FIDELITY SOUTHERN CORP
Form 4
November 30, 2016

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Harp Donald A Jr

(Last) (First) (Middle)

3490 PIEDMONT ROAD, SUITE 1550

(Street)

ATLANTA, GA 30305

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FIDELITY SOUTHERN CORP [LION]

3. Date of Earliest Transaction (Month/Day/Year)
11/28/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Fidelity Southern Corporation - Common Stock	11/28/2016		M		10,000	A	$ 6.15	33,261.564	D	
Fidelity Southern Corporation - Common Stock	11/28/2016		S		10,000	D	$ 22.54	23,261.564	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	$ 6.15	11/28/2016		M			10,000	01/19/2013 (1)	01/19/2017	Fidelity Southern Corporation - Common Stock	10,0
Stock Option (Right to Buy)	$ 15.56							01/23/2015 (2)	01/23/2019	Fidelity Southern Corporation - Common Stock	6,0
Stock Option (Right to Buy)	$ 17.87							01/21/2017 (3)	01/21/2021	Fidelity Southern Corporation - Common Stock	10,0
Stock Option (Right to Buy)	$ 16.82 (4)							03/19/2016	03/19/2020	Fidelity Southern Corporation - Common Stock	10,0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Harp Donald A Jr 3490 PIEDMONT ROAD	X			

SUITE 1550
ATLANTA, GA 30305

Signatures

Elna Kolarich, Attorney in Fact for Donald A. Harp, Jr.	11/30/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Exercisable: 1/3 on 1/19/13; 1/3 on 1/19/14; 1/3 on 1/19/15

(2) Exercisable: 1/3 on 1/23/2015;1/3 on 1/23/2016; 1/3 on 1/23/2017

(3) Exercisable: 1/3 on 1/21/2017; 1/3 on 1/21/2018; 1/3 on 1/21/2019

(4) Exercisable: 1/3 on 3/19/16, 1/3 on 3/19/17, 1/3 on 3/19/18

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Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ew Roman;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 31, 2019
COMMON STOCK, $0.01 PAR VALUE PER SHARE	1,385,122,272

SCHLUMBERGER LIMITED

First Quarter 2019 Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

	(Stated in millions, except per share amounts)	
	Three Months Ended March 31,	
	2019	2018
Revenue		
Services	$5,906	$5,736
Product sales	1,973	2,093
Total Revenue	7,879	7,829
Interest & other income	14	42
Expenses		
Cost of services	5,111	4,880
Cost of sales	1,841	1,922
Research & engineering	173	172
General & administrative	112	111
Interest	147	143
Income before taxes	509	643
Tax expense	79	113
Net income	430	530
Net income attributable to noncontrolling interests	9	5
Net income attributable to Schlumberger	$421	$525
Basic earnings per share of Schlumberger	$0.30	$0.38
Diluted earnings per share of Schlumberger	$0.30	$0.38
Average shares outstanding:		
Basic	1,385	1,385
Assuming dilution	1,397	1,394

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

(Stated in millions)

	Three Months Ended March 31, 2019			
DISCONTINUED OPERATIONS, NET OF TAX:				
(Loss) Income from discontinued operations	(2.2)	1.2	(4.4)	1.6
Gain (Loss) on divestiture of subsidiary	1.2		(2.5)	
	(1.0)	1.2	(6.9)	1.6
NET LOSS	$ (26.6)	$ (29.4)	$ (29.0)	$ (70.9)
AVERAGE COMMON SHARES OUTSTANDING (BASIC)	808.1	802.7	807.5	801.9
AVERAGE COMMON SHARES OUTSTANDING (DILUTED)	808.1	804.5	807.5	803.7
BASIC AND DILUTED LOSS PER SHARE:				
Continuing operations	$ (0.03)	$ (0.04)	$ (0.03)	$ (0.09)
Discontinued operations	$ (0.00)	$ 0.00	$ (0.01)	$ 0.00
Basic and diluted loss per share	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.09)

See accompanying notes to condensed consolidated financial statements.

ADC TELECOMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(In millions)

	Six Months Ended April 30, 2004	Six Months Ended April 30, 2003
OPERATING ACTIVITIES:		
Net loss	$ (29.0)	$ (70.9)
Adjustments to reconcile net loss to net cash from operating activities:		
Inventory and fixed asset impairments	9.0	15.9
Depreciation and amortization	21.8	33.5
Change in bad debt reserves	(3.7)	1.4
Inventory reserves	1.2	(0.8)
Non-cash stock compensation	0.7	2.1
Gain on sale of investments	(4.4)	(2.0)
Loss on sale of business and product lines	1.1	2.8
(Gain) Loss on sale of fixed assets	(0.3)	1.0
Other, net	(0.7)	2.1
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
Accounts and unbilled receivables	(3.2)	2.6
Inventories	(11.6)	7.0
Prepaid and other assets	9.8	136.0
Accounts payable	5.6	(30.0)
Accrued liabilities	0.4	(92.4)
Total cash (used for) provided by operating activities	(3.3)	8.3
INVESTING ACTIVITIES:		
Divestitures, net of cash disposed	3.7	0.5
Property and equipment additions	(6.6)	(16.1)
Proceeds from sale of building	5.6	
Change in restricted cash	(2.4)	114.8
Sale of available-for-sale securities, net	15.3	
Sale of long-term investments, net	3.0	4.0
Total cash provided by investing activities	18.6	103.2
FINANCING ACTIVITIES:		
Repayments of debt	(8.3)	(18.4)
Common stock issued	4.6	2.8
Total cash used for financing activities	(3.7)	(15.6)

EFFECT OF EXCHANGE RATE CHANGES ON CASH		(0.1)		(0.3)
INCREASE IN CASH AND CASH EQUIVALENTS		11.5		95.6
CASH AND CASH EQUIVALENTS, beginning of period		718.7		277.7
CASH AND CASH EQUIVALENTS, end of period	$	730.2	$	373.3

See accompanying notes to condensed consolidated financial statements.

