SCHLUMBERGER LIMITED/NV
Form DEF 14A
March 02, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A INFORMATION

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 under §240.14a-12

SCHLUMBERGER N.V. (SCHLUMBERGER LIMITED)

(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)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Notice of 2018 Annual General Meeting of Stockholders

April 4, 2018

10:00 a.m. Curaçao time

Avila Beach Hotel, Penstraat 130, Willemstad, Curaçao

ITEMS OF BUSINESS

1. Elect the 11 director nominees named in this proxy statement.
2. Approve, on an advisory basis, our executive compensation.
3. Report on the course of business during the year ended December 31, 2017; and approve our consolidated balance sheet as at December 31, 2017; our consolidated statement of income for the year ended December 31, 2017; and our Board of Directors' declarations of dividends in 2017, as reflected in our 2017 Annual Report to Stockholders.
4. Ratify appointment of PricewaterhouseCoopers LLP as independent auditors for 2018.
5. Approve amended and restated French Sub Plan for purposes of qualification under French Law.

Such other matters as may properly be brought before the meeting.

RECORD DATE

February 7, 2018

PROXY VOTING

Your vote is very important. Whether or not you plan to attend the annual general meeting in person, please (i) sign, date and promptly return the enclosed proxy card in the enclosed envelope, or (ii) grant a proxy and give voting instructions by telephone or internet, so that you may be represented at the meeting. Voting instructions are provided on your proxy card or on the voting instruction card provided by your broker.

Brokers cannot vote for Items 1, 2 or 5 without your instructions.

March 2, 2018

By order of the Board of Directors,

Alexander C. Juden

Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual General Meeting of Stockholders to Be Held on April 4, 2018:

This proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and our 2017 Annual Report to Stockholders, are available free of charge on our website at http://investorcenter.slb.com.

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General Information March 2, 2018

Items to be Voted on at the Annual General Meeting

Agenda Item		Board Recommendation
Item 1	Election of 11 director nominees named in this proxy statement.	**FOR**
Item 2	Approval of the advisory resolution to approve executive compensation.	**FOR**
Item 3	Approval of our consolidated balance sheet as at December 31, 2017, our consolidated statement of income for the year ended December 31, 2017, and the declarations of dividends by our Board in 2017.	**FOR**
Item 4	Ratification of appointment of PricewaterhouseCoopers LLP as independent auditors for 2018.	**FOR**
Item 5	Approval of amended and restated French Sub Plan for purposes of qualification under French Law.	**FOR**

General

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the “Board”) of Schlumberger Limited (Schlumberger N.V.) (“Schlumberger” or the “Company”) of proxies to be voted at its 2018 annual general meeting of stockholders, which will be held at the Avila Beach Hotel, Penstraat 130, Willemstad, Curaçao, on Wednesday, April 4, 2018 beginning at 10:00 a.m., Curaçao time, and at any postponement(s) or adjournment(s) thereof.

To gain admittance to the meeting, stockholders of record and beneficial owners as of the close of business on the record date for the meeting, February 7, 2018, must present a passport or other government-issued identification bearing a photograph and, for beneficial owners, proof of ownership as of the record date, such as the top half of the proxy card or voting instruction card that was sent to you with this proxy statement.

The mailing date of this proxy statement is March 2, 2018. Business at the meeting will be conducted in accordance with the procedures determined by the Chairman of the meeting and will be limited to matters properly brought before the meeting by or at the direction of our Board of Directors or by a stockholder.

We are providing our 2017 Annual Report to Stockholders concurrently with this proxy statement. Stockholders should refer to its contents in considering agenda Item 3.

Record Date; Proxies

Each stockholder of record at the close of business on the record date, February 7, 2018, is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on with respect to 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 Computershare Trust Company, N.A. ("Computershare"), Schlumberger's stock transfer agent. Persons who held shares on the record date through a broker, bank or other nominee are referred to as beneficial owners.

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 Curaçao and, as required by Curaçao law, meetings of stockholders are held in Curaçao. Because many stockholders cannot personally attend the meeting, it is necessary that a large number be represented by proxy.

Shares Outstanding

On February 7, 2018, there were 1,385,957,138 shares of Schlumberger common stock outstanding and entitled to vote.

Quorum

Holders of at least one-half of the outstanding shares entitling the holders thereof to vote at the meeting must be present in person or by proxy to constitute a quorum for the taking of any action at the meeting.

Abstentions and proxies submitted by brokers that do not indicate a vote because they do not have discretionary voting authority and have not received instructions from the beneficial owner of the shares as to how to vote on a proposal (so-called "broker non-votes") will be considered as present for quorum purposes. If a quorum is not present at the meeting, the Board may call a second general meeting of stockholders, at which the quorum requirement will not apply.

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Votes Required to Adopt Proposals

To be elected, director nominees must receive a majority of votes cast (the number of votes cast "for" a director nominee must exceed the number of votes cast "against" that nominee). Approval of each of the other matters on the agenda also requires the affirmative vote of the majority of votes cast.

Important Voting Information for Beneficial Owners

If your Schlumberger shares are held for you in a brokerage, bank or other institutional account, you are considered the beneficial owner of those shares, but not the record holder. This means that you vote by providing instructions to your broker rather than directly to Schlumberger. Unless you provide specific voting instructions, your broker is not permitted to vote your shares on your behalf, except on Item 3 and Item 4.

Effect of Abstentions and Broker Non-Votes

Brokers holding shares must vote according to specific instructions they receive from the beneficial owners of those shares. If brokers do not receive specific instructions, brokers may in some cases vote the shares in their discretion. However, the New York Stock Exchange (the "NYSE") precludes brokers from exercising voting discretion on other proposals without specific instructions from the beneficial owner, as follows:

- **Discretionary Items.** Under NYSE rules, brokers will have discretion to vote on both Item 3 (approval of financial statements and dividends) and Item 4 (ratification of appointment of independent auditors for 2018) without instructions from the beneficial owners.
- **Nondiscretionary Items.** Brokers cannot vote on Items 1 (election of directors), 2 (advisory vote to approve executive compensation), or 5 (approval of amendment and restatement of our French Sub Plan) without instructions from the beneficial owners. Therefore, if your shares are held in "street name" by a broker and you do not instruct your broker how to vote on the election of directors or the advisory vote to approve executive compensation, your broker will **not** be able to vote for you on those matters.

Abstentions and broker non-votes are not considered as votes cast and will not be counted in determining the outcome of the vote on the election of directors or on any of the other proposals, except that for purposes of satisfying NYSE rules, abstentions are counted in the denominator for determining the total votes cast on Item 5.

How to Vote

Stockholders with shares registered in their names with Computershare and participants who hold shares in the Schlumberger Discounted Stock Purchase Plan may authorize a proxy:

- by the internet at the following internet address: http://www. proxyvote.com;
- telephonically by calling 1-800-690-6903; or
- by completing and mailing their proxy card.

The internet and telephone voting facilities for stockholders of record will close at 11:59 p.m. Eastern time on Tuesday, April 3, 2018. 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 programs that also permit beneficial stockholders to direct their vote by the internet or telephone. If you are a beneficial owner whose shares are held in an account at a bank or brokerage firm that participates in such a program you may direct the vote of those shares by the internet or telephone by following the instructions on the voting form.

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. If you are a stockholder with shares registered in your name with Computershare and you submit a properly executed proxy card but do not direct how to vote on each item, the persons named as proxies will vote as the Board recommends on each proposal.

By providing your voting instructions promptly, you may save the Company the expense of a second mailing.

Changing Your Vote or Revoking Your Proxy

If you are a stockholder of record, you can change your vote or revoke your proxy at any time by timely delivery of a properly executed, later-dated proxy (including an internet or telephone vote) or by voting by ballot at the meeting. If you hold shares through a broker, bank or other nominee, you must follow the instructions of your broker, bank or other nominee to change or revoke your voting instructions.

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ITEM 1. Election of Directors

All of our directors are elected annually at our annual general meeting of stockholders. Our stockholders are requested to elect 11 nominees to the Board, 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 is now a director and was previously elected by our stockholders at the 2017 annual general meeting.

Having exceeded the normal retirement age of 70 under our Corporate Governance Guidelines, Tore Sandvold will not be standing for re-election at our annual general meeting of stockholders. Our Board extends gratitude to Mr. Sandvold for 14 years of service as a member of the Board.

All of the nominees for election have consented to being named in this proxy statement and to serve if elected. If any nominee is unable or unwilling to serve, the Board may designate a substitute nominee. If the Board designates a substitute nominee, proxies may be voted for that substitute nominee. The Board knows of no reason why any nominee will be unable or unwilling to serve if elected.

Shares represented by properly executed proxies will be voted, if authority to do so is not withheld, for the election of each of the 11 nominees named below.

At our 2016 annual general meeting of stockholders, our stockholders voted to fix the number of directors constituting the Board at 12, as is permitted under our Articles of Incorporation. However, as a result of Mr. Sandvold's retirement, only 11 directors have been nominated for election at the 2018 annual general meeting of stockholders. The Board believes that it is advisable and in the best interest of our stockholders for the authorized number of directors constituting the Board to remain at 12. This will allow the Board the ability to conduct a search for, and add, an additional director during the year, who has not yet been identified at the time of our 2018 annual general meeting.

At this annual general meeting, votes may not be cast for a greater number of persons than the number of director nominees named in this proxy statement.

Required Vote

Each director nominee must receive a majority of the votes cast to be elected. ***If you hold your shares in "street name," please be aware that brokers do not have discretion to vote on this proposal without your instruction. If you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this proposal.***

The Board of Directors Recommends a Vote **FOR** All Director Nominees.

Director Nominees

The Board believes that each director nominee possesses the qualities and experience that the Nominating and Governance Committee believes that nominees should possess, as described in detail below in the section entitled "Corporate Governance—Director Nominations" beginning on page 16. The Board seeks out, and the Board is comprised of, individuals whose background and experience complement those of other Board members. The nominees for election to the Board, together with biographical information furnished by each of them and information regarding each nominee's director qualifications, are set forth on the following pages.

There are no family relationships among any executive officers and directors of the Company.

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Peter L.S. Currie

Lead Independent Director

President,

Currie Capital LLC

Director since **2010**

Age: **61**

Other Current Public Boards: None

Former Public Directorships Held During the Past 5 Years

- New Relic, Inc.
- Twitter, Inc.

Board Committees

- Nominating and Governance, Chair
- Compensation

Other Experience and Education

- Former chief financial officer of public companies
- President of Board of Trustees at Phillips Academy
- MBA from Stanford University
- Former director of several privately-held companies

PETER L.S. CURRIE has been President of Currie Capital LLC, a private investment firm, since April 2004. From November 2010 to May 2016, Mr. Currie served on the board of Twitter, Inc., where he chaired both its audit committee and its nominating and governance committee and was the lead independent director. He has also served on the board of directors of New Relic, Inc. (from March 2013 to August 2016), where he chaired its audit committee and was a member of its compensation committee. Mr. Currie has also served on the boards of directors of Clearwire Corporation, CNET Networks, Inc., Safeco Corporation, and Sun Microsystems, Inc.

Relevant Skills and Expertise

Mr. Currie brings to the Board strong financial and operational expertise as a result of his extensive board and committee experience at both public and privately-held companies; experience as chief financial officer of two public companies (McCaw Cellular Communications and Netscape Communications); and experience in senior operating positions in investment banking, venture capital and private equity.

Miguel M. Galuccio

Chairman & Chief Executive Officer, Vista Oil and Gas

Director since **2017**

Age: **49**

Other Current Public Boards: None

Former Directorships Held During the Past 5 Years

- YPF S.A.

Board Committees

- Finance
- Science and Technology

Other Experience and Education

- BS in Petroleum Engineering from Technological Institute of Buenos Aires
- Schlumberger training and expertise
- Latin America energy policy expertise

MIGUEL GALUCCIO is the Chairman and Chief Executive Officer of Vista Oil and Gas, an oil and gas company incorporated in Mexico, and has held that position since July 2017. From May 2012 to March 2016, he was the Chairman and Chief Executive Officer of YPF, Argentina’s national oil company. From 1999 to 2012, he was an employee of Schlumberger and held a number of international positions, his last being President, Schlumberger Production Management (SPM). Prior to his employment at Schlumberger, he served in various executive positions at YPF and its subsidiaries, including YPF International, from 1994 to 1999.

Relevant Skills and Expertise

Mr. Galuccio brings to the Board strong leadership and operational expertise from his experience as the chairman and chief executive officer of Argentina’s national oil company, which under his leadership became the largest producer of shale oil globally outside of North America. He has valuable insight into the domestic and international energy policies of Argentina, Mexico, Venezuela, Ecuador and other countries worldwide that are strategically important to Schlumberger. He has had extensive experience negotiating with Schlumberger customers in Latin America, Russia and China, including global energy companies and national oil companies, and remains an active participant in the oil and gas exploration and production industry as a chief executive officer of an oil and gas company. Mr. Galuccio has a deep understanding of the Schlumberger culture, as well as a deep knowledge of Latin America, both of which are of great value to the Board.

