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SCHLUMBERGER 2000 RESULTS

NEW YORK, January 18, 2001 – Schlumberger Limited [NYSE:SLB] reported 2000 operating revenue from continuing operations of $9.61 billion, an increase of 15% over 1999.

Income from continuing operations of $735 million and diluted earnings per share of $1.27 were 61% and 57% higher, respectively, than 1999 before last year's unusual items.

Income excluding goodwill amortization was $1.43 per share (diluted) compared with $0.95 per share (diluted) for 1999, before that year's unusual items.

Chairman and Chief Executive Officer Euan Baird stated:
"The increase in oil demand during 2000, coupled with the low upstream E&P expenditures since mid-1998, resulted in the lowest level of excess oil production capacity in decades, and led to a significant increase in oil and gas prices. The corresponding increases in E&P spending came only gradually due to the effects of industry consolidations which have taken place over that last two years and concerns that these pricing levels would not be sustained.

Thanks to our focus on the reservoir, the creation of the GeoMarket* organization, and a wide array of new technologies resulting from our R&D spending, Schlumberger flourished in this environment with Oilfield Services revenues increasing by 20% and pretax operating income improving by 73% compared with 1999. A number of new initiatives were started during the year to extend our lead in the Oilfield Services reservoir optimization market. These initiatives included creating the world's leading seismic company WesternGeco through a JV with Baker Hughes Incorporated, launching IndigoPool.com, our new e-commerce and solutions business and forming a joint venture with ABB which is focused on subsea business opportunities. In addition, the GeoMarket organizations are winning a growing number of new joint value enhancement projects around the world.

Unless an abrupt slowdown in world economies causes oil and gas demand to slacken, we expect the increasing E&P expenditure trend that characterized the second half of 2000 to continue in 2001 with more emphasis on markets outside North America.

As a result, total activity in 2001 is expected to be well above 2000 levels as oil companies move more aggressively to explore for and develop new fields and to optimize older fields to improve their productivity

and lower their producing costs. This trend will require significantly higher levels of investment in drilling and workover activity, placing greater emphasis than ever on efficiency. Our emphasis on R&D to develop and improve technologies to capitalize on this trend will continue, leading to an expansion of the value pricing model for which Schlumberger is uniquely positioned.

In our Resource Management Services business segment, 2000 saw the beginning of a major transformation of our utility business from one of primarily meter manufacturing towards a value added, technologically differentiated solutions business model. The acquisition of a majority stake in Convergent and the rapid deployment of CellNet technologies provides us with unique momentum in the solutions business. At the same time we expect to accelerate our exit from manufacturing businesses.

In Test & Transactions, continued growth in revenue and operating income of our smart cards business reached record levels and was a clear highlight to the year. Weakness in our semiconductor test and eTransactions businesses offset some of the gains in smart cards, and we took several actions in the fourth quarter to restructure the semiconductor test group to account for the reduced levels of activity in the semiconductor test markets that began to appear in the second half of 2000.

During the year we continued to make significant investments in Network Solutions to take advantage of our domain expertise in leveraging our Internet applications and technologies to create new business opportunities and to provide a structure for better integration of our network expertise with our Oilfield Services, utility, telecom and other businesses.

As the dot.com technology bubble fades it is becoming increasingly clear that the winners in the Internet age will be companies with excellent products and market shares in specific verticals who are able to aggressively enhance their business model with these new technologies. Schlumberger is uniquely positioned to be such a company."

FOURTH QUARTER 2000 RESULTS

Fourth quarter operating revenue from continuing operations of $2.69 billion was 23% above fourth quarter 1999.

Income from continuing operations and diluted earnings per share was $238 million and $0.41, an increase of 84% and 78%, respectively, over the fourth quarter of 1999 before last year's unusual items.

Income excluding goodwill amortization was $0.46 per share (diluted) compared with $0.27 per share (diluted) for 1999, before that year's unusual items.

Oilfield Services operating revenue increased 33% over the same quarter last year as the worldwide M-I rig count grew 25%. Compared with the third quarter of 2000, operating revenue increased 11% as the worldwide M-I rig count grew 9%.

Test & Transactions operating revenue was 24% higher than in the fourth quarter of 1999, while Resource Management Services operating revenue decreased 19% year over year.

Several unusual items were recorded in the fourth quarter. When combined, these items had no effect on earnings per share.