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ADC TELECOMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED

Note 1 - Basis of Presentation:

The interim information furnished in this report is unaudited but reflects all normal recurring adjustments, which are necessary, in the opinion of our management, for a fair statement of the results for the interim periods. The operating results for the quarter ended April 30, 2004, are not necessarily indicative of the operating results to be expected for the full fiscal year. These statements should be read in conjunction with our most recent Annual Report filed on Form 10-K for the fiscal year ended October 31, 2003.

Recently Issued Accounting Pronouncements. In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51, which requires companies to consolidate certain types of variable interest entities. A variable interest entity is an entity that has inadequate invested equity at risk to meet expected future losses, or whose equity holders lack any of the following three characteristics: (i) the ability to make decisions about the entity s activities; (ii) the obligation to absorb the entity s losses if they occur; or (iii) the right to receive the entity s future returns if they occur. Interpretation No. 46 is applicable for all variable interests created after January 31, 2003. For all variable interest entities created before February 1, 2003, the provisions of this interpretation are effective in the first fiscal year or interim period beginning after December 15, 2003 (our first quarter of fiscal 2004). We are currently a party to a transaction involving a variable interest entity because of our receipt of certain contingent payment rights in connection with our divestiture of our BroadAccess40 business. After performing an analysis, we determined we are not the primary beneficiary of the divested business. As such, we will not consolidate the variable interest entity.

Summary of Significant Accounting Policies. A detailed description of our significant accounting policies can be found in our most recent Annual Report filed on Form 10-K for the fiscal year ended October 31, 2003.

Note 2 - Discontinued Operations:

During the first quarter of fiscal 2004, we entered into an agreement to sell our BroadAccess40 business, which was included in our Broadband Infrastructure and Access segment. In accordance with SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets , the financial results of this business are reported separately as discontinued operations for all periods presented. This transaction closed on February 24, 2004. We treated this business as a discontinued operation in the first quarter of fiscal 2004. At that time we estimated the loss on the sale of the business based on the value of the business assets and liabilities as of January 31, 2004. Based upon the value of the business assets and liabilities at the close of the transaction, adjustments of $1.2 million to the previous estimated loss on the transaction are included in discontinued operations for the three months ended April 30, 2004 and reduce the year-to-date loss on sale of discontinued operations to $2.5 million.

The purchasers acquired all of the stock of our subsidiary that owns rights to BroadAccess40 and as such assumed substantially all liabilities associated with this business, with the exception of a $7.5 million note payable that was paid in full by us prior to the closing of the transaction. The purchasers issued a promissory note to us for approximately $3.8 million that is payable within two years of the closing.

The financial results of BroadAccess40 included in discontinued operations were as follows (in millions):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2004	**2003**	**2004**	**2003**
Revenue	$ 0.1	$ 5.9	$ 5.1	$ 11.2
(Loss) Income from discontinued operations	$ (2.2)	$ 1.2	$ (4.4)	$ 1.6
Gain (Loss) on divestiture of subsidiary	1.2		(2.5)	
(Loss) Income from discontinued operations, net of tax	$ (1.0)	$ 1.2	$ (6.9)	$ 1.6

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Note 3 - Inventories:

Inventories include material, labor and overhead and are stated at the lower of first-in, first-out cost or market. Inventories consisted of (in millions):

	April 30, 2004	October 31, 2003
Purchased materials and manufactured products	$ 106.9	$ 98.7
Work-in-process	3.3	2.3
Less: Inventory reserve	(33.5)	(34.7)
Total	$ 76.7	$ 66.3

Note 4 - Income Taxes:

A deferred tax asset generally represents future tax benefits to be received when certain expenses previously recognized in U.S. GAAP-based income statements become deductible expenses under applicable income tax laws. The realization of a deferred tax asset therefore is dependent on future taxable income against which these deductions can be applied. SFAS No. 109, Accounting for Income Taxes, requires that a valuation allowance be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. In fiscal 2003 and for the three and six months ended April 30, 2004, we recorded a full valuation allowance against the increase in our deferred tax assets. We expect to provide a full valuation allowance on any future tax benefits until we can sustain a level of profitability that demonstrates our ability to utilize these assets. We will not record tax benefits or significant provisions for pre-tax income (loss) until either our deferred tax assets are fully utilized to reduce future income tax liabilities or the value of our deferred tax assets are restored on the balance sheet. As of April 30, 2004, we had $827.2 million of deferred tax assets that have a full valuation allowance against them and, therefore, such deferred tax assets are not reflected on the Condensed Consolidated Balance Sheet. Our deferred tax assets expire through October 31, 2024.

Note 5 - Property Plant & Equipment:

We record our property, plant and equipment, net of accumulated depreciation at the appropriate carrying value in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets.

	April 30, 2004	October 31, 2003
Land and buildings	$ 124.0	$ 126.7
Machinery and equipment	335.9	367.1
Furniture and fixtures	36.3	37.4
Less: accumulated depreciation	(331.5)	(343.7)
Total	164.7	187.5

Construction in progress (CIP)		4.9		3.1
Total	$	169.6	$	190.6

Note 6 - Comprehensive Loss:

The following table presents the calculation of comprehensive loss as required by SFAS No. 130, Reporting Comprehensive Income. Comprehensive loss has no impact on our net loss but is reflected in our balance sheet through adjustments to shareowners investment. The components of comprehensive loss are as follows (in millions):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2004	**2003**	**2004**	**2003**
Net loss	$ (26.6)	$ (29.4)	$ (29.0)	$ (70.9)
Change in cumulative translation adjustments	(0.8)	(1.8)	9.9	(5.6)
Reclassification adjustment for realized gains on securities classified as available for sale, net-of-tax			(4.1)	
Unrealized (loss) gain from securities classified as available for sale, net-of-tax	(0.3)	0.4	(0.5)	2.6
Comprehensive loss	$ (27.7)	$ (30.8)	$ (23.7)	$ (73.9)

Note 7 Net Loss from Continuing Operations Per Share:

The following table presents a reconciliation of the numerators and denominators of basic and diluted loss per share from continuing operations for the three and six months ended April 30, 2004 and 2003 (in millions, except for per share amounts).

