SCHLUMBERGER LTD /NV/
Form 424B3
November 30, 2006
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-134300

Prospectus supplement

(to Prospectus dated May 19, 2006)

4,182,074 shares

Schlumberger Limited

Common stock

The selling stockholders are selling 4,182,074 shares of our common stock. We will not receive any proceeds from the common stock sold by the selling stockholders.

Our common stock is listed on the New York Stock Exchange under the symbol SLB. The last reported sale price of our common stock on the New York Stock Exchange on November 29, 2006 was $68.03.

	Per share	Total
Public offering price	$ 67.50	$ 282,289,995
Underwriting discounts and commissions	$ 0.63	$ 2,634,707
Proceeds to the selling stockholders	$ 66.87	$ 279,655,288

Investing in our common stock involves certain risks. See Risk Factors beginning on page 1 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the shares will be made in New York, New York on or about December 5, 2006.

JPMorgan

November 29, 2006

Table of Contents

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone else to provide you with any additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement or the accompanying prospectus is current only as of the date of this prospectus supplement or the accompanying prospectus, as the case may be, and any information incorporated by reference is current only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus supplement or accompanying prospectus in that jurisdiction. Persons who come into possession of this prospectus supplement or the accompanying prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus supplement or the accompanying prospectus applicable to that jurisdiction.

Table of contents

Prospectus supplement

Prospectus

Table of Contents

Selling stockholders

The following table sets forth the total number of shares of our common stock held by each selling stockholder named below as of the date of this prospectus supplement and the number of shares of our common stock offered hereby by each such selling stockholder. Certain selling stockholders named in the accompanying prospectus are not selling their shares in this offering. No selling stockholder named in the table below owns more than 1% of our outstanding common stock before the offering. Such selling stockholders will not own any shares of our common stock immediately after the closing of this offering.

Name	Number of shares of common stock beneficially owned prior to the offering(1)	Number of shares of common stock offered hereby	Number of shares of common stock beneficially owned after the offering (1)
Janak Kumar Basnet	47,309	47,309	
Marjoram Limited	1,182,744	1,182,744	
Alexander Yulievich Djaparidze	709,646	709,646	
Efraim Dory	23,654	23,654	
Alexander V. Gavura	6,999	6,999	
Inter Jura Cy (Services) Limited	4,827	4,827	
Igor N. Kerysov	9,413	9,413	
Vassili Kyvelidi	94,619	94,619	
Vladimir V. Metlin	9,413	9,413	
Andrei Niziev	416,373	416,373	
PetroAlliance Directors, Officers and Employees Benefits Plan Limited	99,207	99,207	
PetroAlliance Stock Incentive Plan Limited	529,821	529,821	
Murat Sampiev	321,753	321,753	
Isa Sharaputtinovich Shabanov	47,309	47,309	
Alexander Sizov	416,373	416,373	
Vladimir Stenin	85,205	85,205	
Alexander A. Vaigel	47,309	47,309	
Vadim E. Usakovsky	106,446	106,446	
Fuad Aliev	23,654	23,654	
Total	4,182,074	4,182,074	

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities exercisable or convertible into shares of common stock that are currently exercisable or exercisable within 60 days of November 29, 2006, are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. This information has been obtained from the selling stockholders, and we have not independently verified this information.

Certain selling stockholders received and sold shares of our common stock in connection with our 2004 and 2005 acquisitions of interests in PetroAlliance Services Company Limited. Each of the selling stockholders was a security holder of PetroAlliance Services Company Limited immediately prior to our acquisition of additional interests in PetroAlliance Services Company Limited. Except as set forth above, none of the selling stockholders has, or within the past three years has had, any position, office or other material relationship with us or, insofar as we are aware, any of our predecessors or affiliates.

Table of Contents

Underwriting

Under the terms of a purchase agreement, which we will file as an exhibit to a current report on Form 8-K and incorporate by reference in the prospectus, J.P. Morgan Securities Inc. has agreed to purchase from the selling stockholders 4,182,074 shares of our common stock.

The purchase agreement provides that the underwriter is obligated to purchase all of the shares of common stock offered hereby, if any of the shares are purchased. However, the underwriter s obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the purchase agreement including:

the representations and warranties made by us and the selling stockholders to the underwriter are true;

there is no event or occurrence that would reasonably be expected to have a material adverse effect on our financial condition, business, results of operation or prospects;

there is no material change in the financial markets; and

we and the selling stockholders deliver customary closing documents to the underwriter.

Commissions and discounts

Shares sold by the underwriter to the public will initially be offered at the offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriter to securities dealers may be sold at a discount of up to $0.10 per share from the public offering price. If all the shares are not sold at the public offering price, the underwriter may change the offering price and the other selling terms. Upon the terms and subject to the conditions in the purchase agreement, the underwriter is obligated to purchase the shares at the price and upon the terms stated therein, and, as a result, bears any risk associated with changing the offering price to the public or other selling terms.