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V. Maureen Kempston Darkes

Retired Group Vice President and President Latin America, Africa and Middle East, General Motors Corporation

Director since **2014**

Age: **69**

Board Committees

- Audit, Chair
- Finance

Other Current Public Boards: Enbridge Inc., Brookfield Asset Management Inc., and Canadian National Railway Company

Former Public Directorships Held During the Past 5 Years

- Balfour Beatty plc

Other Experience and Education

- International operations
- Product liability and execution expertise
- Bachelor of Law Degree, University of Toronto Faculty of Law

V. MAUREEN KEMPSTON DARKES, retired, was Group Vice President and President Latin America, Africa and Middle East, of General Motors Corporation (“GM”), an automotive manufacturer, from January 2002 to December 2009, and was a member of its Automotive Strategy Board until her retirement from GM. Ms. Kempston Darkes has been a director of Enbridge Inc., a leading energy transportation and distribution company, since November 2010, and is the chair of its corporate social responsibility committee, and is a member of its safety and reliability committee and its human resources and compensation committee. She also is a member of the board of directors of Brookfield Asset Management Inc., a global asset management company (since April 2008), where she chairs the risk management committee and is a member of the management resources and compensation committee; and Canadian National Railway Company (since 1995), where she chairs the environment, safety and security committee, and is a member of the corporate governance and nominating committee, finance committee, audit committee and strategic planning committee. Ms. Kempston Darkes was also a director of Balfour Beatty plc, an infrastructure services company from July 2012 through May 2017, where she chaired the safety and sustainability committee and was a member of both the nomination and the remuneration committees.

Relevant Skills and Expertise

Ms. Kempston Darkes brings to the Board extensive automotive industry experience, which is particularly relevant to the Company as it continues to focus on improving product reliability and execution, and has proven leadership abilities and experience in Latin America, Africa and the Middle East. The Board also benefits greatly from Ms. Kempston Darkes' audit committee experience and financial expertise.

Paal Kibsgaard

Chairman and Chief Executive Officer

Director since **2011**

Age: **50**

Other Current Public Boards: None

Former Public Directorships Held During the Past 5 Years

- None

Board Committees

- None

Other Experience and Education

- Qualified petroleum engineer
- Master's Degree from Norwegian Institute of Technology
- Director of privately-held company
- Schlumberger training and expertise

PAAL KIBSGAARD has been a director of the Company since 2011 and Chairman of the Board since April 2015, and has served as Chief Executive Officer of the Company since August 2011. He was the Company's Chief Operating Officer from February 2010 to July 2011, and President of the Reservoir Characterization Group from May 2009 to February 2010. Prior to that, Mr. Kibsgaard served as Vice President, Engineering, Manufacturing and Sustaining, from November 2007 to May 2009, and as Vice President of Personnel from April 2006 to November 2007. Mr. Kibsgaard has been with the Company since 1997, and began his career as a reservoir engineer. He has held numerous operational and administrative management positions within the Company in the Middle East, Europe and the U.S.

Relevant Skills and Expertise

As a result of his service in various global leadership positions in the Company, Mr. Kibsgaard brings to the Board a unique operational perspective and thorough knowledge of the Company's operational activities worldwide. The Board believes that Mr. Kibsgaard's service as Chairman and Chief Executive Officer is an important link between management and the Board, enabling the Board to perform its oversight function with the benefit of his perspectives on the Company's business and operations.

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Nikolay Kudryavtsev

Rector, Moscow Institute of Physics and Technology

Director since **2007**

Age: **67**

Other Current Public Boards: None

Former Public Directorships Held During the Past 5 Years

- None

Board Committees

- Audit
- Finance
- Science and Technology

Other Experience and Education

- Prior Chair, Molecular Physics Department at the Moscow Institute of Physics and Technology
- PhD in physics and mathematics, Moscow Institute of Physics and Technology
- Member, Russian Academy of Sciences

NIKOLAY KUDRYAVTSEV has been the Rector of the Moscow Institute of Physics and Technology since June 1997. He has also been chairman of the Board of Rectors of the City of Moscow and Moscow Region since 2012, and was elected Vice President of the Russian Rectors Union in 2014.

Relevant Skills and Expertise

Mr. Kudryavtsev brings to the Board valuable management and finance experience, as well as deep scientific and technological expertise. This provides the Board with valuable insight regarding the Company, its products and current technology, as well as the future technological needs of the Company and the industry. Mr. Kudryavtsev also provides the Board with a particularly valuable Russian vantage point, which is useful for both the development of the Company's business and an understanding of the needs of the Company's population of Russian employees. The Board is aided immensely by Mr. Kudryavtsev's sensitivity to Russian culture and risk at the operational level.

Helge Lund

Former Chief Executive Officer, BG Group plc and Statoil ASA

Director since **2016**

Age: **55**

Other Current Public Boards: Novo Nordisk AS

Former Public Directorships Held During the Past 5 Years

- Nokia

Board Committees

- Audit
- Finance

Other Experience and Education

- BA in Economics from Norwegian School of Economics & Business Administration
- MBA from INSEAD
- Norwegian energy policy expertise
- Director of a privately-held company
- Private equity experience

HELGE LUND is an Operating Advisor for the investment firm Clayton, Dubilier & Rice, a private equity investment firm since September 2016. He was the Chief Executive Officer of BG Group from February 2015 through February 2016. From August 2004 to October 2014, he was the Chief Executive Officer of Statoil ASA, an international oil and gas company. Prior to Statoil, Mr. Lund served as President and Chief Executive Officer of Aker Kvaerner, an industrial conglomerate with operations on oil and gas, engineering and construction, pulp and paper and shipbuilding. He served on the board of directors of Nokia from 2011 to 2014, and on the board of directors of Novo Nordisk from 2014 to 2015, and was re-elected to that board in 2017. In February 2018, Mr. Lund also joined the board of directors of Belron S.A., a private glass repair company.

Relevant Skills and Expertise

Mr. Lund brings to the Board strong leadership and operational expertise from his experience as the chief executive officer of several public companies as well as of a national oil company. Mr. Lund also provides valuable insight into the developing domestic and international energy policies of Norway and the intricacies of negotiating with global energy companies. He also has extensive experience dealing with global energy institutions such as the Organization of the Petroleum Exporting Countries and the International Energy Agency and with navigating various opportunities in the oil and gas industry, including acquisition targets and other business opportunities.

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Michael E. Marks

Managing Partner, Riverwood Capital, LLC

Director since **2005**

Age: **67**

Other Current Public Boards: None

Former Public Directorships Held During the Past 5 Years

- SanDisk Corp.
- GoPro, Inc.

Board Committees

- Audit

Other Experience and Education

- Former chief executive officer of a public company
- MBA from Harvard Business School
- Director of several privately-held companies

MICHAEL E. MARKS has been a Managing Partner of Riverwood Capital, LLC, a private equity firm, since March 2007. From 2011 to 2017, he was the lead independent director at GoPro, Inc., a consumer camera company, and was the chair of its compensation and leadership committee and a member of its nominating and governance committee. Mr. Marks served as director of San Disk Corp., a memory products company, from 2003 to 2011 and as Chairman from 2011 until 2016, when it was acquired. Mr. Marks previously served on the boards of directors of Flextronics Inc., Sun Microsystems and Calix, Inc.

Relevant Skills and Expertise

Mr. Marks brings to the Board his experience with world-class manufacturing from the field level to the boardroom based on his experience as CEO at Flextronics, a large, diversified global corporation with many of the same issues that Schlumberger faces. As a former chief executive and director at various other public companies, Mr. Marks has been involved in succession planning, compensation, employee management and the evaluation of acquisition opportunities. Mr. Marks' significant experience as a director at various technology-driven companies, as well as his finance and mergers and acquisitions experience, are especially relevant to Schlumberger's technology-oriented business and growth strategy.

Indra K. Nooyi

Chairman and Chief Executive Officer, PepsiCo, Inc.

Director since **2015**

Age: **62**

Other Current Public Boards: PepsiCo, Inc.

Former Public Directorships Held During the Past 5 Years

- None

Board Committees

- Audit
- Compensation, Chair

Other Experience and Education

- Current Chief Executive Officer of a public company
- Board of Trustees, the World Economic Forum
- Member, MIT Presidential CEO Advisory Board
- M.B.A., Indian Institute of Management
- Masters Degree in Public and Private Management, Yale University

INDRA K. NOOYI is the Chairman and Chief Executive Officer of PepsiCo, Inc., a global food and beverage company. She was appointed PepsiCo's President and CEO in 2006, and became Chairman of PepsiCo's board of directors in 2007. She was elected to PepsiCo's board of directors and became President and Chief Financial Officer in 2001, after serving as Senior Vice President and Chief Financial Officer since 2000. Mrs. Nooyi also served as PepsiCo's Senior Vice President, Corporate Strategy and Development from 1996 until 2000, and as its Senior Vice President, Strategic Planning from 1994 until 1996. She serves on several non-profit boards of directors and is a member of the Temasek Americas Advisory Panel, an investment company owned by the government of Singapore.

Relevant Skills and Expertise

The Board benefits greatly from Mrs. Nooyi's proven leadership as Chairman and CEO of PepsiCo, Inc. Mrs. Nooyi's expertise in developing and directing corporate strategy and finance, mergers and acquisitions, and organizational and talent management enables her to make valuable contributions to the Board.

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Lubna S. Olayan

Chief Executive Officer and Deputy Chairperson, Olayan Financing Company

Director since **2011**

Age: **62**

Other Current Public Boards: Alawwal Bank and Ma'aden

Former Public Directorships Held During the Past 5 Years

- WPP plc

Board Committees

- Nominating and Governance
- Finance

Other Experience and Education

- Current chief executive officer
- Trustee, King Abdullah University of Science and Technology and Cornell University
- Member, Harvard Global Advisory Council
- Serves on boards of various non-governmental and educational organizations
- M.B.A., Indiana University

LUBNA S. OLAYAN is the Chief Executive Officer and deputy chairperson of Riyadh-based Olayan Financing Company, the holding company for The Olayan Group's operations in the Kingdom of Saudi Arabia and the Middle East. Ms. Olayan is a Principal and a board member of Olayan Investments Company Establishment, the parent company of The Olayan Group, a private multinational enterprise with diverse commercial and industrial operations in the Middle East and an actively managed portfolio of international investments. Since December 2004, she has been a director of Alawwal Bank, becoming the first woman to join the board of a Saudi publicly-listed company. She was elected Vice Chairman in January 2014 and is a member of its executive committee and its nomination and remuneration committee. Ms. Olayan has been a member of the board of directors of Ma'aden, the Saudi Arabian mining company, since April 2016, and is a member of its nomination and remuneration committee. She is a non-executive director and member of numerous international advisory boards. Ms. Olayan served as a non-executive director of WPP plc, a multinational communication services company, from March 2005 to June 2012, and was a member of its nomination committee.

Relevant Skills and Expertise

Ms. Olayan brings to the Board extensive business experience in Saudi Arabia and the Middle East and a deep understanding of those areas, which are critical to the Company. The Board benefits from her proven leadership abilities, extensive CEO experience and expertise in corporate finance, international banking, distribution and manufacturing. Ms. Olayan also brings a critical international perspective on business and global best practices. Ms. Olayan's connections to the scientific community and experience in university relations also are of great value to Schlumberger and its efforts in technology leadership and employee recruiting and retention.

Leo Rafael Reif

President,

Massachusetts Institute of Technology

Director since **2007**

Age: **67**

Other Current Public Boards: None.

Former Public Directorships Held During the Past 5 Years

- Alcoa, Inc.
- Arconic Inc.

Board Committees

- Compensation
- Nominating and Governance
- Science and Technology, Chair

Other Experience and Education

- Fellow, The Institute for Electrical and Electronic Engineers
- Doctorate in electrical engineering, Stanford University
- Member of the American Academy of Arts and Sciences
- Board of Trustees, The World Economic Forum

LEO RAFAEL REIF has been President of the Massachusetts Institute of Technology ("MIT") since July 2012, and was its Provost, Chief Academic Officer and Chief Budget Officer from August 2005 to July 2012. Dr. Reif was head of MIT's Electrical Engineering and Computer Science Department from September 2004 to July 2005, and an Associate Department Head for Electrical Engineering in MIT's Department of Electrical Engineering and Computer Science from January 1999 to August 2004. Dr. Reif joined the board of directors of Alcoa, Inc. in 2015, and remained on its board until resigning in November 2016 as part of Alcoa's public spin-off of Arconic Inc., a leading provider of precision-engineered products and solutions. In connection with the spin-off, Dr. Reif was a member of the board of directors of Arconic Inc. from November 2016 to May 2017.