	Three Months Ended April 30,		Six Months Ended April 30,	
	2004	2003	2004	2003
Numerator:				
Net loss from continuing operations	$ (25.6)	$ (30.6)	$ (22.1)	$ (72.5)
Denominator:				
Weighted average common shares outstanding	808.1	802.7	807.5	801.9
Employee options and other				
Weighted average common shares outstanding	808.1	802.7	807.5	801.9
Basic and diluted loss per share from continuing operations	$ (0.03)	$ (0.04)	$ (0.03)	$ (0.09)

Excluded from the dilutive securities described above are employee stock options to acquire 44.1 million and 92.9 million shares for the three months ended April 30, 2004 and 2003, respectively, and 44.2 million and 95.4 million for the six months ended April 30, 2004 and 2003, respectively. These exclusions were made because either the exercise prices of some these options were greater than the average market price of the common stock or our net loss per share for the respective periods would be lowered were these options included in the dilutive securities.

Warrants to acquire 99.7 million shares that were issued in connection with our convertible notes were excluded from the dilutive securities described above for the three and six months ended April 30, 2004, because the exercise price of these warrants was greater than the average market price of the common stock. See Note 10 for a discussion of the warrants.

Because of their anti-dilutive effect, all shares reserved for issuance upon conversion of our convertible notes were excluded for the three and six months ended April 30, 2004. Upon achieving positive net income in a reporting period, our convertible notes will require us to use the if-converted method for computing diluted earnings per share with respect to the shares reserved for issuance upon conversion of the notes. Under this method, we will add back the net-of-tax interest expense on the convertible notes to net income and then divide this amount by outstanding shares, including all 99.7 million shares reserved for issuance upon conversion of the notes. If this calculation results in further dilution of the earnings per share, our diluted earnings per share will include all 99.7 million shares of common stock reserved for issuance upon conversion of our convertible notes. If this calculation is anti-dilutive, the net-of-tax interest on the convertible notes will not be added back and the 99.7 million shares of common stock reserved for issuance upon conversion of our convertible notes will not be included. See Note 10 for a discussion of our convertible notes.

Note 8 - Segment Reporting:

The management approach required by SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, requires us to disclose selected financial data by product groups. We have four principal product groups, which we aggregate into two reportable segments Broadband Infrastructure and Access and Integrated Solutions. Each of the product groups included in the Broadband Infrastructure and Access and Integrated Solutions reporting segments has similar economic characteristics, manufacturing processes, customers, distribution, and regulatory environments. Net sales by product group are as follows (in millions):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2004	**2003**	**2004**	**2003**
Infrastructure Products	$ 79.8	$ 71.9	$ 148.1	$ 136.9
Access Products	45.1	47.5	86.0	112.6
Eliminations	(4.0)	(5.5)	(7.2)	(8.5)
Broadband Infrastructure and Access	120.9	113.9	226.9	241.0
Systems Integration Services	38.1	40.7	75.3	77.7
Software Solutions	23.2	31.4	48.5	61.9
Integrated Solutions	61.3	72.1	123.8	139.6

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Detail for each of our two reporting segments is summarized as follows (in millions):

	Broadband Infrastructure and Access	Integrated Solutions	Unallocated Items	Consolidated
Three Months Ended April 30, 2004				
External sales:				
Product	$ 120.9	$ 16.4	$	$ 137.3
Service		44.9		44.9
Total external sales	120.9	61.3		182.2
Impairment, restructuring and other disposal charges (1)	(6.8)	(3.6)	(12.5)	(22.9)
Operating loss	(0.3)	(12.5)	(13.6)	(26.4)
Other income (expense), net	0.7		0.1	0.8
Income (loss) from continuing operations before income taxes	0.4	(12.5)	(13.5)	(25.6)
Assets	193.5	160.8	896.3	1,250.6
Three Months Ended April 30, 2003				
External sales:				
Product	$ 113.9	$ 22.3	$	$ 136.2
Service		49.8		49.8
Total external sales	113.9	72.1		186.0
Impairment, restructuring and other disposal charges (1)	(2.3)	(5.2)	(10.2)	(17.7)
Operating loss	(9.8)	(5.8)	(14.5)	(30.1)
Other income (expense), net	1.1	(3.1)	1.5	(0.5)
Loss from continuing operations before income taxes	(8.7)	(8.9)	(13.0)	(30.6)
Assets	285.8	268.6	397.4	951.8

	Broadband Infrastructure and Access	Integrated Solutions	Unallocated Items	Consolidated
Six Months Ended April 30, 2004				
External sales:				
Product	$ 226.9	$ 34.3	$	$ 261.2
Service		89.5		89.5
Total external sales	226.9	123.8		350.7
Impairment, restructuring and other disposal charges (1)	(6.7)	(9.1)	(13.9)	(29.7)
Operating income (loss)	4.1	(21.4)	(13.5)	(30.8)
Other income (expense), net	0.7	0.5	7.5	8.7
Income (loss) from continuing operations before income taxes	4.7	(20.9)	(5.9)	(22.1)
Assets	193.5	160.8	896.3	1,250.6

Six Months Ended April 30, 2003				
External sales:				
Product	$ 241.0	$ 41.7	$	$ 282.7
Service		97.9		97.9
Total external sales	241.0	139.6		380.6
Impairment, restructuring and other disposal charges (1)	(2.4)	(10.4)	(23.4)	(36.2)
Operating loss	(18.5)	(19.7)	(33.2)	(71.4)
Other income (expense), net	4.0	(0.9)	(4.2)	(1.1)
Loss from continuing operations before income taxes	(14.5)	(20.6)	(37.4)	(72.5)
Assets	285.8	268.6	397.4	951.8

(1) See Note 9 for a discussion of these charges.