The following table shows the per share and total underwriting discounts and commissions the selling stockholders will pay to the underwriter.

Per share	$ 0.63
Total	$ 2,634,707

We estimate that the total expense of this offering payable by us, which do not include the underwriting discounts and commissions, will be approximately $100,000.

Indemnification

We and the selling stockholders have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriter may be required to make in respect of those liabilities.

New York Stock Exchange listing

Our common stock is traded on the New York Stock Exchange under the symbol SLB.

Table of Contents

Price stabilization, short positions

The underwriter may engage in over-allotment, stabilizing transactions, syndicate covering transactions, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Exchange Act of 1934:

Over-allotment involves sales by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase, which creates a naked short position. The underwriter may close out any short position by purchasing shares in the open market.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover naked short positions, which can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Penalty bids permit the underwriter to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriter at any time. The underwriter may carry out these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

Relationships

J.P. Morgan Securities Inc. and its predecessors and affiliates have from time to time provided and expect to continue to provide certain commercial banking, financial advisory and investment banking services for us for which they receive customary fees.

J.P. Morgan Securities Inc. and its affiliates may from time to time in the future engage in transactions with us and perform services for us in the ordinary course of their business.

Table of Contents

PROSPECTUS

4,636,341 Shares

Common Stock

Schlumberger Limited

The 4,636,341 shares of our common stock offered by this prospectus were originally issued by us in offshore transactions and in private placements in connection with our acquisition of interests in PetroAlliance Services Company Limited. All of the shares of common stock offered by this prospectus may be sold from time to time by or on behalf the selling stockholders named herein. The shares of common stock covered by this prospectus may be sold at fixed prices, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. We will not receive any of the proceeds from the sale of our common stock by the selling stockholders. Please read Plan of Distribution.

Our common stock is listed on the New York Stock Exchange under the symbol SLB. On May 18, 2006, the closing sale price of our common stock as reported on the New York Stock Exchange was $64.40 per share.

Investing in our common stock involves risk. Please read Risk Factors beginning on page 1.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 19, 2006.

You should rely only on the information we have provided or incorporated by reference in this prospectus. We have not authorized any person to provide you with additional or different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the cover page of this prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the documents incorporated by reference. Our business, financial condition, results of operations and prospectus may have changed since those dates.

TABLE OF CONTENTS

Table of Contents

SCHLUMBERGER LIMITED

Founded in 1927, we are the world s leading oilfield services company, supplying technology, project management, and information solutions that optimize performance in the oil and gas industry. As of December 31, 2005, we employed more than 60,000 people of over 140 nationalities operating in more than 80 countries. We have two business segments:

- Schlumberger Oilfield Services is the world s premier oilfield services company supplying a wide range of technology services and solutions to the international oil and gas industry.

- WesternGeco is the world s largest and most advanced surface seismic company.

We are incorporated under the laws of the Netherlands Antilles. The mailing addresses and telephone numbers of our principal executive offices are:

- 153 East 53rd Street, 57th Floor, New York, New York, 10022-4624, 212-350-9400;

- 42 Rue Saint-Dominique, Paris, France, 75007, 33-1-4062-1000; and

- Parkstraat 83, The Hague, The Netherlands 2514 JG, 31-70-310-5400.

RISK FACTORS

You should carefully consider the risks described below and in the documents incorporated by reference in this prospectus before making a decision to invest in our securities. If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business and operations.

Demand for the majority of our oilfield services is substantially dependent on the level of expenditures by the oil and gas industry. A substantial or an extended decline in oil or gas prices could result in lower expenditures by the oil and gas industry and reduce our revenue.

Demand for the majority of our oilfield services is substantially dependent on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil and natural gas reserves, which are sensitive to oil and natural gas prices and generally dependent on the industry s view of future oil and gas prices. Oil and gas prices have historically been volatile and are affected by numerous factors, including:

- demand for energy, which is affected by worldwide population growth and general economic and business conditions;

- the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels for oil;

- oil and gas production by non-OPEC countries;

political and economic uncertainty and socio-political unrest;

the level of worldwide oil exploration and production activity;

the cost of exploring for, producing and delivering oil and gas;

technological advances affecting energy consumption; and

weather conditions.

Table of Contents

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our oilfield services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry could result in a reduction in demand for oilfield services and could harm our operating results.

A significant portion of our revenue is derived from our non-United States operations, which exposes us to risks inherent in doing business in each of the more than 80 countries in which we operate.

Our non-United States operations accounted for approximately 75% of our consolidated revenues in 2005 and 74% in both 2004 and 2003. Operations in countries other than the United States are subject to various risks, including:

- unsettled political and economic conditions in certain areas;
- exposure to possible expropriation or other governmental actions;
- social unrest, acts of terrorism, war or other armed conflict;
- confiscatory taxation or other adverse tax policies;
- deprivation of contract rights;
- trade restrictions or embargoes imposed by the United States or other countries;
- restrictions on the repatriation of income or capital;
- exchange controls;
- inflation; and
- currency fluctuations and devaluations.