Relevant Skills and Expertise

Dr. Reif brings to the Board valuable management and finance expertise. As a scientist, he has deep scientific and technological expertise about the Company's products and current technology, as well as about anticipated future technological needs of the Company and the industry. The Board values Dr. Reif's connections to the U.S. scientific community, as well as his expertise in university relations and collaborations, which are of high importance to Schlumberger and its efforts in technology leadership and employee retention. Dr. Reif provides the Board with a critical U.S. scientific perspective, which is of immense value in the oversight of the Company's strategy.

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Henri Seydoux

Chairman and Chief Executive Officer, Parrot S.A.

Director since **2009**

Age: **57**

Other Current Public Boards: Parrot S.A.

Former Public Directorships Held During the Past 5 Years

- None

Board Committees

- Finance
- Nominating and Governance
- Science and Technology

Other Experience and Education

- Current chief executive officer
- Technology leadership
- Entrepreneurial and management expertise
- Director of privately-held company

HENRI SEYDOUX has been Chairman and Chief Executive Officer of Parrot S.A., a global wireless products manufacturer, since 1994. Mr. Seydoux is an entrepreneur with great initiative. He founded Parrot S.A. in 1994 as a private company and took it public in 2007. He serves on the board of directors of Sigfox, a privately-held global communications service provider for the Internet.

Relevant Skills and Expertise

Mr. Seydoux, as the chief executive of a dynamic and innovative technology company, brings to the Board entrepreneurial drive and management skills. He also has family ties to the founding Schlumberger brothers, and having grown up in the Schlumberger family culture, is well placed to see that the Company continues its historical commitment to Schlumberger’s core values. His service on the Board addresses the Company’s need to preserve the Company’s unique culture and history while fostering innovation.

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Corporate Governance

The following are some highlights of our corporate governance practices and policies:

Board Independence; Committees Structure

- All of our director nominees are independent of the Company and management, except for our CEO and Mr. Galuccio. This is substantially above the NYSE requirement that a majority of directors be independent.
- All independent directors meet regularly in executive session.
- Only independent directors serve on our Audit, Compensation, and Nominating and Governance Committees.

Majority Voting; Stockholder Authority

- We have a majority vote standard for uncontested director elections.
- All of our directors are elected annually. We do not have a staggered board.
- One or more stockholders representing 10% or more of our outstanding shares can call a special stockholders meeting.

Executive Stock Ownership Guidelines

We have executive stock ownership guidelines, which are designed to align executive and stockholder interests. For a description of the guidelines applicable to our executive officers and other senior members of management, see “Compensation Discussion and Analysis— Executive Stock Ownership Guidelines” starting on page 42.

Risk Oversight

Board of Directors	Oversees the risk management by the CEO and other members of our senior management team; oversees assessment of major risks facing the Company.
Audit Committee	Reviews and assesses financial reporting risk. It also reviews all significant finance-related violations of Company policies brought to its attention, and annually reviews and assesses finance-related violations.
Finance Committee	Oversees finance-related risks on a quarterly basis and recommends guidelines to control pension and other investments, banking relationships and currency exposures.
Compensation Committee	Reviews and assesses the Company's overall compensation program and its effectiveness at linking executive pay to performance, aligning the interests of our executives and our stockholders and providing for appropriate incentives.
Nominating and Governance Committee	Oversees compliance-related risk, related person transactions, the Company's Ethics and Compliance Program and environmental, social and governance risks.

No Hedging or Pledging of Schlumberger Stock

Our directors and executive officers are prohibited from hedging their ownership of Schlumberger stock. Furthermore, our directors and executive officers are prohibited from pledging their Schlumberger stock.

Political Contributions

Schlumberger is politically neutral, and has a long-standing policy against making financial or in-kind contributions to political parties or candidates, even when permitted by law. This policy, as set forth in Schlumberger's code of conduct, entitled The Blue Print and The Blue Print in Action (our "Code of Conduct"), prohibits the use of Company funds or assets for political purposes, including for contributions to any political party, candidate or committee, whether federal, state or local. In addition, the Company does not lobby. As a result of the Company's policy of political neutrality, Schlumberger does not maintain a political action committee, nor does it contribute to any third-party political action committees or other political entities organized under Section 527 of the Internal Revenue Code.

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In 2017, the Center for Political Accountability ("CPA"), a non-profit, non-partisan organization, assessed our disclosure for its annual CPA-Zicklin Index of Corporate Political Disclosure and Accountability ("CPA-Zicklin Index"). The CPA-Zicklin Index measures the transparency, policies and practices of the Standard & Poor's ("S&P") 500. As a result of our enhanced disclosure on political lobbying and contributions, we achieved a perfect score of 100% in the 2017 CPA-Zicklin Index.

Corporate Governance Guidelines

Schlumberger is committed to adhering to sound principles of corporate governance and has adopted corporate governance guidelines that the Board believes are consistent with Schlumberger's values, and that promote the effective functioning of the Board, its committees and the Company. Our Board periodically, and at least annually, reviews and revises, as appropriate, our Corporate Governance Guidelines to ensure that they reflect the Board's corporate governance objectives and commitments. Our Corporate Governance Guidelines are on our website at http://www.slb.com/ about/guiding_principles/corpgovernance/corpgov_guidelines.aspx.

Board Independence

Schlumberger's Corporate Governance Guidelines provide that at least a majority of the Board must consist of independent directors. This standard reflects the NYSE corporate governance listing standards.

Our Board has adopted director independence standards, which can be found in Attachment A to our Corporate Governance Guidelines, and which meet or exceed the independence requirements in the NYSE listing standards. Based on the review and recommendation by the Nominating and Governance Committee, the Board has determined that each current director and director nominee listed above under "Election of Directors" is "independent" under the listing standards of the NYSE and our director independence standards, except Mr. Kibsgaard, who is our CEO and therefore does not qualify as independent, and Mr. Miguel Galuccio.

In addition to the Board-level standards for director independence, each member of the Audit Committee meets the heightened independence standards required for audit committee members under the NYSE's listing standards and SEC rules, and each member of the Compensation Committee meets the heightened independence standards for compensation committee members under NYSE listing standards adopted in 2013, which Schlumberger implemented in advance of the required compliance date.

Transactions Considered in Independence Determinations. The Board's independence determinations included a review of transactions that occurred since the beginning of 2014 with entities associated with our directors or members of their immediate family. In making its independence determinations, the Board considered that Mr. Galuccio, Ms. Kempston Darkes, Mr. Kudryavtsev, Mr. Marks, Ms. Nooyi, Ms. Olayan, Dr. Reif and Mr. Sandvold each have served as directors, executive officers, trustees, outside consultants or advisory board members at companies and universities that have had commercial business relationships with the Company, all of which were ordinary course commercial transactions involving significantly less than 1% of the other entity's annual revenues. The Board also considered that the Company made charitable contributions in 2017 to The Massachusetts Institute of Technology, of which Dr. Reif is the President, of approximately $997,000, relating to educational grants and sponsored fellowships, for which Dr. Reif received no personal benefit. This amount was significantly less than the greater of $1 million or 2% of the university's consolidated gross revenues for any of the past three years. The Board also considered that the son of Mr. Galuccio is an employee of the Company, but that he was not an executive officer of the Company and received less than $120,000 in compensation in 2017.

Board Tenure

We believe that Board tenure diversity is important and directors with many years of service provide the Board with a deep knowledge of our company, while newer directors lend fresh perspectives. The chart below reflects the Board tenure of our current director nominees.

Under our Corporate Governance Guidelines, non-executive directors are eligible to be nominated or renominated to the Board up to their 70th birthday, and executive directors are eligible to be nominated or renominated up to their 65th birthday, after which directors may no longer be nominated or renominated to the Board. Our Board may waive this policy on a case-by-case basis on the recommendation of the Nominating and Governance Committee if it deems a waiver to be in the best interest of the Company.

Diversified Director Nominee Tenure

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Director Nominations

The Nominating and Governance Committee believes that director 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 our 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, customers or other third parties that could present realistic possibilities of conflict of interest or legal issues.

The Nominating and Governance Committee also promotes Schlumberger's diversity policy that the Board should include appropriate expertise and reflect the gender, cultural and geographical diversity of the Company. Schlumberger has approximately 100,000 employees worldwide, representing more than 140 nationalities, and values gender, cultural and geographical diversity in its directors as well. We also have a culture of recruiting, hiring and training where we operate, as described in our Code of Conduct, and that influences the composition of our Board. Three of the Company's 11 director nominees are women. Of the 11 director nominees, four are citizens of the United States of America; two are citizens of Norway; and one each of Argentina and the United Kingdom, Canada, France, Russia and Saudi Arabia.

Board Diversity Highlights:

3 director nominees are women

7 director nominees are non-US citizens

Our very diverse Board also evidences the Board's commitment to have directors who represent countries where Schlumberger operates. In addition, the exceptionally broad and diverse experience of Board members is in keeping with the goal of having directors whose background and experience complement those of other directors. The Nominating and Governance Committee's evaluation of director nominees takes into account their ability to contribute to the Board's diversity, and the Nominating and Governance Committee annually reviews its effectiveness in balancing these considerations in the context of its consideration of director nominees.

Applying the criteria above, 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. 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 recommendations from other sources. From time to time, the Committee retains executive search and board advisory consulting firms to assist in identifying and evaluating potential nominees. During 2017, the Committee used the services of New York-based Spencer Stuart, a third-party executive search firm, for this purpose. Consideration of new Board candidates typically involves a series of internal discussions, review of information concerning candidates, and interviews with selected candidates. Board members typically suggest candidates for nomination to the Board.

The Nominating and Governance Committee will consider nominees recommended by stockholders 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

c/o Secretary, Schlumberger Limited

5599 San Felipe, 17th Floor

Houston, Texas 77056.

Such recommendations must be submitted by the deadline for 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 member of our Board, if elected.

Board Adoption of Proxy Access

Although we had not received a stockholder proposal requesting a proxy access bylaw, we proactively adopted proxy access bylaw provisions in January 2017. These provisions permit a stockholder, or a group of up to 20 stockholders, owning at least three percent (3%) of the Company's outstanding common stock, for at least three (3) years, to include two (2) director nominees, or 20% of the current Board, whichever is greater, in our proxy for the annual general meeting, beginning with our 2018 annual general meeting of stockholders.

The amendments made to the bylaws also address “advance notice” requirements. These require stockholders to notify us within a certain window each year of any stockholder proposals for any annual general meeting, and to provide additional information. For more information, please review the full text of our bylaws as filed with the SEC.

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Board Leadership Structure

The Board recognizes that one of its key responsibilities is to evaluate and determine an appropriate board leadership structure to provide for independent oversight of management. The Board believes that there is no single, generally accepted board leadership structure that is appropriate for all companies, and that the right structure may vary for a single company as circumstances change. As such, our independent directors consider the Board's leadership structure at least annually, and may modify this structure from time to time to best address the Company's unique circumstances and advance the best interests of all stockholders, as and when appropriate.

From 2011 to 2015, the Board was led by a non-executive chairman of the Board. In connection with the chairman's retirement in 2015, the independent members of the Board gave thoughtful consideration to the Board's leadership structure and determined that recombining the Chairman and CEO positions under the leadership of

Mr. Kibsgaard upon the chair's retirement was in the best interests of the Company and its stockholders. This determination was based on the Board's strong belief that, as the individual with primary responsibility for managing the Company's day-to-day operations and with extensive knowledge and understanding of the Company, Mr. Kibsgaard is best positioned to chair regular Board meetings as the directors discuss key business and strategic issues and to focus the Board's attention on the issues of greatest importance to the Company and its stockholders. Furthermore, combining the roles of Chairman and CEO in Mr. Kibsgaard creates a clear line of authority that promotes decisive and effective leadership, both within and outside the Company. In making this judgment, the Board took into account its evaluation of Mr. Kibsgaard's performance as CEO and as a then-current member of the Board, his positive relationships with the other directors, and the strategic perspective he would bring to the role of Chairman.