Note 9 - Impairment, Restructuring and Other Disposal Charges:

During the three and six months ended April 30, 2004 and 2003, we continued our plan to improve operating performance by restructuring and streamlining our operations. As a result, we incurred impairment charges related to the disposal of excess equipment, restructuring charges associated with workforce reductions as well as the consolidation of excess facilities, and other disposal charges associated with inventory write-offs and certain administrative charges related to product line divestitures. The impairment, restructuring and other disposal charges resulting from our actions, by category of expenditures, are as follows for the three and six months ended April 30, 2004 and 2003, respectively (in millions):

Three Months Ended April 30, 2004	**Impairment Charges**	**Restructuring Charges**	**Cost of Product Sold**	**Total**
Employee severance costs	$	$ 1.9	$	$ 1.9
Facility consolidation and lease termination		11.8		11.8
Fixed asset write-downs	9.2			9.2
Total	$ 9.2	$ 13.7	$	$ 22.9

Three Months Ended April 30, 2003	**Impairment Charges**	**Restructuring Charges**	**Cost of Product Sold**	**Total**
Employee severance costs	$	$ 9.8	$	$ 9.8
Facility consolidation and lease termination		2.1		2.1
Fixed asset write-downs	4.3			4.3
Inventory write-offs			1.3	1.3
Other		0.2		0.2
Total	$ 4.3	$ 12.1	$ 1.3	$ 17.7

Six Months Ended April 30, 2004	**Impairment Charges**	**Restructuring Charges**	**Cost of Product Sold**	**Total**
Employee severance costs	$	$ 5.2	$	$ 5.2
Facility consolidation and lease termination		15.3		15.3
Fixed asset write-downs	9.2			9.2
Total	$ 9.2	$ 20.5	$	$ 29.7

Six Months Ended April 30, 2003	**Impairment Charges**	**Restructuring Charges**	**Cost of Product Sold**	**Total**
Employee severance costs	$	$ 21.5	$	$ 21.5
Facility consolidation and lease termination		(1.4)		(1.4)
Fixed asset write-downs	14.6			14.6
Inventory write-offs			1.4	1.4
Other		0.1		0.1
Total	$ 14.6	$ 20.2	$ 1.4	$ 36.2

Impairment Charges: We incurred impairment charges of $9.2 million for both the three and six months ended April 30, 2004, compared with $4.3 million and $14.6 million for the three and six months ended April 30, 2003, respectively.

The impairment charges incurred during the second quarter of fiscal 2004 related to our Cuda cable modem termination system business and a manufacturing facility included in assets held for sale.

Restructuring Charges: Restructuring charges relate principally to employee severance costs and facility consolidation costs resulting from the closure of facilities and other workforce reductions attributable to our efforts to reduce costs. During the three and six months ended April 30, 2004, approximately 55 and 120 employees, respectively, were impacted by reductions in force, principally in our software business and corporate functions. During the three and six months ended April 30, 2003, approximately 350 and 1,020 employees, respectively, were impacted by reductions in force.

Facility consolidation and lease termination costs represent lease termination and other costs associated with our decision to consolidate and close duplicative or excess manufacturing and office facilities. For the three months ended April 30, 2004, we incurred charges of $11.8 million primarily due to continued softening of real estate markets, resulting in lower sublease income. During the six months ended April 30, 2003, the charge was a negative number due to our favorable negotiation of a lease termination settlement with the landlord of a leased facility. As a result, we reversed $4.2 million of the restructuring accrual we had established in fiscal 2002 for this lease termination.

Other Disposal Charges: Inventory write-offs represent losses incurred to write down the carrying value of inventory for product lines that have been discontinued. Revenues and gross margins from these product lines are not material to our consolidated results of operations.

Effect of Restructuring Charges on Future Cash Flows: The following table provides detail on the activity and our remaining restructuring accrual balance by category as of April 30, 2004 (in millions):

Type of Charge	**Accrual October 31, 2003**	**Net Additions**	**Cash Charges**	**Accrual April 30, 2004**
Employee severance costs	$ 5.3	$ 5.3	$ 5.7	$ 4.9
Facilities consolidation	24.3	24.4	21.1	27.6
Total	$ 29.6	$ 29.7	$ 26.8	$ 32.5

We expect that substantially all of the remaining $4.9 million accrual relating to employee severance costs as of April 30, 2004, will be paid from unrestricted cash by the end of the second quarter of fiscal 2005. Of the $27.6 million to be paid for the consolidation of facilities, we expect that approximately $5.0 million will be paid from unrestricted cash through April 30, 2005, and that the balance will be paid from unrestricted cash over the respective lease terms of the facilities through 2015. Based on our intention to continue to consolidate and close duplicative or excess manufacturing operations in order to reduce our cost structure, we may incur additional restructuring charges (both cash and non-cash) in future periods. These restructuring charges may have a material effect on our operating results.

In addition to the restructuring accrual described above, we have $17.8 million of assets held for sale that were not allocated to either of our segments. We classified these assets as Held for Sale pursuant to our decision to exit non-strategic product lines and to reduce the size of our operations. We expect to sell or dispose of these assets before April 30, 2005. During the three months ended April 30, 2004, we reclassified $5.3 million relating to a facility in Glenrothes, Scotland to property and equipment held for use as we now may lease such facility as opposed to selling it. We sold two properties, previously classified as held for sale, during the six months ended April 30, 2004, for proceeds of $5.2 million and a gain of $0.2 million.

Note 10 - Long-Term Debt:

On June 4, 2003, we issued $400.0 million of convertible unsecured subordinated notes in two separate transactions pursuant to Rule 144A under the Securities Act of 1933. The net proceeds to us from this offering were $355.5 million after underwriting discounts of $10.0 million and the net payment for the purchased call options and warrant transactions described below. In the first transaction, we issued $200.0 million of 1.0% fixed rate convertible unsecured subordinated notes that mature on June 15, 2008. In the second transaction, we issued $200.0 million of convertible unsecured subordinated notes that have a variable interest rate and mature on June 15, 2013. The interest rate for the variable rate notes is equal to the 6-month LIBOR plus 0.375%. The interest rate for the variable rate notes will be reset on each semi-annual interest payment date (i.e. which are June 15 and December 15 of each year beginning on December 15, 2003 for both the fixed and variable rate notes). The interest rate on the variable notes is 1.605% for the period ending June 15, 2004. The holders of both the fixed and variable rate notes may convert all or some of their notes into shares of our common stock at any time prior to maturity at a conversion price of $4.013 per share. We may not redeem the fixed rate notes anytime prior to their maturity date. We may redeem any or all of the variable rate notes at any time on or after June 23, 2008.