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Fourth Quarter Earnings Release (continued)

Consolidated Statement of Income

(Stated in thousands except per share amounts)

For Periods Ended December 31	Fourth Quarter (Unaudited) 2000	1999[1]	Twelve Months 2000	1999[1]
Revenue				
Operating	$ 2,688,482	$ 2,179,300	$ 9,611,462	$ 8,394,947
Interest and other income[2]	173,921	79,042	423,255	356,758
	2,862,403	2,258,342	10,034,717	8,751,705
Expenses				
Cost of goods sold and services	2,096,291	1,770,214	7,371,542	6,737,635
Research & engineering	144,638	132,701	540,698	522,240
Marketing	116,829	110,675	437,128	433,871
General	117,771	94,474	448,587	383,695
Interest	75,149	60,046	276,081	192,954
	2,550,678	2,168,110	9,074,036	8,270,395
Income before taxes and minority interest	311,725	90,232	960,681	481,310
Taxes on income	82,660	28,781	228,248	140,772
Net Income from continuing operations before minority interest	229,065	61,451	732,433	340,538
Minority interest	8,852	(2,980)	2,163	(11,204)
Net Income from continuing operations[3]	237,917	58,471	734,596	329,334
Net Income from discontinued operations[4]	–	(47,212)	–	37,360
Net Income	$ 237,917	$ 11,259	$ 734,596	$ 366,694
Basic Earnings Per Share				
Continuing Operations	$ 0.42	$ 0.11	$ 1.29	$ 0.60
Discontinued Operations	–	(0.09)	–	0.07
Net Income	$ 0.42	$ 0.02	$ 1.29	$ 0.67
Diluted Earnings Per Share				
Continuing Operations[3]	$ 0.41	$ 0.10	$ 1.27	$ 0.58
Discontinued Operations[4]	–	(0.08)	–	0.07
Net Income	$ 0.41	$ 0.02	$ 1.27	$ 0.65
Average shares outstanding	572,583	552,559	570,028	548,680
Average shares outstanding assuming dilution	582,319	566,162	580,076	563,789
Depreciation and amortization included in expenses[5]	$ 351,601	$ 317,371	$1,270,754	$1,150,344

See notes on next page.

(1) Reclassified, in part, for comparative purposes.

(2) Includes interest income:
- Fourth quarter 2000 - $77 million (1999 - $63 million)
- Twelve months 2000 - $302 million (1999 - $235 million)

(3) Fourth quarter and total year results in 2000 include several unusual items which have the net effect of a charge of $3 million ($0.00 per share):
- A credit of $61 million from the gain on sale of two Gas Service businesses in Europe. The pretax gain of $82 million is included in Interest and other income.
- A charge of $25 million related primarily to the write down of certain inventory and severance costs in the Semiconductor Solutions business line. The pretax charge of $29 million is included in Cost of goods sold and services.
- A charge of $39 million consisting primarily of severance and asset write downs related to the creation of the WesternGeco seismic joint venture. The pretax charge of $55 million is included in Cost of goods sold and services and a credit of $9 million is included in Minority interest.

The consolidated effective tax rate excluding these items was 23% in both the fourth quarter and the total year.
The fourth quarter 1999 results from continuing operations include a charge of $71 million ($0.13 per share-diluted), $77 million pretax.
The twelve months 1999 results from continuing operations include a net charge of $129 million ($0.23 per share–diluted), $121 million pretax.

(4) The fourth quarter 1999 results from discontinued operations include a charge of $50 million ($0.09 per share-diluted).
The twelve months 1999 results from discontinued operations include a charge of $83 million ($0.15 per share–diluted).

(5) Including multiclient seismic data costs.

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Condensed Balance Sheet

(Stated in thousands)

Assets	Dec. 31, 2000	Dec. 31, 1999 (1)
Current Assets		
Cash and short-term investments	$ 3,040,150	$ 4,389,837
Other current assets	4,453,061	3,871,592
	7,493,211	8,261,429
Long-term investments, held to maturity	1,547,132	726,496
Fixed assets	4,394,514	3,560,740
Multiclient seismic data	975,775	311,520
Excess of investment over net assets of companies purchased	1,575,710	1,333,681
Other assets	1,186,389	887,326
	$ 17,172,731	$ 15,081,192

Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,910,725	$ 2,282,884
Estimated liability for taxes on income	379,916	383,159
Bank loans and current portion of long-term debt	592,221	701,792
Dividend payable	108,043	106,653
	3,990,905	3,474,488
Long-term debt	3,573,047	3,183,174
Postretirement benefits	476,380	451,466
Minority interest	605,313	32,428
Other liabilities	231,870	218,608
	8,877,515	7,360,164
Stockholders' Equity	8,295,216	7,721,028
	$ 17,172,731	$ 15,081,192

(1) Reclassified, in part, for comparative purposes.