Roles and Responsibilities of our Lead Independent Director

In connection with its decision to recombine the roles of Chairman and CEO under Mr. Kibsgaard, the Board recognized the importance of having a board structure that would continue to promote the appropriate exercise of independent judgment by the Board. Thus, the Board appointed Peter Currie as its lead independent director, who was selected by and from the independent directors, and who has the following leadership authority and responsibilities:

- approve agendas for all Board meetings, in coordination with the Chairman and CEO;
-

approve meeting schedules to assure that there is sufficient time for discussion of all agenda items, in coordination with the Chairman and CEO;

- preside at all Board meetings at which the Chairman is not present, including executive sessions of the independent directors;
- authority to call meetings of the Board of Directors in executive session;
- provide feedback to the Chairman and CEO, as appropriate, from executive sessions of the Board;
- facilitate discussions, outside of scheduled Board meetings, among the independent directors on key issues concerning senior management;
- assist the Board, the Nominating and Governance Committee and the officers of the Company in implementing and complying with the Board's Corporate Governance Guidelines;
- foster Board leadership on matters of governance where independence is required, and monitor and improve Board effectiveness;
- serve as a liaison between the independent directors and the Chairman and CEO, in consultation with the other directors;
- lead the independent directors' discussions of succession planning and evaluation of the performance of the CEO;
- be available for consultation and direct communication with stockholders; and
- perform such additional duties and responsibilities as the Board or the independent directors may from time to time determine.

In considering its leadership structure, the Board also took into account that Schlumberger's current governance practices provide for strong independent leadership, active participation by independent directors and independent evaluation of, and communication with, many members of senior management. These governance practices are reflected in our Corporate Governance Guidelines and our various committee charters, which are available on our website. The Board believes that its risk oversight programs, discussed immediately below, are effective under a variety of board leadership frameworks and therefore do not materially affect the Board's choice of leadership structure.

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The Board's Role in Risk Oversight

As set forth in our Corporate Governance Guidelines, the Board assesses major risks facing the Company and options for their mitigation, in order to promote the Company's stockholders' and other stakeholders' interests in the long-term health and the overall success of the Company and its financial strength.

The full Board is actively involved in overseeing risk management for the Company. It does so in part through its oversight of the Company's Executive Risk Committee (the "ERC") comprised of more than half a dozen top executives of the Company from various functions, each of whom supervises day-to-day risk management throughout the Company. The ERC is not a committee of the Board. The ERC ensures that the Company identifies all potential material risks facing the Company and implements appropriate mitigation measures. The Company's risk identification is performed annually at two levels: the ERC performs a corporate-level risk mapping exercise, which involves the CEO and several other members of senior management, and while maintaining oversight, delegates operational (field-level) risk assessment and management to the Company's various GeoMarkets, Technologies and Functions and to its Research, Engineering, Manufacturing and Sustaining organization. To the extent that the ERC identifies recurring themes from the operational risk mapping exercises, they are acted on at the corporate level. Members of the ERC meet formally at least once a year, and more frequently on an ad hoc basis, to define and improve the risk mapping process, and to review and monitor the results of those exercises and those that have been delegated. The ERC reports directly to the CEO and to the full Board, and annually presents to the full Board a comprehensive report as to its risk mapping efforts for that year.

In addition, each of our Board committees considers the risks within its areas of responsibility. For example, the Finance Committee considers finance-related risks on a quarterly basis and recommends guidelines to control pension and other investments, banking relationships and currency exposures. The Compensation Committee reviews and assesses the Company's overall compensation program and its effectiveness at linking executive pay to performance, aligning the interests of our executives and our stockholders and providing for appropriate incentives. The Science and Technology Committee reviews and assesses risks affecting the Company's technology direction and research and development. The Nominating and Governance Committee oversees governance- and compliance-related risks, related person transactions, and reviews and discusses the Company's Ethics and Compliance Program's quarterly statistical report and the various allegations, disciplinary actions and training statistics brought to its attention. The Nominating and Governance Committee also considers corporate social responsibility risks. The Audit Committee reviews and assesses risks related to financial reporting. The Audit Committee also discusses all significant finance-related violations of Company policies brought to its attention from time to time, and annually reviews a summary of all finance-related violations. Additionally, the outcome of the Company's Audit Risk assessment is presented to the Audit Committee annually; this assessment identifies internal controls risks and drives the internal audit plan for the coming year. All significant violations of the Company's Code of Conduct and related corporate policies are reported to the Nominating and Governance Committee and (if finance-related) to the Audit Committee, and, when appropriate, are reported to the full Board. Once a year, the Director of Compliance delivers to the full Board a comprehensive Annual Compliance Report. The risks identified within the Ethics and Compliance Program are incorporated into the ERC's enterprise risk management program described above.

Meetings of the Board of Directors and its Committees

During 2017, the Board held five meetings. Schlumberger has an Audit, a Compensation, a Nominating and Governance, a Finance, and a Science and Technology Committee. During 2017, the Audit Committee met five times; the Compensation Committee met four times; the Finance Committee met four times; the Nominating and Governance Committee met four times; and the Science and Technology Committee met two times.

Each of our current directors attended at least 75% of the meetings of the Board and the committees on which he or she served in 2017 (held during the period he or she served).

From time to time between meetings, Board and committee members confer with each other and with management and independent consultants regarding relevant issues, and representatives of management may meet with such consultants on behalf of the relevant committee.

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Board Committees

MEMBERS OF THE COMMITTEES OF THE BOARD OF DIRECTORS AS OF FEBRUARY 1, 2018

Name of Director	Audit Committee	Compensation Committee	Nominating and Governance Committee	Finance Committee	Science and Technology Committee
Peter L.S. Currie*					
Miguel Galuccio					
V. Maureen Kempston Darkes					
Nikolay Kudryavtsev					
Helge Lund					
Michael E. Marks					
Indra K. Nooyi					
Lubna S. Olayan					
Leo Rafael Reif					
Tore I. Sandvold					
Henri Seydoux					

* Lead independent director.

Audit Committee

The Audit Committee consists of five directors, each of whom meets the independence and other requirements of the NYSE’s listing standards and SEC rules (including the heightened requirements that apply to audit committee members). The Audit Committee assists the Board in its oversight of the accounting and financial reporting process of the Company, including the audit of the Company’s financial statements and the integrity of the Company’s financial statements, legal and regulatory compliance, the independent registered public accounting firm’s qualifications, independence, performance and related matters, and the performance of the Company’s internal audit function.

The authority and responsibilities of the Audit Committee include the following:

- recommend for stockholder approval the independent registered public accounting firm to audit the accounts of the Company for the year;
- evaluate the independence and qualification of the Company's independent registered public accounting firm;
- review with the Company's independent registered public accounting firm the scope and results of its audit, and any audit issues or difficulties and management's response;
- discuss the Company's annual audited financial statements and quarterly unaudited financial statements with management and the Company's independent registered public accounting firm;
- review with management, the internal audit department and the independent registered public accounting firm the adequacy and effectiveness of the Company's disclosure and internal control procedures, including any material changes or deficiencies in such controls;
- discuss with management the Company's risk assessment and risk management policies;
- discuss the Company's earnings press releases with management, as well as the type of financial information and earnings guidance, if any, provided to analysts;
- review the Company's financial reporting and accounting standards and principles, significant changes in such standards or principles or in their application and the key accounting decisions affecting the Company's financial statements;
- review with the internal audit department the status and results of the Company's annual internal audit plan, assessments of the adequacy and effectiveness of internal controls, and the sufficiency of the department's resources;
- establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, as well as for confidential submission by employees, and others, if requested, of concerns regarding questionable accounting or auditing matters;
- review material relevant related party transactions governed by applicable accounting standards; and
- oversee the preparation of an annual audit committee report for the Company's annual proxy statement.

The Company's independent registered public accounting firm is accountable to the Audit Committee. The Audit Committee pre-approves all engagements, including the fees and terms for the integrated audit of the Company's consolidated financial statements.

The Board has determined that each Committee member has sufficient knowledge in financial and auditing matters to serve on the Committee. In addition, the Board has determined that Messrs. Lund, Marks and Currie, as well as Mrs. Nooyi, each qualify as an "audit committee financial expert" under applicable SEC rules. The Audit Committee operates pursuant to a written charter, which is available on the Company's website at http://www.slb.com/about/guiding_principles/corpgovernance/audit_committee.aspx.

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Compensation Committee

The Compensation Committee consists of three directors, each of whom meets the independence requirements of the NYSE's listing standards (including the heightened requirements that apply to compensation committee members). The purposes of the Compensation Committee are to assist our Board in discharging its responsibilities with regard to executive compensation; periodically review non-executive directors' compensation; oversee the Company's general compensation philosophy, policy and programs; serve as the administrative committee under the Company's stock plans; and prepare the annual Compensation Committee Report required by the rules of the SEC.

The authority and responsibilities of the Compensation Committee include the following:

- annually review and approve the objectives, evaluate the performance, and review and recommend the compensation of the Company's CEO to the Board's independent directors, meeting in executive session.
- review and approve the evaluation process and compensation structure for the Company's executive officers and approve their compensation, including base salary, annual cash incentive and long-term incentives;
- select appropriate peer companies against which the Company's executive compensation is compared;
- review incentive compensation and equity-based plans, and advise management and the Board on the design and structure of the Company's compensation and benefits programs and policies, and to approve changes thereto, or to recommend changes to the Board, as the Committee determines appropriate;
- administer and make awards under the Company's stock plans, and review and approve annual stock allocation under those plans;
- review and approve or recommend to the Board, as appropriate, any employment or severance contracts or arrangements with executive officers;
- monitor trends and best practices in, and periodically review and assess the adequacy of, director compensation and stock ownership policies, and recommend changes to the Board as it deems appropriate in accordance with the Company's Corporate Governance Guidelines;
- monitor and review the Company's overall compensation and benefits program design to assess such programs' continued competitiveness and consistency with established Company compensation

philosophy, corporate strategy and objectives, linkage of pay to performance, and alignment with stockholder interests, including any material risks of such programs;

- review and make recommendations to the Board regarding people-related strategies and initiatives, such as recruitment, retention and diversity management;
- establish and administer stock ownership policies for executive officers and other key position holders;
- assess the results of the Company's most recent advisory vote on executive compensation;
- review and discuss with the Company's management the Compensation Discussion and Analysis required to be included in the Company's annual proxy statement;
- produce a Compensation Committee Report to be included in the Company's annual proxy statement; and
- be directly responsible for the appointment, compensation and oversight of the work of any consultants and other advisors retained by the Compensation Committee.

The Compensation Committee may delegate specific responsibilities to one or more individual committee members to the extent permitted by law, regulation, NYSE listing standards and Schlumberger's governing documents. The design and day-to-day administration of all compensation and benefits plans and related policies, as applicable to executive officers and other salaried employees, are handled by teams of the Company's human resources, finance and legal department employees. The Compensation Committee operates pursuant to a written charter, which is available on the Company's website at http://www.slb.com/about/guiding_principles/ corpgovernance/compensation_committee.aspx.

Nominating and Governance Committee

The Nominating and Governance Committee consists of five directors, each of whom meets the independence requirements of the NYSE's listing standards.

The authority and responsibilities of the Nominating and Governance Committee include the following:

- lead the search for individuals qualified to become members of the Board;
- evaluate the suitability of potential nominees for membership on the Board;
- recommend to the Board the number and names of director nominees at the next annual general meeting of stockholders, or otherwise to recommend directors nominees in the event that the authorized number of directors exceeds the number elected by stockholders at such annual general meeting, and to propose director nominees to fill any vacancies on the Board;

- annually review the qualifications and criteria taken into consideration in the evaluation of potential nominees for membership on the Board;
- consider the resignation of a director who has changed his or her principal occupation or employer, and inform the Board as to whether or not the Nominating and Governance Committee recommends that the Board accept the resignation;
- assist the Board with its determination of the independence of its members;
- monitor trends, changes in law and NYSE listing standards, as well as best practices in corporate governance, and to periodically review the Company’s Corporate Governance Guidelines and recommend changes as it deems appropriate in those guidelines, in the corporate governance provisions of the Company’s bylaws and in the policies and practices of the Board in light of such trends, changes and best practices as appropriate;

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- consider issues involving "related person transactions" with directors and similar issues, including approval or ratification of any such transactions as appropriate;
- periodically review the Company's Ethics and Compliance Program including significant compliance allegations with the Company's General Counsel or Director of Compliance, and oversee the Company's Code of Conduct and policies and procedures for monitoring compliance;
- periodically review the Company's Corporate Social Responsibility Program, including its Global Stewardship reporting efforts, and trends in environmental, social and governance issues affecting the Company and its key public policy positions;
- periodically review the state of the Company's relationships with key stakeholders, how those constituencies view the Company and the issues raised by them;
- periodically review the Company's policies, programs and activities related to political and charitable contributions;
- oversee the annual evaluation of Board effectiveness and report to the Board;
- annually review and make recommendations to the Board regarding its process for evaluating the effectiveness of the Board and its committees;
- annually review and make recommendations to the Board regarding new director orientation and director continuing education on governance issues;
- annually recommend to the Board committee membership and chairs, and review periodically with the Board committee rotation practices;
- approve the membership of any Schlumberger executive officer on another listed company's board, and receive timely information from non-employee directors of any new listed company board to which they have been nominated for election as director and of any change in their status as director on any other listed company board;
- advise the Board on succession planning; and
- periodically review the Board's leadership structure, and recommend changes to the Board as appropriate, including the appointment and duties of the lead independent director.