Concurrent with the issuance of the fixed and variable rate notes, we purchased five- and ten-year call options on our common stock to reduce the potential dilution from conversion of the notes. These call options become exercisable upon conversion of the notes. Under the call options we have the right to purchase from the counterparty at a purchase price of $4.013 per share the aggregate number of shares that we are obligated to issue upon conversion of the fixed and variable notes (i.e. 99.7 million shares). We also have the option to settle the call options with the counterparty through a net share settlement or cash settlement, either of which would be based on the extent to which the then-current market price of our common stock exceeds $4.013 per share. The total cost of the call options was $137.3 million, which was recognized in shareowners investment. The cost of the call options was partially offset by the sale of warrants to acquire shares of our common stock with terms of five and ten years to the same counterparty with whom we entered into the call options. The warrants are exercisable for an aggregate of 99.7 million shares at an exercise price of $5.28 per share. The warrants become exercisable upon conversion of the notes, and may be settled, at our option, either through a net share settlement or a net cash settlement, either of which would be based on the extent to which the then-current market price of our common stock exceeds $5.28 per share. The sale of the warrants produced gross proceeds of $102.8 million, which was recognized in shareowners investment. The call options and the warrants are subject to early expiration upon conversion of the notes. The net effect of the call options and the warrants is either to reduce the potential dilution from the conversion of the notes (if we elect net share settlement) or to increase the net cash proceeds of the offering (if we elect net cash settlement) if the notes are converted at a time when the current market price of our common stock is greater than $4.013 per share.

Note 11 Stock-Based Compensation:

In fiscal 2003, we adopted the disclosure provisions of SFAS No. 148, Accounting for Stock-Based Compensation. However, we did not adopt the transition provisions of SFAS No. 148. As a result of adopting the disclosure provisions of SFAS No. 148, we are required to disclose the method we use to account for stock-based compensation on a quarterly basis. Stock compensation is awarded to certain key employees in the form of stock options and restricted stock and beginning on March 2, 2004, in the form of restricted stock units. We account for our stock compensation in accordance with APB Opinion 25, Accounting for Stock Issued to Employees, and related interpretations. All stock options are issued at fair market value on the date of grant. Accordingly, we did not recognize stock compensation expense for stock options granted during the periods presented. SFAS No. 148 also requires disclosure of how stock compensation expense would be computed under SFAS No. 123, Accounting for Stock-Based Compensation, using the fair value method. Under the fair value method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. Fair value is determined using an option-pricing model, such as Black-Scholes, that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock, the expected dividends, and the risk-free interest rate over the expected life of the option. The following table summarizes what our operating results would have been if the fair value method of accounting for stock options had been utilized (in millions, except for per share amounts):

	Three Months Ended April 30,		**Six Months Ended April 30,**	
	2004	**2003**	**2004**	**2003**
Net Loss				
As reported	$ (26.6)	$ (29.4)	$ (29.0)	$ (70.9)
Plus: Stock-based employee compensation expense included in reported loss	0.1		0.7	2.1
Less: Stock compensation expense fair value based method	(5.4)	(13.2)	(12.1)	(27.6)
Pro Forma Net Loss	$ (31.9)	$ (42.6)	$ (40.4)	$ (96.4)
Loss Per Share Basic and Diluted				
As reported	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.09)
Pro forma	$ (0.04)	$ (0.05)	$ (0.05)	$ (0.12)

During the third quarter of fiscal 2003, we offered to eligible employees the right to exchange certain of their employee stock options for a lesser number of new options to be granted six months and one day following the surrender of their existing options. The new options, which were granted on December 29, 2003, have an exercise price of $2.83 per share, which is equal to the average of the high and low trading price of our common stock on the grant date. These options will vest over a two-year period from the grant date. For purposes of the above tabular disclosure of operating results under the fair value method of accounting stock options, the unrecognized compensation cost of the cancelled options and the incremental fair value of the replacement options is being amortized over a 30-month period, which consists of the 24 month vesting period for the replacement options and the six month and one day period between the cancellation of the surrendered options and the grant of the replacement options.

We have issued restricted stock as part of employee incentive programs as well as in conjunction with our fiscal year 2000 purchase of Broadband Access Systems, Inc. The fair market value of the restricted stock is amortized over the projected remaining vesting period.

Note 12 Contingencies:

On March 5, 2003, we were served with a shareowner lawsuit brought by Wanda Kinermon that was filed in the United States District Court for the District of Minnesota. The complaint named ADC, William J. Cadogan, our former Chairman and Chief Executive Officer, and Robert E. Switz, our current Chief Executive Officer and former Chief Financial Officer, as defendants. After this lawsuit was served we were named as a defendant in 11 other substantially similar lawsuits. These shareowner lawsuits were consolidated into a single lawsuit, that was captioned In Re ADC Telecommunications, Inc. Securities Litigation. This lawsuit purported to bring suit on behalf of a class of purchasers of our publicly traded securities from August 17, 2000 to March 28, 2001. The complaint alleged that we violated the securities laws by making false and misleading statements about our financial performance and business prospects during this period. On November 24, 2003, we filed a motion to dismiss this lawsuit, and on May 17, 2004, the court granted our motion and dismissed the case with prejudice. We do not know if the plaintiffs will appeal this decision.