Business Review

(Stated in millions)

	Oilfield Services			Resource Management Services			Test & Transactions[2]		
Fourth Quarter	2000	1999	% chg	2000	1999	% chg	2000	1999	% chg
Operating Revenue	$2,012	$ 1,514	33%	$ 290	$ 357	(19)%	$ 401	$ 325	24%
Pretax Operating Income[1]	$ 331	$ 165	101%	$ -	$ 11	- %	$ 9	$ 9	7%
Twelve Months									
Operating Revenue	$7,033	$ 5,869	20%	$1,241	$1,375	(10)%	$1,409	$1,183	19%
Pretax Operating Income[1]	$ 997	$ 576	73%	$ 15	$ 17	(14)%	$ 26	$ 36	(29)%

(1) Pretax operating income represents income before taxes and minority interest, excluding interest expense, interest income, and the first quarter and fourth quarter 1999 and the fourth quarter 2000 net charges. Pretax operating income for 1999 has been restated for comparative purposes.

(2) Test & Transactions results include Schlumberger Omnes, formerly a joint venture, which was 100% acquired during the third quarter 1999.

Oilfield Services

Oilfield Services operating revenue in the fourth quarter increased 33% compared with the same quarter last year and, led by North America, all four geographical Areas experienced double-digit growth. Revenue increased 11% versus the third quarter, led by North America and Latin America. The worldwide M-I rig count increased 25% year over year and 9% sequentially. Pretax operating income in the fourth quarter grew 101% compared to the same period last year and 20% sequentially. Increased activity, improved pricing levels and productivity gains from the use of advanced technologies contributed to the increased pretax operating income.

Highlights during the quarter included:

- **The transaction between Schlumberger and Baker Hughes to create the seismic joint venture WesternGeco was closed. WesternGeco is comprised of the seismic fleets, data processing assets, exclusive and non-exclusive multiclient surveys, and other assets of Schlumberger Geco-Prakla and Baker Hughes Western Geophysical. 70% of WesternGeco is owned by Schlumberger and 30% by Baker Hughes companies.**

- **IndigoPool.com, the Schlumberger e-business portal for trading oil and gas assets and data, signed an agreement with the Louisiana Independent Oil and Gas Association (LIOGA) under which 700 LIOGA member companies will be able to promote their oil and gas properties in a secure environment on the IndigoPool.com web site. Since its launch in January 2000, IndigoPool.com has posted over $3 billion in assets, covering 70 countries, with 4,000 registered users and 500 listings.**

- **Schlumberger and ABB signed a Memorandum of Understanding to form a venture aimed at improving the economics of subsea oil and gas development. The worldwide venture will offer new technology for deepwater and offshore assets based on a risk-reward business model.**

- **Schlumberger, Chevron and the Royal Dutch/Shell Group signed a Memorandum of Understanding to create OpenSpirit Corp., a company that plans to offer a standardized software infrastructure for the energy industry. Development of the initial framework was funded by the OpenSpirit Alliance, a collaboration of leading exploration and production companies and software vendors. OpenSpirit Corp. will market, support and further develop this vendor-neutral and platform-independent application framework.**

North America

In North America, fourth quarter revenue of $722 million increased 48% compared with the same quarter last year and 15% sequentially. The M-I rig count increased 28% year-over-year and 11% sequentially. Pretax operating income of $144 million was 165% higher than the fourth quarter last year and increased 34% sequentially. Compared to last year, Product Group revenue increases were led by Reservoir Evaluation Wireline, WesternGeco, and Reservoir Development. Sequentially, the US Land and Gulf Coast GeoMarkets showed the strongest revenue growth.

Latin America

In Latin America, fourth quarter revenue of $341 million increased 32% year-over-year and 14% sequentially. The M-I rig count increased 31% year-over-year and 9% sequentially. Pretax operating income in the fourth quarter was $30 million versus a small loss in the same quarter last year. Sequentially, pretax operating income was down 6% due to an early contract termination fee and several other operating items in the fourth quarter, and high multiclient seismic data sale margins in the previous quarter.