The Nominating and Governance Committee operates pursuant to a written charter, which is available on the Company's website at http://www.slb.com/about/guiding_principles/corpgovernance/ nomgov_committee.aspx.

Finance Committee

The Finance Committee consists of seven directors, each of whom, except for Mr. Galuccio, meets the independence requirements of the NYSE's listing standards. The Finance Committee advises the Board and management of the Company on various matters, including dividends, financial policies and the investment of funds.

The authority and responsibilities of the Finance Committee include the following:

- recommend investment and derivative guidelines for the cash and currency exposures of the Company and its subsidiaries;
- review the actual and projected financial situation and capital needs of the Company as needed, regarding:
  - the capital structure of the Company, including the levels of debt and equity, the sources of financing and equity and the Company's financial ratios and credit rating policy;
  - the Company's dividend policy; and
  - the issuance and repurchase of Company stock;
- review the insurance principles and coverage of the Company and its subsidiaries, as well as financing risks, including those associated with currency and interest rates;
- oversee the investor relations and stockholder services of the Company;
- review the financial aspects of any acquisitions submitted to the Board and, as delegated to the Finance Committee by the Board, review and approve any acquisitions covered by such delegation;
- review the administration of the employee benefit plans of the Company and the performance of fiduciary responsibilities of the administrators of the plans; and
- function as the Finance Committee for pension and profit-sharing trusts as required by U.S. law.

The Finance Committee operates pursuant to a written charter, which is available on the Company's website at http://www.slb.com/ about/guiding_principles/corpgovernance/finance_committee.aspx.

Science and Technology Committee

The Science and Technology Committee advises the Board and management on matters involving the Company's research and development programs.

The authority and responsibilities of the Science and Technology Committee include the following:

- review, evaluate and advise the Board and management regarding the long-term strategic goals and objectives and the quality and direction of the Company’s research and development programs;
- review and advise the Board and management on the Company’s major technology positions and strategies relative to emerging technologies and changing market requirements;
- monitor and evaluate trends in research and development, and recommend to the Board and management emerging technologies for building the Company’s technological strength;
- recommend approaches to acquiring and maintaining technology positions;

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- advise the Board and management on the scientific aspects of major acquisitions and business development transactions; and
- assist the Board with its oversight responsibility for enterprise risk management in areas affecting the Company's research and development.

The Science and Technology Committee operates pursuant to a written charter, which is available on the Company's website at http://www.slb.com/about/guiding_principles/corpgovernance/ tech_committee.aspx.

Communication with the Board

The Board has established a process for all interested parties, including stockholders and other security holders, to send communications, other than sales-related communications, to one or more of its members, including to the independent or non-management directors as a group. Interested parties may contact the Board or any Schlumberger director (including the Chairman of the Board) by writing to them at the following address:

Schlumberger Limited
c/o the Secretary
5599 San Felipe, 17th Floor
Houston, Texas 77056

Communications will be forwarded to the Board member or members specified.

Director Attendance at 2017 Annual General Meeting

The Board's policy regarding director attendance at annual general meetings of stockholders is that directors are welcome, but not required, to attend, and that the Company will make all appropriate arrangements for directors who choose to attend. No director attended our annual general meeting of stockholders in 2017.

Policies and Procedures for Approval of Related Person Transactions

In January 2007, the Board formally adopted a written policy with respect to "related person transactions" to document procedures pursuant to which such transactions are reviewed, approved or ratified. Under SEC rules, "related persons" include any director, executive officer, director nominee, or greater than 5% stockholder of the Company since the beginning of the previous fiscal year, and their immediate family members. The policy applies to any transaction in which:

- the Company is a participant;
- any related person has a direct or indirect material interest; and
- the amount involved exceeds $120,000, but excludes any transaction that does not require disclosure under Item 404(a) of SEC Regulation S-K.

The Nominating and Governance Committee, with assistance from the Company's Secretary and General Counsel, is responsible for reviewing and, where appropriate, approving or ratifying any related person transaction involving Schlumberger or its subsidiaries and related persons. The Nominating and Governance Committee approves only those related person transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders.

Since the beginning of 2017, there were no related person transactions under the relevant standards.

Code of Conduct

Schlumberger has adopted a code of conduct entitled The Blue Print and The Blue Print in Action, which applies to all of its directors, officers and employees. Together, these documents describe the purpose, ambition and mindset of the Company and expectations for its employees. Both documents are located at www.slb.com/about/codeofconduct.aspx.

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ITEM 2. Advisory Resolution to Approve Executive Compensation

We are asking our stockholders to approve, on an advisory basis, the Company's executive compensation as reported in this proxy statement. As described below in the "Compensation Discussion and Analysis" section of this proxy statement, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

- to attract, motivate and retain talented executive officers;
- to motivate progress toward Company-wide financial and personal objectives while balancing rewards for short-term and long-term performance; and
- to align the interests of our executive officers with those of stockholders.

We urge stockholders to read the "Compensation Discussion and Analysis" beginning on page 24 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 45-58, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board believe that the policies and procedures articulated in the "Compensation Discussion and Analysis" are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has contributed to the Company's long-term success.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the 2018 annual general meeting of stockholders:

RESOLVED, that the stockholders of Schlumberger Limited (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company's 2018 annual general meeting of stockholders.

This advisory resolution, commonly referred to as a “say-on-pay” resolution, is non-binding on our Board. Although non-binding, our Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

The Board has adopted a policy providing for an annual “say-on-pay” advisory vote. Unless the Board of Directors modifies its policy on the frequency of holding “say-on-pay” advisory votes, the next “say-on-pay” advisory vote will occur in 2019.

Required Vote

A majority of the votes cast is required to approve this Item 2.

If you hold your shares in “street name,” please note that brokers do not have discretion to vote on this proposal without your instruction. If you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this proposal.

The Board of Directors Recommends a Vote **FOR** Item 2.

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Compensation Discussion and Analysis

The following Compensation Discussion and Analysis ("CD&A") describes Schlumberger's compensation policies and practices as they relate to our executive officers identified in the Summary Compensation Table below (the "named executive officers," or the "NEOs"). The purpose of the CD&A is to explain what the elements of their compensation are; why the Compensation Committee selects these elements; how the Compensation Committee determines the relative size of each element of compensation; the decisions the Committee made with respect to the 2017 compensation of the NEOs, and the reasons for those decisions.

2017 — Executive Overview

The second half of 2017 marked the beginning of an uneven recovery following the longest and deepest industry downturn in 30 years. Although oil and gas prices improved in 2017, their average prices remained far below 2014 levels. However, we capitalized on the difficult industry environment by continuing to strengthen our technology-based service and product lines through strategic acquisitions, organic growth and industry-leading research and engineering. These efforts also enabled us to bolster our market competitiveness in key markets around the world. As a result, we were able to quickly reactivate almost all our pressure pumping fleets to meet customer demand when the market began to recover in North America in the second half of 2017.

We exceeded our one- and two-year synergy targets of $300 million for 2016 and $600 million for 2017, that we set at the close of our 2016 acquisition of Cameron International Corporation ("Cameron"). Strategic acquisitions like Cameron through the downturn helped us to increase our total addressable market by 50%. We also executed three significant Schlumberger Production Management ("SPM") agreements in 2017. SPM was an effective countercyclical business development program during the downturn, and we expect it to mitigate the effects of our cyclical industry in the future.

We continued to expand our customer digital offerings by introducing our DELFI* cognitive E&P environment. This new software platform enables customer E&P teams around the world to securely collaborate in real time, improving operational efficiency while delivering optimized production at the lowest cost per barrel. The first workflow to be introduced in the DELFI environment is our DrillPlan* digital well construction planning solution, part of our fully integrated well construction offering. The DrillPlan solution has already demonstrated the capability to decrease well plan development time by more than half.

At the end of 2017, we purchased Weatherford International's U.S. pressure pumping and perforating assets. This transaction further enables us to execute our strategy of expanding our pressure pumping and pump-down perforating businesses in North America. We also underwent a global corporate restructuring to maximize our operational agility and competitiveness for the long-term.

Overview of Compensation Decisions for 2017

Our senior management team delivered strong financial and operational results in 2017 despite the industry downturn that began in 2014 and continued into 2017. In this difficult operating environment, the Compensation Committee continued to focus on strengthening the link between pay and performance; retaining and motivating our top executives; and appropriately compensating them for outperforming our competitors during the downturn and increasing long-term stockholder value.

In this context, and as more fully discussed elsewhere in this CD&A, the Compensation Committee approved the following actions in 2017:

- Despite strong relative performance, we did not achieve the absolute performance goal under the three-year PSUs that were granted to our executives in 2015 and that were scheduled to vest, if at all, in January 2018. Accordingly, our NEOs received no payout under those PSUs.
- A significant change in the mix of our long-term incentive ("LTI") awards for our NEOs, from 50% stock options and 50% performance-based equity awards, to 100% performance-based equity awards that are tied to a number of performance metrics and varying performance periods.
- Fifty percent of the 2017 LTI award value to our NEOs was in the form of performance share units ("PSUs") that will be earned, if at all, based on a relative return on capital employed ("ROCE") metric over a three-year performance period. The other 50% of the LTI award value was in the form of PSUs that are subject to a performance goal based on our cumulative free cash flow as a percentage of our cumulative net income, before charges and credits, over a two-year period. The latter 50% of PSUs are also subject to a one-year mandatory hold period after vesting.
- We held 2017 base salaries flat for all NEOs (other than in the case of promotions).
- We held the 2017 target annual cash incentive flat for all NEOs (other than in the case of promotions).
- We held 2017 LTI grant values flat for Mr. Kibsgaard, our CEO, and for Messrs.Ayat and Belani. Mr. Le Peuch was awarded PSUs with a target value of $3.2 million in connection with his appointment

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to President of our Cameron Group in April 2017. In addition, Mr. Juden's annual LTI value was increased from $2.7 million to $3.0 million based on a comparative market analysis.

- In contrast to the past two years, when industry conditions resulted in the decision to establish two six-month financial performance goals under our annual cash incentive program, the Compensation Committee established a single financial target for the full 12 months of 2017 based on diluted earnings per share, excluding charges and credits ("adjusted EPS"). The target was set 14% above our 2016 adjusted EPS.

- In October 2017, our Committee approved out-of-cycle RSU grants to each of our NEOs to promote retention, except for our CEO, who did not accept any RSUs. Mr. Juden also received RSUs in April 2017 for retention purposes.

Our Executive Compensation Best Practices

The following is a summary of some of our executive compensation best practices and policies.

WHAT WE DO

Pay for Performance. Our NEOs' annual equity-based compensation is 100% in the form of performance-based equity awards.

At risk Pay. A significant portion of our executive pay is at risk. For our CEO, 88% of his 2017 total direct compensation was at risk.

Clawbacks. Our compensation recovery, or "clawback" policy, and the terms of our equity awards, allow our Board to recoup performance-based cash and equity awards in specified instances.

Executive Stock Ownership Guidelines. To further enhance the link between the interests of our stockholders and our executives, our CEO must own our stock valued at 6 times his annual base salary; our executive vice presidents and CFO must own at least 3 times their annual base salary; and all other executive officers must own at least 2 times their annual base salary.

Annual Peer Compensation Review. We review the compensation opportunities for all of our officers against our peer groups annually.

WHAT WE DON'T DO

No gross-ups on excise taxes.

No hedging or pledging by directors or executive officers of their ownership of Schlumberger stock.

No automatic acceleration of equity awards upon a change in control.

Our executive officers have no employment, severance or change-in-control agreements.

Our executive officers receive only very limited perquisites and do not participate in any executive pension or insurance plans, other than those generally available to employees.

We do not dilute our shareholders with excessive equity grants to employees. Our 2017 "burn rate," or stock awards granted as a percentage of common shares outstanding, was only approximately 0.54%.