On May 19, 2003, we were served with a lawsuit brought by Lorraine Osborne that was filed in the United States District Court for the District of Minnesota. The complaint names ADC and several of our current and former officers, employees and directors as defendants. After this lawsuit was served, we were served with two substantially similar lawsuits. All three of these lawsuits were then consolidated into a single lawsuit, that is captioned In Re ADC Telecommunications, Inc. ERISA Litigation. This lawsuit has been brought by individuals who seek to represent a class of participants in our Retirement Savings Plan who purchased our common stock as one of the investment alternatives under the plan from February 2000 to present. The lawsuit alleges a breach of fiduciary duties under the Employee Retirement Income Security Act. On February 2, 2004 we filed a motion to dismiss this lawsuit. This motion is pending before the court.

On January 22, 2004, we were served with a lawsuit brought by Theodore Pardo that was filed in the United States District Court for the District of Minnesota. The complaint was structured as a shareholder derivative case and included our company as a plaintiff and as a nominal defendant and names several of our current and former officers and directors as defendants. This lawsuit was brought by a plaintiff who sought to represent the interests of ADC and its shareholders. The complaint alleged that the defendants breached their fiduciary duties to us and our shareholders by failing to maintain proper accounting controls and by making allegedly false and misleading statements about our financial performance and business prospects that resulted in violations of the securities laws. On April 22, 2004, we filed a motion to dismiss this lawsuit. On June 3, 2004, the plaintiff filed a voluntary notice of dismissal and dismissed the case without prejudice.

We are a party to various other lawsuits, proceedings and claims arising in the ordinary course of business or otherwise. The amount of monetary liability that could result from an adverse result in many of those lawsuits, proceedings or claims cannot be determined at this time. As of April 30, 2004, we had recorded $8.1 million in loss reserves in the event of such adverse outcomes in these matters. Because litigation by its nature is uncertain, the establishment of reserves involves a considerable amount of judgment. Refer to our discussion Application of Critical Accounting Policies in our Annual Report on Form 10-K for a further discussion of litigation reserves.

Note 13 - Subsequent Events:

On May 18, 2004, we acquired the KRONE Group, a global supplier of copper- and fiber-based connectivity solutions and cabling products used in public access and enterprise networks, from GenTek, Inc. The acquisition is valued at approximately $350.0 million, consisting of a cash purchase price of approximately $294.0 million and the assumption of certain defined liabilities (including, principally, KRONE s pension plan obligations to its German workforce).

On May 24, 2004, we entered into an agreement to sell the business related to our Cuda cable modem termination system product line and related FastFlow® Broadband Provisioning Manager software to BigBand Networks, Inc. In consideration for this sale, we will be issued a non-voting minority interest in BigBand. We also will provide BigBand with a non-revolving credit facility of up to $12.0 million with a term of three years. The transaction is expected to close in our third quarter of fiscal 2004, and we intend to treat this business as a discontinued operation beginning in the third quarter. The results of this business are currently reflected in our Broadband Infrastructure and Access reporting segment.

On June 3, 2004, we entered into an agreement to sell the business related to our Singl.eView® product line to Intec Telecom Systems PLC for a cash purchase price of $74.5 million, subject to purchase price adjustments. We also agreed to provide Intec with a $6 million non-revolving credit facility with a term of 18 months. The transaction is expected to close in our fourth quarter of fiscal 2004, subject to receipt of the approval of Intec s shareholders and other closing conditions. We expect to treat the business as a discontinued operation beginning in the third quarter. The results of this business are currently reflected in our Integrated Solutions reporting segment.

The aggregate assets and liabilities of our Cuda /FastFlow® and Singl.eView® businesses that will be treated as discontinued operations in the third quarter of fiscal 2004 were $31.0 million and $32.4 million, respectively, as of April 30, 2004.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business

Our primary strategic business initiative is to become a global leader in communications network infrastructure solutions and services. This strategy focuses on products, systems and services that provide the foundation for every type of communications network over copper, fiber, coaxial and wireless media. These products and services include fiber optic, copper and coax based frames, cabinets, cables, connectors, cards and other physical components essential to enable the delivery of communications for wireline, wireless, and cable TV networks as well as network access devices including high-bit-rate digital subscriber line and wireless transport solutions. ADC also designs, equips, and builds networks through the provision of systems integration services. This strategy focuses on our core strengths. Since our inception in 1935, we have built a core strength around our connectivity business. Today we provide the products that are key at the foundation of the wireline, wireless and cable networks of service provider and enterprise customs.

In the past several months, we have taken several steps that advance this strategic initiative. We recently completed our acquisition of the KRONE Group, a global supplier of copper- and fiber-based connectivity solutions and cabling products used in public access and enterprise networks. This acquisition positions us as a leader in network infrastructure and significantly expands our presence in the international marketplace. Approximately 70% of our sales are in North America, while KRONE derives approximately 80% of its sales from outside of North America. In February 2004 we completed the sale of our BroadAccess40 business. We have also recently announced transactions, which are expected to be completed over the next few months, to divest our Singl.eView® software and cable modem termination system businesses. These divestitures will enable us to become more focused on our primary strategic goals.

Our business presently offers products, solutions and services through the following two segments of product and service offerings:

Broadband Infrastructure and Access; and

Integrated Solutions.

Our *Broadband Infrastructure and Access* business provides network infrastructure products for wireline, cable and wireless communications network applications; Digital Subscriber Line (DSL) offerings for the telecommunications industry; and Internet Protocol (IP)-based offerings for the cable industry. These products consist of:

connectivity systems and components that provide the infrastructure to wireline, cable and wireless service providers to connect Internet, data, video and voice services to the network over copper, coaxial and fiber-optic cables; and

access systems used by wireline, wireless and cable service providers to deliver high-speed Internet, data and voice services to consumers and businesses in the last mile/kilometer of communications networks.

Our *Integrated Solutions* business provides system integration services and operations support system (OSS) software for broadband, multiservice communications over wireline and wireless networks. Systems integration services are used to design, equip and build communications networks that deliver Internet, data, video and voice services to consumers and businesses. OSS software includes communications billing, customer management, network performance and service-level assurance software used by service providers to operate communications networks.

