefferies Group Capital Finance Inc., will act as our Agent in connection with the offering of the Notes. Subject to the terms and conditions contained in a distribution agreement between us and Jefferies LLC, the Agent has agreed to use its reasonable efforts to solicit purchases of the Notes. We have the right to accept offers to purchase Notes and may reject any proposed purchase of the Notes. The Agent may also reject any offer to purchase Notes. We or Jefferies LLC will pay various discounts and commissions to dealers of _____ per Note depending on market conditions.

We may also sell Notes to the Agent who will purchase the Notes as principal for its own account. In that case, the Agent will purchase the Notes at a price equal to the issue price specified on the cover page of this pricing supplement, less a discount. The discount will equal the applicable commission on an agency sale of the Notes.

The Agent may resell any Notes it purchases as principal to other brokers or dealers at a discount, which may include all or part of the discount the Agent received from us. If all the Notes are not sold at the initial offering price, the Agent may change the offering price and the other selling terms.

The Agent will sell any unsold allotment pursuant to this pricing supplement from time to time in one or more transactions in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, prices relating to the prevailing market prices or negotiated prices.

We may also sell Notes directly to investors. We will not pay commissions on Notes we sell directly.

The Agent, whether acting as agent or principal, may be deemed to be an underwriter within the meaning of the Securities Act. We have agreed to indemnify the Agent against certain liabilities, including liabilities under the Securities Act.

If the Agent sells Notes to dealers who resell to investors and the Agent pays the dealers all or part of the discount or commission it receives from us, those dealers may also be deemed to be underwriters within the meaning of the Securities Act.

The Agent is offering the Notes, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by its counsel, including the validity of the Notes, and other conditions contained in the distribution agreement, such as the receipt by the Agent of officers' certificates and legal opinions. The Agent reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The Agent is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). Accordingly, the offering of the notes will conform to the requirements of FINRA Rule 5121. See Conflict of Interest below.

The Agent is not acting as your fiduciary or advisor solely as a result of the offering of the Notes, and you should not rely upon any communication from the Agent in connection with the Notes as investment advice or a recommendation to purchase the Notes. You should make your own investment decision regarding the Notes after consulting with your legal, tax, and other advisors.

We expect to deliver the Notes against payment therefor in New York, New York on October 31, 2018, which will be the _____ scheduled business day following the initial pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if the initial settlement of the Notes occurs more than two business

days from a pricing date, purchasers who wish to trade the Notes more than two business days prior to the Original Issue Date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The Notes will be offered at a price equal to 100% of the Stated Principal Amount per Note until the initial pricing date. Thereafter, the Notes will be offered from time to time in one or more negotiated transactions at varying prices to be determined at the time of each sale, which may be at market prices prevailing, at prices related to such prevailing prices or at negotiated prices, subject to a maximum price of 100% of the Stated Principal Amount per Note.

Jefferies LLC and any of our other broker-dealer affiliates may use this pricing supplement, the prospectus and the prospectus supplements for offers and sales in secondary market transactions and market-making transactions in the Notes. However, they are not obligated to engage in such secondary market transactions and/or market-making transactions. Our affiliates may act as principal or agent in these transactions, and any such sales will be made at prices related to prevailing market prices at the time of the sale.

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None of this pricing supplement, the accompanying prospectus or the prospectus supplement is a prospectus for the purposes of the Prospectus Directive (as defined below).

PRIIPs Regulation/Prospectus Directive/Prohibition of Sales to EEA Retail Investors The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (the Insurance Mediation Directive), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4{ 1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This pricing supplement, the accompanying prospectus and the prospectus supplement have been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a Relevant Member State) will only be made to a legal entity which is a qualified investor under the Prospectus Directive (Qualified Investors). Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this pricing supplement, the accompanying prospectus and the prospectus supplement may only do so with respect to Qualified Investors. Neither the issuers nor the Agent have authorized, nor do they authorize, the making of any offer of Notes other than to Qualified Investors. The expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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SUPPLEMENTAL CERTAIN ERISA CONSIDERATIONS

The following discussion supplements the discussion under Certain ERISA Considerations in the accompanying prospectus on page 44.

Each purchaser or transferee of a Note or any interest therein that is using assets of a benefit plan investor subject to ERISA or to Section 4975 of the Code (a benefit plan), including any fiduciary purchasing a Note on behalf of a benefit plan (Plan Fiduciary), will be deemed to have represented by its acquisition of the Note that:

(1) none of the issuer entities, the underwriters, agents, dealers and similar parties, or any of their respective affiliated entities (the Transaction Parties), has provided or will provide advice with respect to the acquisition of a Note by the benefit plan, other than to the Plan Fiduciary which is independent of the Transaction Parties, and the Plan Fiduciary either: (a) is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the Advisers Act), or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (b) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a benefit plan; (c) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (d) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (e) has, and at all times that the benefit plan is invested in a Note will have, total assets of at least U.S. \$50,000,000 under its management or control (provided that this clause (e) shall not be satisfied if the Plan Fiduciary is either (i) the owner or a relative of the owner of an investing individual retirement account or (ii) a participant or beneficiary of the benefit plan investing in a Note in such capacity);

(2) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the benefit plan of a Note;

(3) the Plan Fiduciary is a fiduciary with respect to the benefit plan within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the benefit plan's acquisition of a Note;

(4) none of the Transaction Parties has exercised any authority to cause the benefit plan to invest in a Note or to negotiate the terms of the benefit plan's investment in a Note; and

(5) the Plan Fiduciary has been informed by the Transaction Parties: (a) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the benefit plan's acquisition of a Note; and (b) of the existence and nature of the Transaction Parties financial interests in the benefit plan's acquisition of a Note.

The above representations are intended to comply with the DOL's Reg. Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997). If these regulations are revoked, repealed or no longer effective, these representations shall be deemed to be no longer in effect.

None of the Transaction Parties is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any a Note by any benefit plan.

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CONFLICT OF INTEREST

Jefferies LLC, the broker-dealer subsidiary of Jefferies Group LLC, is a member of FINRA and will participate in the distribution of the Notes. Accordingly, the offering is subject to the provisions of FINRA Rule 5121 relating to conflicts of interests and will be conducted in accordance with the requirements of Rule 5121. Jefferies LLC will not confirm sales of the Notes to any account over which it exercises discretionary authority without the prior written specific approval of the customer.

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LEGAL MATTERS

The validity of the Notes is being passed on for us by Sidley Austin LLP, New York, New York.

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EXPERTS

The consolidated financial statements and related financial statement schedules of Jefferies Group LLC and its subsidiaries as of November 30, 2017 and for the year ended November 30, 2017, and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) as of November 30, 2017 incorporated herein by reference to the Annual Report on Form 10-K have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and financial statement schedules are incorporated in reliance upon the reports of such firm given upon the authority of said firm as experts in auditing and accounting.

The financial statements of Jefferies Group LLC and its subsidiaries as of November 30, 2016 and for the two years ended November 30, 2016 and November 30, 2015 incorporated herein by reference to the Annual Report on Form 10-K, have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Jefferies Finance LLC and its subsidiaries as of and for the year ended November 30, 2017 and 2016, incorporated by reference from Jefferies Group LLC's Annual Report on Form 10-K have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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Jefferies Group LLC

Senior Fixed to Floating Rate Notes With Contingent Digital Coupon due October 31, 2034

Linked to USD 30 CMS Rate

PRICING SUPPLEMENT

, 2018