TYPE	ELEMENT	KEY FEATURES	HOW WE DETERMINE	WHY?
	ROCE Performance Share Units	• Relative performance metric • Based on our average annual return on capital employed compared to that of several oilfield service competitors • 3-year performance period	• See ROCE payout/performance matrix on page 35	• Motivates and rewards executives for performance on key financial and operational measures
	FCF Performance Share Units	• Absolute performance metric • Based on our free cash flow as a percentage of our cumulative net income, excluding charges and credits • 2-year performance period plus mandatory 1-year holding period	• See FCF payout/performance matrix on page 35	• Aligns the interests of our executives with long-term stockholder value • Designed to retain executive talent
	Annual Cash Incentive	• 50% based on Company achievement of full-year adjusted EPS targets • 50% based on achievement of strategic, operational and key personal objectives	• The primary basis on which we set our annual performance expectations • See EPS payout/performance matrix on page 31 • See each NEO's objectives beginning on page 31	• Fosters a results-driven, pay-for-performance culture
	Annual Base Salary	• Reviewed every year in January; adjusted when appropriate • Only fixed compensation component	• Job scope and responsibilities; experience; individual performance; market data	• Provides a base level of competitive cash compensation when all other pay elements are variable

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Framework for Setting Executive Compensation in 2017

Executive Compensation Philosophy and Goals

Our compensation program is designed so that the higher an executive's position in the Company, the greater the percentage of compensation that is "at risk," that is contingent on our financial performance, long-term stock price performance and individual performance. Please see "Other Aspects of our Executive Compensation Framework—Relative Size of Direct Compensation Elements" beginning on page 39. The Company believes that having a significant portion of executive compensation at risk more closely aligns the interests of its executives with the long-term interests of Schlumberger and its stockholders.

In establishing executive compensation, we believe that:

- the pay of our named executive officers and other senior executives should be strongly linked to performance that is evaluated against strategic, operational and personal objectives, as described below in the section entitled "Elements of Total Direct Compensation; 2017 Decisions—Annual Cash Incentive Decisions for 2017" beginning on page 30;
- our compensation program should enable us to recruit, develop, motivate and retain top global talent, both in the short-term and long-term, by providing compensation that is competitive and by promoting the Company's values of people, technology and profitability;
- LTI awards should encourage the creation of long-term stockholder value, align our executives' compensation with the stock price returns of our stockholders, and incentivize our executives to achieve difficult but obtainable strategic and financial goals that support our long-term performance and leadership position in our industry; and
- our executives should be required to hold stock acquired through LTI awards and stock ownership guidelines that align their interests with those of our other stockholders.

Promotion from within the Company is a key principle at Schlumberger, and all of our named executive officers have reached their current positions through career development with the Company. Schlumberger sees diversity of its workforce as both a very important part of its cultural philosophy and a business imperative, as it enables the Company to serve clients anywhere in the world. Schlumberger believes that its use of a consistent approach to compensation at all levels irrespective of nationality is a strong factor in achieving a diverse workforce comprising top global talent.

Pay-for-Performance Relative to the Oil Industry Peer Group

As part of the Compensation Committee's annual review of our executive compensation program, in July 2017 the Committee directed its independent compensation consultant, Pay Governance LLC ("Pay Governance"), to prepare a comparative pay-for-performance assessment against companies in our oil industry peer group as identified in the section entitled "Other Aspects of our Executive Compensation Framework—Peer Group Companies" beginning on page 36. The comparative assessment examined the degree of alignment between our NEOs' compensation and our performance relative to these companies as measured by total stockholder return ("TSR"), free cash flow growth, and ROCE. We assessed performance on a five-year basis ending on December 31, 2016. TSR reflects share price appreciation, adjusted for dividends and stock splits.

The Compensation Committee reviewed the total realizable compensation of our CEO against that of other CEOs in our oil industry peer group. It then separately reviewed the total realizable compensation of all NEOs as a group against that of named executive officers at other companies comprising our oil industry peer group. However, information regarding total realizable compensation of the second-through fifth-highest paid officers at non-United States incorporated companies that are included in the oil industry peer group (BP plc, Eni SpA, Royal Dutch Shell and Total) was not available. As a result, our NEOs' total realizable compensation was compared only against the total realizable compensation of named executive officers at US-incorporated companies in the oil industry peer group (for which data was available).

"Total realizable compensation" for each period consisted of the following:

- actual base salary paid;
- actual cash incentive payouts; and
- the December 31, 2016 market value of the following:
  - in-the-money value of stock options granted during the applicable period;
  - the current value of any RSUs; and
  - for performance-based incentive awards, (i) the actual award payout value of awards vesting during the applicable period and (ii) the estimated payout values for awards granted in 2015 and 2016, based on company disclosures (and in all cases based on actual stock prices as of the end of the period, not as of the date of grant).

Our NEOs' Realizable Compensation and our Performance

The five-year total realizable compensation of our CEO and other NEOs is tightly aligned with our five-year TSR, free cash flow and ROCE performance versus the companies comprising our oil industry peer group.

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Five-Year (2012-2016) SLB Performance vs. Large Oil Industry Peers		**Five-Year SLB Total Realizable Compensation Rank (%)**	
Cumulative TSR:	65th percentile	CEO:	67th percentile
Cumulative Free Cash Flow Growth:	67th percentile	All NEOs:	63rd percentile
Cumulative ROCE:	67th percentile		

The Competition for our Executive Talent

A primary consideration of the Compensation Committee in overseeing our executive compensation program is the need to motivate and retain what it considers to be the best executive talent in the energy industry. We are the world's largest oilfield services company and the only such company included in the Standard & Poor's S&P 100 Index. Our Compensation Committee believes that our success in delivering strong long-term stockholder returns and financial and operational results is a result of our ability to attract, develop and retain the best talent globally. A highly competitive compensation package is critical to this objective and, to this end, the Compensation Committee generally seeks to target total direct compensation for our NEOs between the 50th and 75th percentiles of the Company's executive compensation comparator groups. An NEO's target total direct compensation depends on a variety of factors, including tenure in a particular position and individual and Company performance. For example, the Committee generally seeks to position an executive with a relatively short tenure in a position at the 50th percentile of the Company's executive compensation comparator groups.

Our Compensation Committee believes that the 50th to 75th percentiles is an appropriate range to target because of Schlumberger's leading position in the oilfield services industry; because competition for our executive talent in the oil and gas industry is exceptionally fierce; and because our executives are very highly sought after, not only by our direct oilfield service competitors but also by other leading companies.

In approving this target range and when setting compensation in 2017, the Compensation Committee considered that many current and former senior executive officers of leading companies in the energy industry have previously served as senior executives at Schlumberger. For example, former senior Schlumberger executives either have been, or are, senior executives at the following competitors and customers:

Baker Hughes, a GE company
(past Chairman and CEO, and multiple current senior executive positions)

Key Energy Services
(current President and CEO)

Ensco plc
(current CEO and current GC)

Smith International Inc.
(past CEO)

Patterson-UTI Energy Inc.
(current CEO)

Shawcor Ltd.
(current CEO)

YPF
(past CEO)

Dover Energy
(past CFO)

Aker Solutions
(current COO and other senior executive positions)

National Petroleum Services
(current CEO)

Technip FMC
(current Chairman, current CEO and current GC)

Sentinel Energy Services
(current CEO)

OILSERV
(current CEO and other senior executive positions)

BG Group
(past Chairman and past COO)

Frank's International N.V.
(past CEO)

CGG -Veritas
(current COO)

BAE Systems
(current CEO and current Chief Human Resources Officer)

NESR
(current Chairman)

Expro
(current CEO, past CEO and current CFO)

Weatherford International plc
(past acting CEO, CFO and multiple current senior executive positions)

Calfrac Well Services Ltd.
(current CEO)

Carbo Ceramics Inc.
(current President & CEO)

Shelf Drilling Holdings Limited
(current CEO)

Quinterra Technologies
(current Chairman)

ConocoPhillips
(past CTO)

Archer Limited
(past CFO and GC, as well as other senior executive positions)

Team Inc.
(current CEO)

Flowserve
(current CEO)

Tetra Technologies
(past COO and multiple current senior executive positions)

CEO = Chief Executive Officer
COO = Chief Operating Officer
CFO = Chief Financial Officer
GC = General Counsel

The Compensation Committee retains the flexibility to set elements of target compensation at higher percentiles based on strong business performance, for retention, for key skills in critical demand, and for positions that are of high internal value. Elements of our executives' total direct compensation and actual payments may also be below our main comparator groups' median as a result of our pay-for-performance philosophy, as discussed below.

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CEO Realized Pay

In the course of the Compensation Committee's review of our executive compensation program, the Committee noted that for the past several years, our CEO's realized pay was, in general, substantially less than his total compensation as reported in our proxy statements (his "reported pay"). We discussed this topic with stockholders during our engagement efforts in 2017. At risk compensation refers to an executive's LTI awards and the annual cash incentive opportunity.

We calculate "realized pay" for a given year by adding together:

- actual base salary paid;
- the annual cash incentive payouts for that year;
- the value of RSUs and PSUs that vested during the year, valuing the shares based on the closing price of our common stock on the last business day of the year;
- the value of any perquisites; and
- the gain on any stock options that were exercised that year, based on the closing price of the stock on the day of the exercise, as compared to the exercise price of the option.

The chart below shows the actual compensation delivered to our CEO from 2013 to 2017, and demonstrates that his realized pay was significantly lower than his reported pay for all but one year during this period. Most of the compensation of our CEO, like that of our other NEOs, was "at risk." In 2017, 88% of our CEO's compensation was at risk.

CEO: Reported Pay vs. Realized Pay

As this chart shows, our CEO's realized pay was 35.4%, 102.3%, 48.6%, 62.3%, and 30.3% of his reported pay for years 2013, 2014, 2015, 2016 and 2017, respectively. Our CEO's 2014 realized pay was comparable to his 2014 reported pay because he exercised stock options in 2014, some of which were granted as early as 2006, and because one-time transitional PSUs that were awarded in 2013 vested in 2014.

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Pay Mix and Internal Pay Equity Review

In January 2017, the Compensation Committee analyzed the mix of our executives' compensation elements. In carrying out its analysis, the Compensation Committee considered the relative size of direct compensation elements of companies in Schlumberger's two main comparator groups in the section entitled "Other Aspects of our Executive Compensation Framework—Peer Group Companies" as well as internal factors. With regard to pay mix, the Compensation Committee also reviewed the elements of compensation for the Company's NEOs, both in relation to one another and in comparison with the average pay mix of the Company's executive officers. Based on its review, the Committee concluded that the mix of base salary, target annual cash incentive and LTI was appropriate for each of Schlumberger's NEOs.

The Compensation Committee also reviewed internal pay equity at its January 2017 and October 2017 meetings. Our executive officers operate as team. Therefore, the Compensation Committee considers internal pay equity to be an important factor in its executive compensation decisions. The Committee reviewed the compensation of the CEO in relation to the compensation of our other executive officer positions, and our executives' compensation both in relation to one another and in comparison with the average of the compensation of our other executive officer positions. The Compensation Committee noted that the ratio of target total direct compensation between the CEO and the second-highest paid executive officer was similar to that in the three prior years. The Compensation Committee also noted that the levels of target total direct compensation for the third- to the fifth-highest paid officers were very closely clustered together, consistent with their relative positions within the Company. As a result, the Compensation Committee concluded that internal pay equity was appropriate.

Elements of Total Direct Compensation; 2017 Decisions

Base Salary

Base salary is the fixed portion of an executive's annual compensation, which provides some stability of income since the other compensation elements are variable and not guaranteed. On appointment to an executive officer position, base salary is set at a level that is competitive with base salaries in the applicable peer compensation groups for that position and takes into account other factors described below.

Base salaries for each executive officer position are compared annually with similar positions in the applicable peer groups. Base salary changes for executive officers, except the CEO, are recommended by the CEO and subject to approval by the Compensation Committee, taking into account:

- comparable salaries for executives with similar responsibilities in the applicable peer groups;
- comparison to internal peer positions;
- the Company's performance during the year relative to the previous year and to its market peers;
- individual business experience and potential; and
- overall individual performance.

The base salary of the CEO is reviewed by the Compensation Committee in executive session and recommended to the independent members of our Board for approval, based on the criteria described above. In addition to periodic reviews based on the factors described above, the Compensation Committee may adjust an executive officer's base salary during the year if he or she is promoted or if there is a significant change in his or her responsibilities. In this situation, the CEO (in the case of executive officers other than himself) and the Compensation Committee carefully consider these new responsibilities, external pay practices, retention considerations and internal pay equity, as well as past performance and experience. Base salary may also be reduced when an executive officer moves to a position of lesser responsibility in the Company. Alternatively, an executive's base salary can be frozen for a number of years until it falls in line with comparable positions in the applicable compensation peer groups.

Base Salary Decisions in 2017

The Compensation Committee reviewed the compensation of each of our NEOs in January 2017. Upon review of comparative market data and taking into consideration that all of our NEOs were already positioned competitively, the Compensation Committee determined to maintain base salaries at their current levels for all of our NEOs who held the same position in the prior year.

Annual Cash Incentive Awards

The Company pays annual performance-based cash incentives to its executives to foster a results-driven, pay-for-performance culture and to align their interests with those of Schlumberger's stockholders.