Year over year, revenue in all GeoMarkets showed strong double digit growth, with the Peru/Colombia/Ecuador GeoMarket posting the largest increase sequentially. Compared to the same quarter last year, all Product Groups recorded strong double digit growth except WesternGeco which showed a modest increase. Sequential revenue growth was led by Reservoir Evaluation Wireline and WesternGeco.

Europe/CIS/West Africa

Fourth quarter revenue of $457 million in the Europe/CIS/West Africa Area increased 39% compared with the same quarter last year and 8% sequentially. The M-I rig count, excluding the CIS, was up 29% over the same period last year and 7% sequentially. Pretax operating income of $77 million increased 185% year-over-year and 20% sequentially.

All GeoMarkets posted significant revenue growth year-over-year except the Algeria/Tunisia/Morocco GeoMarket which saw more modest growth. Sequential revenue growth was led by the West Africa GeoMarket.

Year over year, all Product Groups showed strong double digit revenue growth. Sequentially, strong revenue growth increases were recorded by all Product Groups except for Reservoir Evaluation Wireline which remained flat.

Other Eastern Hemisphere

Fourth quarter revenue of $436 million in the Other Eastern Hemisphere Area increased 14% compared with the same quarter last year, and increased 7% sequentially. The M-I rig count increased 10% year-over-year and 2% sequentially. Pretax operating income of $78 million increased 2% compared with last year and remained flat sequentially.

Compared to the same period last year, revenue growth was led by the Reservoir Development, WesternGeco and Reservoir Evaluation Wireline Product Groups, and by overall growth in activity in the Middle East. Sequential revenue increases were led by Reservoir Development and Reservoir Evaluation Wireline, with stronger overall activity increases in the Middle East.

Other Activities

- **CoilFRAC* stimulation utilizing innovative coiled tubing and fluid technology has expanded the fracturing market to wells where conventional fracturing was previously uneconomical. In Canada, CoilFRAC was used to perform multiple fracturing jobs for 3 wells in one day saving the operator 2 weeks of production time per well compared with conventional methods.**

- **Significant new wireline OBMI* Oil-Base MicroImager technology was successfully field tested in the Gulf of Mexico, Canada and West Africa. For the first time microresistivity images can be acquired in oil based mud enabling high resolution geological interpretation and fracture evaluation. This new measurement represents a major advancement and has applications in deepwater exploration environments.**

- **In the fourth quarter the Schlumberger Reservoir Monitoring and Control Group successfully completed its eleventh intelligent completion system installation. Performance and reliability continue to be strong for all installations to date with a total of 20 operating years and 100% uptime. This includes the first all-electrical completion installation at Wytch Farm for BP.**

Resource Management Services

Resource Management Services (RMS) operating revenue decreased 19% compared with the same quarter last year and decreased 5% sequentially. Both comparisons include revenues from the acquisition of CellNet and a majority stake in Convergent Group in North America. Part of the year-over-year and sequential revenue decline is due to the fourth quarter divestiture of the Gas Service businesses in Europe. Excluding the $141 million order in North America last year, fourth quarter orders remained flat over the same period last year. Breakeven pretax operating income represents a sequential improvement.

In North America, fourth quarter revenue including CellNet and Convergent Group increased 32% year-over-year and 7% sequentially. CellNet revenue growth was fueled by strong communication module sales, automated meter reading fees and the introduction of an improved Time of Use service. Higher CENTRON* and Q1000* meter shipments accounted for the significant improvement in electricity metering. Orders during the quarter, excluding the large order last year in North America, increased 6% year-over-year and 7% sequentially due mainly to Convergent Group activities in the fourth quarter of 2000.

In Europe, fourth quarter revenue, when adjusted for the divestiture of the Gas Service businesses, showed a modest improvement sequentially, driven by increases in South and Central Europe plus strong residential gas meter demand in the United Kingdom. Orders in the fourth quarter decreased 6% year-over-year (up 12% in national currencies) and increased 7% sequentially led by strong demand for gas meters.

In Asia, revenue for the fourth quarter increased 33% year-over-year and increased 11% sequentially driven by strong demand for electromechanical electricity meters in China, India, Sri Lanka and Singapore. Orders increased 26% year-over-year and 81% sequentially due mainly to the electricity meter demand in Asia.

In South America, fourth quarter revenue declined 5% both year-over-year and sequentially due primarily to shortfalls in the northern part of the continent. Orders in the quarter climbed 10% compared to the same period last year due to increased activity in all businesses in Brazil.