Marketplace Conditions

Our operating results during the three and six months ended April 30, 2004, continued to stabilize, a trend that began in fiscal 2003. However, spending on communications equipment and services remains at significantly lower levels compared to pre-2001 levels. We cannot predict with certainty whether stability in revenue levels will continue or if and when revenue growth will occur in the future. Although there have been increases in spending by some of our customers in selected areas (including spending on fiber-to-the-premises initiatives by several customers and a general increase in wireless spending), we continue to see deferred capital spending by many of our customers. For example, a significant customer of our systems integration business has decreased capital spending at the present time, which has negatively impacted the sales of this business in the first six months of this fiscal year. In addition, we have experienced and expect to continue to experience increased pricing pressures from many of our customers on a variety of products.

We continue to be dependent on telecommunications service providers for a majority of our revenues, with the four major U.S. incumbent local exchange carriers (Verizon, SBC, Bellsouth and Qwest) accounting for approximately 28.6% and 33.6% of our revenues during the six months ended April 30, 2004 and 2003, respectively. In addition, our top ten customers accounted for approximately 45.5% and 56.8% of our revenues for the six months ended April 30, 2004 and 2003, respectively. Following our recent acquisition of the KRONE Group we expect to see greater diversification among our customer base such that our top ten customers will account for a lower percentage of our revenues in the future.

The lack of growth in the communications service industry is resulting in consolidation among our customers and our competitors in order for them to increase market share, diversify product portfolios and/or achieve greater economies of scale. We expect this activity to have an impact on our results of operations. There can be no assurance that we will be a supplier to the surviving company when mergers of service providers occur. In addition to consolidation among our customers, consolidation among communications equipment vendors is occurring. We believe that our competitors in the communications equipment industry will continue to seek more strategic alliances or consolidate to diversify product portfolios or obtain greater economies of scale. Finally, we expect continuing product line rationalization as companies divest unprofitable product lines in an effort to focus on profitable business operations.

Our approach to the current industry condition has been to focus on our core strengths and divest non-core or unprofitable product lines. On May 18, 2004, we completed our acquisition of the KRONE Group, a global supplier of copper- and fiber-based connectivity solutions and cabling products used in public access and enterprise networks. The acquisition is valued at approximately $350.0 million consisting of cash paid of approximately $294.0 million and the assumption of certain defined liabilities consisting principally of the KRONE Group s pension obligation for its German workforce. We expect this acquisition to result in an increase in our total revenues while also providing a modest decline in our overall gross margins, as several of the KRONE Group products have lower gross margins than our historic products.

In recent months we also have divested or entered into agreements to divest non-strategic product lines as we focus on growing our business profitably. On February 24, 2004, we completed the sale of our BroadAccess40 business. This business comprised 1.5% of our net sales for the six months ended April 30, 2004 and 2.9% of our net sales for fiscal 2003. On May 24, 2004, we entered into an agreement to sell the business related to our Cuda cable modem termination system product line and related FastFlow® Broadband Provisioning Manager to BigBand Networks, Inc., and on June 3, 2004, we entered into an agreement to sell our Singl.eView® product line to Intec Telecom Systems. These businesses have contributed to our net losses in recent periods. Accordingly, we expect our net income results to improve as a result of these divestitures.

We intend to continue to explore additional product line or business acquisitions that are complimentary to our communications infrastructure business. We intend to pursue acquisition opportunities that will enable us to expand our core business of supplying communications infrastructure products and services to communications service providers, as well as opportunities that will bolster our position as a supplier to private (i.e. enterprise) network customers. We expect to fund these potential acquisitions with all or a portion of the remaining net proceeds of our $400.0 million convertible note offering that was completed in June 2003, with the issuance of shares of common or preferred stock or debt or equity-linked securities or through some combination of these alternatives. We may also undertake further divestitures should we determine a business is no longer central to our strategic goals.

When the downturn in communications equipment spending first became evident in fiscal 2001, we implemented a cost restructuring plan to reduce operating expenses and capital spending. As it became evident in 2002 and 2003 that our industry was experiencing a more pronounced and prolonged economic downturn, we took additional cost restructuring measures to realize further cost savings. Although much of our restructuring activity has been completed we continue to look for ways to conduct our operations more efficiently and to reduce costs. Despite the significant cost reductions we have made over the past three years, we may be unable to meet expected revenue levels in any particular quarter, in which case our operating results could be materially adversely affected if we are unable to further reduce our expenses in time to counteract such a decline in revenues.

Prior to the downturn in our business beginning in fiscal 2001, our results of operations had been subject to seasonal factors, with stronger demand for our products during our fourth fiscal quarter ending October 31 (primarily as a result of customer budget cycles and our fiscal year-end initiatives) and weaker demand for our products during our first fiscal quarter ending January 31 (primarily as a result of the number of holidays in that quarter, our customers development of annual capital budgets during that period and a general industry slowdown during that period). There can be no assurance that these historical trends will return. A more detailed description of the risks to our business related to seasonality, along with other risk factors associated with our business, can be found in our Form 10-K for the year ended October 31, 2003 in Item 1 of such report under the caption Risk Factors.

Results of Operations

The following table contains information regarding the percentage to net sales of certain income and expense items for the three and six months ended April 30, 2004 and 2003:

	Percentage of Net Sales				Percentage Increase or (Decrease) Between Periods	
	Three Months Ended April 30,		Six Months Ended April 30,		Three Months Ended April 30,	Six Months Ended April 30,
	2004	2003	2004	2003	2004	2004
Net Sales:					19	

Changes in fair value of cash flow hedges				2		2
Pension and other postretirement benefit plans				55		55
Shares sold to optionees, less shares exchanged	(20)	40				20
Vesting of restricted stock	(29)	29				-
Shares issued under employee stock purchase plan	(33)	140				107
Stock repurchase program		(97)				(97)
Stock-based compensation expense	90					90
Dividends declared ($0.50 per share)			(693)			(693)
Other	15				(22)	(7)
Balance, March 31, 2018	$ 12,998	$ (3,937)	$32,022	$ (4,159)	$402	$37,326

SHARES OF COMMON STOCK

(Unaudited)

	(Stated in millions)		
		Shares	
	Issued	In Treasury	Outstanding
Balance, January 1, 2019	1,434	(51)	1,383
Vesting of restricted stock	-	1	1
Shares issued under employee stock purchase plan	-	3	3

Stock repurchase program	-	(2)	(2)
Balance, March 31, 2019	1,434	(49)	1,385

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Schlumberger Limited and its subsidiaries ("Schlumberger") have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Schlumberger management, all adjustments considered necessary for a fair statement have been included in the accompanying unaudited financial statements. All intercompany transactions and balances have been eliminated in consolidation. Operating results for the three-month period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2019. The December 31, 2018 balance sheet information has been derived from the Schlumberger 2018 audited financial statements. For further information, refer to the Consolidated Financial Statements and notes thereto included in the Schlumberger Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on January 23, 2019.