The Compensation Committee selects performance-based measures that it believes strike a balance between motivating an executive to increase operating and financial results in the near-term and driving profitable long-term

Company growth and value for stockholders. Annual cash incentive award payments are made each February according to the achievement of strategic, operational and personal objectives, as described below.

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One half of an executive’s annual cash incentive payout potential is based on the achievement of pre-established personal objectives, while the other half is based on the Company’s achievement of pre-established financial goals. The financial half of the annual cash incentive has an incremental financial element applicable to our CEO and the other NEOs, which means that the maximum cash incentive opportunity can be up to 300% of target, based on achievement of superior financial results. The personal half of the incentive cash payment has no upside potential, meaning the maximum payout with respect to this half of the target annual cash incentive is 100% of target. Under this approach, the maximum cash incentive opportunity based on both financial and personal strategic objectives combined cannot exceed 200% of target.

The Compensation Committee reviews and recommends to the independent directors of the Board the financial objectives of the CEO and the other NEOs. The Compensation Committee believes that, with regard to financial targets or financial performance goals, it is important to establish criteria that, while very difficult to achieve in an uncertain global economy, are realistic. When considering the Company’s operating results for purposes of the financial portion of the annual cash incentive, the Compensation Committee may take into account unusual or infrequent charges or gains, depending on the nature of the item. The Compensation Committee may make adjustments when it believes that executives and other employees would be inappropriately penalized by, or would inappropriately benefit from, these items.

Personal objectives are established at the start of the fiscal year. The Compensation Committee reviews and approves the personal strategic objectives of the CEO and assesses his performance against those objectives in determining his annual cash incentive award, taking into account performance for the just-completed fiscal year versus predefined commitments for the fiscal year; unforeseen financial, operational and strategic issues of the Company; and any other information it determines is relevant, subject to approval by the independent directors of the Board. The CEO reviews and approves the personal strategic objectives of the other NEOs, and assesses each such NEO’s performance against their pre-determined objectives in a similar way. Each NEO’s annual cash incentive opportunity is tied to achievement of quantitative and qualitative objectives that are specific to that NEO’s position, and may relate to:

- group or geographical profitability or revenue growth;
- market penetration;
- acquisitions or divestitures;
- non-financial goals that are important to the Company’s success, including:

- people-related objectives such as retention and diversity;
- ethics, compliance and governance;
- health, safety and environmental objectives;
- new technology introduction; and
- any other business priorities.

Annual Cash Incentive Decisions for 2017

Upon review of market data of the applicable compensation comparator groups, and taking into consideration internal pay equity and that the target annual cash incentive of our NEOs were already positioned competitively from a market perspective, the Compensation Committee determined in January 2017 to leave the target annual cash incentive opportunity for all NEOs unchanged from 2016. As a result, the 2017 target annual cash incentive for our CEO was 150% of his base salary, 75% of base salary for Mr. Juden, and 100% of base salary for the other NEOs. The target annual cash incentive for Mr. Le Peuch increased from 60% to 100% in connection with his promotion to President of the Cameron Group.

Financial Objectives

In January 2017, the Compensation Committee approved a change to the financial half of the NEOs’ 2017 target annual cash incentive, with the result that payout of the financial half was based entirely on achievement of diluted earnings per share, excluding charges and credits (“adjusted EPS”) targets. Prior to 2017, one half of our NEOs’ target annual cash incentive was based on achievement of relative performance goals and the other half was based on adjusted EPS targets. In approving this change, the Compensation Committee determined that it was appropriate to base all of our NEOs’ financial half payout solely on achievement of adjusted EPS goals, because it best reflects ultimate stockholder value creation for the year.

The Compensation Committee also selected adjusted EPS as an absolute measure upon which to base the financial portion of the annual cash incentive because it is the primary absolute basis on which we set our performance expectations for the year. It is also consistent with the manner in which we present adjusted EPS in our earnings announcements and presentations to investors. We believe that consistent adjusted EPS growth leads to long-term stockholder value. We also believe that it is the metric most widely used by our stockholders and analysts to evaluate our performance.

2017 Adjusted EPS Targets

The process used to set annual adjusted EPS targets starts with a review of plans and projections following bottom-up planning from the field. Adjusted EPS targets may increase or decrease year-over-year taking into account:

- industry cycles;
- commodity prices;
- activity growth potential;
- pricing, including pricing concessions and the period it takes to recoup previous pricing levels;
- anticipated E&P spending; and
- introduction of new technology.

In response to stockholder feedback during our outreach efforts in the fall of 2016, the Compensation Committee determined at its

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January 2017 meeting to set full-year adjusted EPS targets, rather than divide the measurement period into two six-month periods as it had in the prior two years. At that meeting, the Compensation Committee approved the following adjusted EPS targets and corresponding payouts for 2017:

2017 EPS Performance Targets	% of EPS Portion of Financial Half (Payout %)
Less than $1.20	**0%**
$1.20	**50%**
$1.30	**100%**
$1.50	**200%**
$1.70	**300%**

For adjusted EPS results between any two targets, the payout would be prorated. No cash incentive would be paid if the minimum adjusted EPS target was not achieved.

The Compensation Committee approved these targets at levels that reflected expected significant improvement from adjusted EPS of $1.14 achieved in 2016, but taking into account continued depressed market conditions, management's continued low visibility as to when customer spending would meaningfully improve, and its awareness that pricing concessions granted to customers during the downturn would not be recovered immediately, thereby limiting adjusted EPS gains.

2017 Adjusted EPS Results

Schlumberger's 2017 adjusted EPS[(1)] was $1.50, while 2017 loss per share on a GAAP basis was $1.08, reflecting $3.6 billion of charges attributable to the restructuring of our WesternGeco division, the write-down of our investment in Venezuela, a promissory note fair value adjustment, workforce reductions and other restructuring charges, impairment of multiclient seismic data, a provision for loss on a long-term construction project, and merger and integration charges related to the Cameron acquisition.

As in prior years, the Compensation Committee evaluated performance based on adjusted EPS, consistent with the manner in which the Company presents adjusted EPS in its earnings announcements and presentations to investors. Furthermore, the Committee believed that the $3.6 billion of charges in 2017 resulted in earnings per share on a GAAP basis that did not reflect Schlumberger's operating trends and generally arose from actions that management took to proactively address the industry downturn, and expenses related to the Cameron acquisition.

Based on these results, the Compensation Committee approved a payout of 200% of target for 2017 for the adjusted EPS component of the annual cash incentive.

2017 Personal Objectives and Results

In 2017, Mr. Kibsgaard was evaluated against the following objectives, which were established at the beginning of the year:

GOAL	ACHIEVEMENT
• Streamline organizational structure and reduce structural costs by a baseline amount.	• Achieved.
• Form the OneStim organization within Schlumberger; deploy Company's idle pressure pumping capacity; and close Weatherford transaction.	• Mostly achieved.
• Grow the Schlumberger Production Management ("SPM") segment by identifying and closing specified strategic transactions.	• Achieved.
• Implement the "Schlumberger Safe" program and reduce Company's total recordable injury frequency rate by set targets.	• Mostly achieved.
• Identify new candidates for executive succession planning.	• Achieved.
• Lead Company in increasing employee engagement and in executing 2017 employee engagement plan.	• Achieved.

In addition to the above objectives, Mr. Kibsgaard was evaluated against strategic personal objectives such as resolution of the outstanding receivables situations in Venezuela and Ecuador; recruiting; R&D; manufacturing; continued successful deployment of the Company's Transformation, resulting in greater efficiency and reduced costs; and investor engagement.

Mr. Kibsgaard earned 85% of his total 2017 cash incentive award opportunity under his personal objectives.

In 2017, Messrs. Ayat, Belani, Le Peuch, and Juden shared the following quantitative objectives, which constituted 40% of the personal half of each of their annual cash incentive opportunity:

GOAL	ACHIEVEMENT
• Achieve greater Company revenue growth year over year as compared to weighted average revenue growth of two main competitors.	• Partially achieved.
• Reduce Company's total recordable injury frequency rate by set targets.	• Mostly achieved.
• Support Company in increasing employee engagement and in executing 2017 employee engagement plan.	• Achieved.

(1) See the reconciliation of non-GAAP measures to the comparable GAAP measures on Appendix A.

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Mr. Ayat had the following personal objectives in addition to the shared objectives described above:

GOAL	ACHIEVEMENT
• Oversee closure of at least 90% of audits identified in action plan; reduce audit turn-around time to fewer than 50 days.	• Achieved.
• Reduce the Company's Days Sales Outstanding ("DSO") by pre-established quarterly targets.	• Substantially achieved.
• Succesfully implement working capital reduction project.	• Achieved.

Mr. Ayat earned 85% of his total 2017 cash incentive award opportunity under his personal and shared objectives.

Mr. Belani had the following personal objectives in addition to the shared objectives described above:

GOAL	ACHIEVEMENT
• Reduce oustanding Company inventory by quarterly value thresholds.	• Substantially achieved.
• Realign Company research priorties with Company's long-term strategy.	• Achieved.
• Adjust Company engineering portfolio for greater focus on customer-oriented software development.	• Achieved.

Mr. Belani earned 82.1% of his total 2017 cash incentive award opportunity under his personal and shared objectives.

Mr. Le Peuch had the following personal objectives in addition to the shared objectives described above:

GOAL	ACHIEVEMENT
• Reduce DSO by pre-established quarterly targets.	• Mostly achieved.
• Reduce oustanding Company inventory by quarterly value thresholds.	• Substantially achieved.
• Increase margins and growth in the Surface and V&M product lines in second half of 2017 versus first half of 2017.	• Substantially achieved.

Mr. Le Peuch earned 70% of his total 2017 cash incentive award opportunity under his personal and shared objectives.

Mr. Juden had the following personal objectives in addition to the shared objectives described above:

GOAL	ACHIEVEMENT
• Oversee training of officers and directors of high-risk Company subsidiaries and joint ventures.	• Achieved.
• Oversee completion of various Company site audits by Legal Function.	• Achieved.
• Investigate and close 80% of specified ethics & compliance investigations in fewer than 90 days.	• Achieved.

• Oversee training of new managers (90% of relevant target population of the business unit under consideration).	• Not achieved

Mr. Juden earned 80% of his total 2017 cash incentive award opportunity under his personal and shared objectives.

2017 Annual Cash Incentive as a Percentage of Base Salary

Name	Total Incentive Range Eligibility (%)	Financial Half Range Eligibility (%)	Financial Half Incentive Achieved (%) (1)	Personal Half Range Eligibility (%)	Personal Half Incentive Achieved (%) (2)	Total 2017 Incentive Paid as a % of Base Salary (3)
P. Kibsgaard	0-150	75	150	75	63.75	213.75
S. Ayat	0-100	50	100	50	40.15	140.15
A. Belani	0-100	50	100	50	41.05	141.05
O. Le Peuch	0-100 (4)	50	83	50	39.59	122.92
A. Juden	0-75	37.5	75	37.5	30.00	105.00

(1) Represents the combined adjusted EPS payout percentage of 200% of target, multiplied by the percentage of base salary attributable to the financial half of the annual cash incentive opportunity.

(2) Represents the personal objectives payout percentage (out of a range of 0 to 100%) multiplied by the percentage of base salary attributable to the personal objectives half of the annual cash incentive opportunity.

(3) Equals the sum of both the financial half and the personal half of the annual cash incentive achieved, expressed as a percentage of base salary.

(4) Mr. Le Peuch's target annual cash incentive increased from 60% to 100% as a result of his promotion to President of the Cameron Group in April 2017. His total 2017 cash incentive paid represents the weighted average of his personal objectives based on both positions of employment throughout the year.

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Long-Term Equity Incentive Awards

LTI awards are designed to give NEOs and other high-value employees a longer-term stake in the Company, provide incentives for the creation of sustained stockholder value, act as long-term retention and motivation tools, and directly tie employee and stockholder interests over the longer term.

In January 2017, the Compensation Committee approved a significant change to our LTI award mix. Taking into account feedback from our stockholders in 2016, the Committee determined that 100% of our executives' 2017 LTI awards should be in the form of performance-based equity awards with payout contingent on achievement of absolute and relative Company performance goals. In prior years, our NEOs and other executive officers received 50% of their target LTI compensation in the form of performance-based equity awards and 50% in the form of stock options.

The Compensation Committee also approved the change to the LTI mix based on the following factors:

- to create a stronger and more visible link between executive pay and Company performance;
- to further align our executives' interests with those of our stockholders;
- to mitigate the impact of the volatility of the stock market and the cyclical nature of our industry on our LTI program;
- to better incentivize and retain our senior executives during any business cycle;
- the view of many of our stockholders favoring performance-based incentive awards to stock options; and
- to tie management incentives to key metrics that our management can more readily control.