In addition, we are subject to risks associated with our operations in countries, including Iran, Syria, Sudan, Libya and Cuba, which are subject to trade, economic sanctions or other restrictions imposed by the United States government.

The occurrence of any of the risks described above could reduce our earnings and our cash available for operations.

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

We are subject to increasingly stringent laws and regulations relating to environmental protection, including laws and regulations governing air emissions, water discharges and waste management. We incur, and expect to continue to incur, capital and operating costs to comply with environmental laws and regulations. The technical requirements of environmental laws and regulations are becoming increasingly expensive, complex and stringent. These laws may provide for strict liability for damages to natural resources or threats to public health and safety. Strict liability can render a party liable for environmental damage without regard to negligence or fault on the part of the party. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances.

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

Table of Contents

costs or become the basis of new or increased liabilities that could reduce our earnings and our cash available for operations. We believe we are currently in substantial compliance with environmental laws and regulations.

We could be subject to substantial liability claims, which would adversely affect our results and financial condition.

Certain equipment used in the delivery of oilfield services, such as directional drilling equipment, perforating systems, subsea completion equipment and well completion systems, are used in hostile environments, such as exploration, development and production applications. An accident or a failure of a product can cause personal injury, loss of life, damage to property, equipment or the environment, and suspension of operations. Our insurance may not adequately protect us against liability for some kinds of events, including events involving pollution, or against losses resulting from business interruption. Moreover, in the future we may not be able to maintain insurance at levels of risk coverage or policy limits that we deem adequate. Substantial claims made under our policies could cause our premiums to increase. Any future damages caused by our products that are not covered by insurance, or are in excess of policy limits or are subject to substantial deductibles, could reduce our earnings and our cash available for operations.

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

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

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

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

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

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

Table of Contents

FORWARD-LOOKING STATEMENTS

This document and the documents incorporated by reference in this prospectus contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). Forward-looking statements include the information concerning our possible or assumed future results of operations, including statements about the following subjects:

- business and market outlook;
- our growth as a whole and growth for each of Oilfield Services and WesternGeco;
- oil and natural gas demand and production growth;
- operating margins;
- operating and capital expenditures by us and the oil and gas industry;
- our and our customers business strategies;
- expected depreciation and amortization expense;
- expected pension and post-retirement funding;
- the adoption of SFAS 123R and stock-based compensation expense;
- our stock buy-back program;
- benefits from contract awards and performance of contracts;
- our competitive position;
- outcomes of legal proceedings;
- future results of operations and/or financial position; and

compliance with applicable laws.

Forward-looking statements in this prospectus or in the documents incorporated by reference in this prospectus are generally identifiable by use of the following words and other similar expressions, among others:

anticipate ;	estimate ;	may ;	project ;
believe ;	expect ;	might ;	shall ;
budget ;	forecast ;	plan ;	should ; and
could ;	intend ;	predict ;	will.

Assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, actual results may differ materially from those expressed or implied by our forward-looking statements. Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements are described in the Risk Factors section of this prospectus, in the Management s Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors sections of our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, and in our subsequent filings with the Securities and Exchange Commission (SEC).

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

Table of Contents

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

On January 19, 2006, our Board of Directors approved a two-for-one split of our common stock. Stockholders of record as of March 1, 2006 were entitled to one additional share for every share outstanding, which was distributed on April 7, 2006. The following table sets forth the restated earnings per share, cash dividends declared per share and average shares outstanding data to reflect the effect of the stock split and other selected financial data (in millions, except per share amounts):

	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
OPERATING RESULTS:							
Operating revenue	$ 4,239	$ 3,159	$ 14,309	$ 11,480	$ 10,017	$ 9,657	$ 10,853
Income from continuing operations	723	524	2,199	1,014	398	489	797
Net income (loss)	723	523	2,207	1,224	383	(2,320)	522
Basic earnings per share:							
Income from continuing operations	$ 0.61	$ 0.44	$ 1.87	$ 0.86	$ 0.34	$ 0.42	$ 0.69
Income (loss) from discontinued operations			0.01	0.18	(0.01)	(2.43)	(0.24)
Net income (loss)[(1)]	$ 0.61	$ 0.44	$ 1.87	$ 1.04	$ 0.33	$ (2.00)	$ 0.45
Add back amortization of goodwill							0.25
Adjusted net income (loss)[(1)]	$ 0.61	$ 0.44	$ 1.87	$ 1.04	$ 0.33	$ (2.00)	$ 0.71
Diluted earnings per share:							
Income from continuing operations	$ 0.59	$ 0.43	$ 1.81	$ 0.85	$ 0.34	$ 0.42	$ 0.69
Income (loss) from discontinued operations			0.01	0.17	(0.01)	(2.41)	(0.24)
Net income (loss)	$ 0.59	$ 0.43	$ 1.82	$ 1.02	$ 0.33	$ (1.99)	$ 0.45
Add back amortization of goodwill							0.25