Test & Transactions

Test & Transactions operating revenue in the fourth quarter increased 24% compared with the same quarter last year and 14% sequentially. Orders rose 26% compared with the same quarter last year and decreased 4% sequentially after semiconductor companies announced delays of capital investments. In local currency, operating revenue and orders increased 38% and 43% respectively compared with the same quarter last year.

Increased profitability in both Cards and Network Solutions resulted in a Test & Transactions pretax operating income increase of 7% year-over-year and a three-fold increase sequentially.

In November, Test & Transactions acquired Data Marine Systems, a global provider of telecommunications services for transmitting data from remote locations. This acquisition will diversify the global network services capabilities of Test & Transactions and expand the Network Solutions customer base to over 100 companies in the oil and gas industry, health care, pharmaceutical, mobile communications and public telecom industries.

Cards revenue increased 26% year-over-year and 14% sequentially. Mobilecom GSM cards shipments to Asia more than doubled during the quarter and orders increased 19% year-over-year on continued high bookings in Asia. Sequentially, Cards experienced a seasonal decline in orders of 15% in comparison with high third quarter bookings. Among the achievements in the fourth quarter, Schlumberger won a major US contract for a security-based smart card project using Cyberflex* Java™ cards for controlled access to the customer's data networks and facilities. At Cartes 2000, the largest smart cards industry forum, a Schlumberger electronic mobile payment system received the prestigious Sesame Award for the Best Banking-Financial Application category.

The Data Marine Systems acquisition and significantly higher network services activity in most regions contributed to Network Solutions revenue increases of 48% year-over-year and 27% sequentially. Orders climbed 84% year-over-year and 32% sequentially. During the quarter, Network Solutions won and commenced network management and desktop support contracts for five major customers of Oilfield Services. In addition, Network Solutions signed a contract to provide technical consulting services for smart card-based network and physical access security to a pharmaceutical company with worldwide operations.

eTransactions Solutions revenue decreased 14% year-over-year and increased 16% sequentially. eTransactions Solutions experienced manufacturing delays in e-payment cards and terminals resulting from semiconductor shortages as well as a slowdown in Pay & Display* parking meter shipments as European customers postponed deliveries to await new euro-compatible products. Orders rose 39% compared with the same quarter last year and 32% sequentially, and backlog grew by 64% on higher terminals and systems bookings for the e-City and e-Payment businesses.

Also during the quarter, Schlumberger signed contracts to provide solutions to optimize the urban transport resources of the French towns of Rennes, Rouen, Orléans, Caen and Grenoble.

Semiconductor Solutions revenue increased 19% year-over-year and rose 6% versus the previous quarter as activity increased in Logic/SOC (system-on-a-chip) Systems, Probe Systems and Customer Service businesses. The strongest contribution came from higher sales of new EXA3000* mixed-signal testers, ITS9000KX* high-end logic testers and IDSP3X* probe systems, mainly in North America and Europe. Orders decreased 20% sequentially and 10% year over year, due to reduced sales of verification and telecom systems and to the cancellation of remaining Rambus™ memory-test systems orders.

Change in Liquidity

Liquidity represents cash plus short-term and long-term investments less debt. A summary of the major components of the change in liquidity follows:

(Stated in millions)

Twelve Months	2000	1999[1]
Funds provided by:		
Net income from continuing operations	$ 735	$ 329
Gain on sale of businesses	(61)	–
First and fourth quarter 1999 charges	–	129
Depreciation and amortization[2]	1,271	1,150
Employee stock option plan	160	103
Employee stock purchase plan	69	71
Exercise of stock warrants	–	450
Sale of businesses	155	–
Sale of financial instruments	–	204
Funds used for:		
Capital expenditures[2]	(1,546)	(1,019)
Businesses acquired:		
Western Geophysical	(500)	–
Convergent Group	(263)	–
CellNet	(209)	–
Others	(103)	(135)
Drilling fluids joint venture	–	(325)
Dividends paid	(426)	(410)
Working capital and other	(91)	5
Discontinued operations, net	–	(52)
Change in liquidity	(809)	500
Liquidity, beginning of period	1,231	731
Liquidity, end of period	$ 422	$ 1,231

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

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* Mark of Schlumberger

This press release is on Realtimenews, the Schlumberger corporate web site at http://www.slb.com