In January 2017, the Committee approved PSUs with a three-year performance period (the "ROCE PSUs"), which constitute 50% of our executives' 2017 target LTI dollar value. They will vest, if at all, based on our average annual ROCE achieved over the three-year performance period as compared to the average annual ROCE of several oilfield services competitors taken together, over the same period. See "—ROCE PSUs: Performance Measure and Goals."

The Committee also approved 2017 PSUs with a two-year performance period (the “FCF PSUs”), which constitute the other 50% of our executives’ 2017 target LTI dollar value. These PSUs will vest, if at all, based on our cumulative absolute free cash flow over the two-year performance period as a percentage of our cumulative net income, excluding charges and credits, over the same performance period. Any FCF PSUs earned will initially be in the form of restricted stock and be subject to a mandatory one-year hold period, and will vest contingent on continued employment with the Company at the conclusion of the one-year hold period. See “—Free Cash Flow PSUs: Performance Measure and Goals.”

Awards of PSUs are currently limited to our NEOs and other senior executive officers. No shares will vest under the PSUs if we do not achieve pre-established threshold performance levels. No dividends will accrue or be paid on any unvested PSUs during the applicable performance periods.

How We Determined the Value of 2017 Long-Term Equity Awards

The value of an executive’s LTI grant increases with the level of an executive’s responsibility at the Company, and for the CEO and our other NEOs is the largest element of their total direct compensation package. In determining the value of LTI awards granted to NEOs, the Compensation Committee (in recommending approval by the Board of the CEO’s awards) and the CEO (in recommending awards for the other NEOs) first considers market data regarding the LTI value for the most comparable positions in the Company’s executive compensation comparator groups, as well as several other factors, which may include:

- the Company’s financial and operating performance during the relevant period;
- the size and mix of the compensation elements for the executive officer;
- retention;
- achievement of non-financial goals;
- the executive officer’s contribution to the Company’s success;
- the level of competition for executives with comparable skills and experience;
- the total value and number of equity-based awards granted to an executive over the course of his or her career, together with the retentive effect of additional equity-based awards; and
- internal equity of peer position career grants.

The Compensation Committee determined the target dollar value of LTI awards for our NEOs in 2017 at its January meeting, based on the relevant factors above. For 2017 compensation, the target number of ROCE PSUs awarded to an NEO was determined by dividing 50% of the total target LTI value by the estimated grant date fair value of a PSU; the number of FCF PSUs awarded was determined by dividing 50% of the total target LTI value by the estimated grant date fair value of a PSU.

The actual grant date fair value of each grant, computed in accordance with applicable accounting standards, is disclosed in the Grants of Plan-Based Awards for Fiscal Year 2017 table below. The tables below detail the estimated grant date fair value and number of ROCE PSUs and FCF PSUs granted to the NEOs.

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PSU Grants in 2017

The Compensation Committee approved (and in the case of Mr. Kibsgaard, our CEO, the independent members of the Board approved) the following awards for the NEOs in January 2017. The Compensation Committee, based on its review of comparator peer group data, determined to hold annual target LTI grant values flat for Messrs. Kibsgaard, Ayat and Belani. Mr. Le Peuch was awarded PSUs with a target dollar value of $3.2 million in connection with his appointment in April 2017 to President of our Cameron Group. In addition, Mr. Juden's annual target LTI dollar value was increased from $2.7 million to $3.0 million based on a comparative market analysis.

The following table shows the grant values of the NEOs' 2017 annual LTI awards and the year-over-year percentage change between the two amounts. This table does not include the options granted to Mr. Le Peuch before his promotion to an executive officer position.

Name	**Target Number of ROCE PSUs**	**Target Number of FCF PSUs**	**Target Value of 2017 Grants**	**Target Value of 2016 Grants**	**% Change**
P. Kibsgaard	73,600	71,900	$12,000,000	$12,000,000	0%
S. Ayat	24,500	24,000	$4,000,000	$4,000,000	0%
A. Belani	22,100	21,600	$3,600,000	$3,600,000	0%
O. Le Peuch	22,400	21,800	$3,200,000	N/A	N/A
A. Juden	18,400	18,000	$3,000,000	$2,700,000	11%

No Payout under 2015-2017 PSUs

In January 2015, our Compensation Committee granted PSUs to our NEOs and conditioned payout based on the Company's achievement of absolute ROCE goals over a three-year performance period. In January 2018, the Compensation Committee determined the results of the three-year performance period for these PSUs, relative to the performance criteria established at that time.

We achieved average annual ROCE of 6.3% for the three-year period 2015-2017, representing achievement below threshold. As a result, the Compensation Committee determined that no shares of Schlumberger common stock were earned under the 2015 PSUs, and our NEOs received no payout under those PSUs.

ROCE PSUs: Performance Measure and Goals

In January 2017, the Compensation Committee set goals for the ROCE PSUs based on our average annual ROCE over a three-year performance period as compared to the average annual ROCE of several oilfield services competitors taken together over the same period. ROCE is a measure of the efficiency of our capital employed and is a comprehensive indicator of long-term Company and management performance. The Compensation Committee selected Halliburton, Baker Hughes, a GE company, Weatherford, National Oilwell Varco and TechnipFMC as the comparator group of oilfield services companies for the ROCE PSUs. The performance period for the ROCE PSUs began on January 1, 2017 and ends on December 31, 2019.

We selected a ROCE metric that is relative because we believe it is better suited to our cyclical industry, and because it allows us to directly compare how we deploy our capital against key comparator companies in oilfield services. This is also the metric that the Compensation Committee approved for the PSUs issued to our NEOs in 2016.

Our selection of ROCE as the performance metric for the ROCE PSUs is also consistent with our strategic direction and transformation initiatives. Furthermore, ROCE measures performance in a way that is tracked and understood by many of our investors. The Compensation Committee believes that tying a part of our senior executives' LTI pay to our efficiency goals and comparing them to that of key comparator companies in oilfield services will motivate our executives to continue to be innovative. The Compensation Committee also believes that improvements in efficiency through innovation will increase revenue and improve margins through our continued focus on pricing and cost control.

Vesting of the ROCE PSUs is conditioned on the Company's achievement of a pre-determined threshold of relative annual ROCE of no fewer than 600 basis points ("bps") below the average of all companies comprising the comparator group for the performance period. In calculating this achievement, the Committee will certify the average ROCE for each of the Company and the comparator group as a whole, in each case over the three-year performance period. If the relative ROCE achieved is less than or equal to 600 bps below the average of the competitor group, no shares will be earned.

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The number of PSUs that will vest and convert to shares as of the vesting date can range from 0% to 250% of the number of ROCE PSUs awarded. In no event will payout exceed 250%. The percentage achieved will depend on our performance compared to that of our competitors during the performance period as illustrated in the following table. At the end of the performance period, the Compensation Committee will determine the percentage of shares earned based on the table below.

Average Annual Relative ROCE Achieved	**% of Target Shares Earned (Payout %)** (1)
Less than or equal to 600 bps below the average of the PSU comparator group	0%
Inclusive of and between 50 bps above the average of the PSU comparator group and 50 bps below the average of the PSU comparator group	100%
Greater than or equal to 600 bps above the average of the PSU comparator group	250%

(1) Fractional shares rounded up to the next whole share. Number of shares determined by linear interpolation between performance levels.

We calculate ROCE as a ratio, the numerator of which is (a) income from continuing operations, excluding charges and credits plus (b) after-tax net interest expense, and the denominator of which is (x) stockholders' equity, including non-controlling interests (average of beginning and end of each quarter in the year), plus (y) net debt (average of beginning and end of each quarter in the year). The Compensation Committee may adjust the Company's income from continuing operations to take into account the effect of significant impacts or activities that are not representative of underlying business operations, such as acquisitions, divestitures, asset impairments and restructurings. Furthermore, the Compensation Committee evaluates, and may adjust for, the effect of acquisitions or divestments on a case-by-case basis for purposes of the ROCE calculation.

Free Cash Flow PSUs: Performance Measure and Goals

In January 2017, the Compensation Committee set goals for the FCF PSUs based on our cumulative absolute free cash flow over a two-year performance period as a percentage of our cumulative net income, excluding charges and credits, over the same performance period. Free cash flow is an important liquidity measure for the Company and is useful to investors and to management as a measure of the Company's ability to generate cash. The performance period for the FCF PSUs began on January 1, 2017 and ends on December 31, 2018.

Our selection of free cash flow as a percentage of net income as the performance metric for the FCF PSUs is also part of our goal to align executive compensation with stockholder return. We present free cash flow to our investors as a measure of our ability to generate cash. Once business needs and obligations are met, this cash can be used to reinvest in the Company for future growth or to return to stockholders through dividend payments or share repurchases. The Compensation Committee believes that tying a part of our NEO's LTI pay to our efficiency in converting net income to free cash flow will incentivize our management to seek out appropriate opportunities to increase the liquidity of the Company in accordance with our transformation goals.

Free cash flow represents cash flow from operations less capital expenditures, SPM investments and multiclient seismic data costs capitalized. For the purposes of the FCF PSUs, free cash flow will also exclude the acquisition of baseline production and investments up to first production for SPM projects. Not excluding these payments would create a potential disincentive to invest in the growth of the SPM businesses because such costs would reduce free cash flow. The Compensation Committee has the discretion to adjust the Company's income from continuing operations to take into account the effect of significant impacts or activities that are not representative of underlying business operations, such as acquisitions, divestitures, asset impairments and restructurings. Furthermore, the Compensation Committee evaluates, and may adjust for, the effect of acquisitions or divestments on a case-by-case basis for purposes of the free cash flow calculations.

Vesting of the FCF PSUs is conditioned on the Company's achievement of a pre-determined threshold of free cash flow conversion of no less than 50% for over performance period. In calculating this achievement, the Committee will certify the cumulative free cash flow and net income generated by the Company over the two-year performance period. If the percentage of free cash flow conversion is less than or equal to 50%, no shares of our common stock will be earned.

The number of PSUs that will convert to shares at the end of the performance period can range from 0% to 250% of the number of FCF PSUs awarded. In no event will payout exceed 250%. The percentage achieved will depend on our performance over the performance period as illustrated in the following table. At the end of the performance period, the Compensation Committee will determine the number of shares earned based on the table below.

Cumulative Free Cash Flow Conversion Percentage	**% of Target Shares Earned (Payout %)** (1)
Less than or equal to 50%	0%
62.5%	50%
75%	100%
100%	200%
Equal to or greater than 112.5%	250%

(1) Fractional shares rounded up to the next whole share. Number of shares determined by linear interpolation between performance levels.

Any FCF PSUs earned will initially be in the form of restricted stock and be subject to a mandatory one-year hold period. The restricted shares will convert to non-restricted shares at the end of the one-year hold period on December 31, 2019, contingent on an NEO's continued employment with us as of that date. We believe this hold period will foster retention of our executive talent and better align the interests of our executives with that of our stockholders.

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2017 RSU Retention Grants

At the October 2017 Compensation Committee meeting, the Committee reviewed the LTI grants made to executive officers from 2011 through 2017. The Committee noted that our executive officers are expected to realize significantly less than the target value of their LTI awards for this period. The Committee determined that this was largely because the PSUs that were awarded to them in 2014 and 2015, which were subject to vesting conditions based solely on absolute ROCE targets, did not vest at all because industry conditions were much worse than was expected at the time that the Committee established and approved performance goals under those PSU awards.

The Committee noted further that it had approved absolute ROCE targets for the 2014 PSUs (with a three-year performance period ending December 31, 2016) almost a full year before the downturn began, and had approved absolute ROCE targets for the 2015 PSUs (with a three-year performance period ending December 31, 2017) only two months after the downturn had begun. Moreover, the Committee considered that the Company generated higher ROCE in 2015 and 2016 than all other major oilfield service companies, and had recorded positive ROCE throughout the downturn, even though two of the Company’s three major competitors recorded negative ROCE during that period. In short, the Committee determined, with the benefit of hindsight, that the absolute ROCE performance goals established for the 2014 and 2015 PSUs were unachievable due to the unexpected severity and duration of the industry downturn. Because of this outcome, the Committee believed that those PSUs have not had their desired effect of aligning pay with performance, which raised retention concerns as the industry began to recover and competition for our executive talent increased.

Based on these factors, the Committee awarded 20,000 RSUs to each of Messrs. Ayat, Belani and Le Peuch, and 15,000 to Mr. Juden, which will all vest in October 2020, subject to their continued employment with us through that date. The Committee considered that, in setting the size of these awards, it did not intend to replace the value of past LTI awards, as reflected by the awards’ value being equal to only approximately 35% of the 2017 target LTI value for each such NEO. The Committee took particular note that, even after giving effect to these RSU awards, each of these individuals is still expected to realize significantly less than the target value of their LTI awards for the six-year period from 2011 through 2017. Mr. Juden also received a grant of 15