2. Earnings Per Share

The following is a reconciliation from basic earnings per share of Schlumberger to diluted earnings per share of Schlumberger:

(Stated in millions, except per share amounts)

	2019			2018		
	Schlumberger Net Income	Average Shares Outstanding	Earnings per Share	Schlumberger Net Income	Average Shares Outstanding	Earnings per Share
First Quarter						
Basic	$421	1,385	$ 0.30	$525	1,385	$ 0.38
Assumed exercise of stock options	-	-		-	1	
Unvested restricted stock	-	12		-	8	
Diluted	$421	1,397	$ 0.30	$525	1,394	$ 0.38

The number of outstanding options to purchase shares of Schlumberger common stock that were not included in the computation of diluted earnings per share, because to do so would have had an antidilutive effect, was as follows:

(Stated in millions)		
	2019	2018
First Quarter	43	39

3. Inventories

A summary of inventories, which are stated at the lower of average cost or net realizable value, is as follows:

(Stated in millions)		
	Mar. 31, 2019	Dec. 31, 2018
Raw materials & field materials	$1,877	$1,803
Work in progress	549	519
Finished goods	1,798	1,688
	$4,224	$4,010

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4. Fixed Assets

A summary of fixed assets follows:

(Stated in millions)

	Mar. 31, 2019	Dec. 31, 2018
Property, plant & equipment	$38,714	$38,664
Less: Accumulated depreciation	27,181	26,985
	$11,533	$11,679

Depreciation expense relating to fixed assets was $512 million and $523 million in the first quarter of 2019 and 2018, respectively.

5. Multiclient Seismic Data

The change in the carrying amount of multiclient seismic data for the three months ended March 31, 2019 was as follows:

(Stated in millions)

Balance at December 31, 2018	$601
Capitalized in period	45
Charged to expense	(62)
Balance at March 31, 2019	$584

6. Intangible Assets

The gross book value, accumulated amortization and net book value of intangible assets were as follows:

(Stated in millions)

	Mar. 31, 2019			Dec. 31, 2018		
	Gross Book Value	Accumulated Amortization	Net Book Value	Gross Book Value	Accumulated Amortization	Net Book Value
Customer relationships	$4,772	$ 1,302	$3,470	$4,768	$ 1,243	$ 3,525
Technology/technical know-how	3,463	1,275	2,188	3,494	1,246	2,248
Tradenames	2,799	653	2,146	2,799	628	2,171
Other	1,428	621	807	1,404	621	783

	$12,462	$ 3,851	$8,611	$12,465	$ 3,738	$ 8,727

Amortization expense charged to income was $160 million during the first quarter of 2019 and $165 million during the first quarter of 2018.

Based on the net book value of intangible assets at March 31, 2019, amortization charged to income for the subsequent five years is estimated to be: remaining three quarters of 2019—$510 million; 2020—$657 million; 2021—$628 million; 2022—$622 million; 2023—$609 million; and 2024—$563 million.

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7. Long-term Debt

A summary of Long-term Debt follows:

(Stated in millions)	Mar. 31, 2019	Dec. 31, 2018
4.00% Senior Notes due 2025	$1,743	$1,742
3.30% Senior Notes due 2021	1,597	1,596
3.00% Senior Notes due 2020	1,596	1,596
3.65% Senior Notes due 2023	1,494	1,493
4.20% Senior Notes due 2021	1,100	1,100
2.40% Senior Notes due 2022	997	997
3.63% Senior Notes due 2022	847	847
3.75% Senior Notes due 2024	745	-
4.30% Senior Notes due 2029	844	-
1.00% Guaranteed Notes due 2026	671	678
2.65% Senior Notes due 2022	598	598
2.20% Senior Notes due 2020	499	499
7.00% Notes due 2038	209	210
4.50% Notes due 2021	132	132
5.95% Notes due 2041	115	115
3.60% Notes due 2022	109	109
5.13% Notes due 2043	99	99
4.00% Notes due 2023	81	82
3.70% Notes due 2024	55	55
Commercial paper borrowings	2,655	2,433
Other	263	263
	$16,449	$14,644

The estimated fair value of Schlumberger's Long-term Debt, based on quoted market prices at March 31, 2019 and December 31, 2018, was $16.7 billion and $14.6 billion, respectively.

At March 31, 2019, Schlumberger had separate committed credit facility agreements aggregating $6.5 billion with commercial banks, of which $3.8 billion was available and unused. These committed facilities support commercial paper programs in the United States and Europe, of which $1.0 billion matures in February 2020, $1.5 billion matures in November 2020, $2.0 billion matures in February 2023 and $2.0 billion matures in February 2024. Interest rates and other terms of borrowing under these lines of credit vary by facility.

Borrowings under Schlumberger's commercial paper programs at March 31, 2019 and December 31, 2018 were $2.7 billion and $2.4 billion, respectively, all of which were classified in Long-term Debt in the Consolidated Balance Sheet.

In April 2019, Schlumberger completed a debt exchange offer, pursuant to which it issued $1.500 billion in principal of 3.90% Senior Notes due 2028 (the "New Notes") in exchange for $401 million of 3.00% Senior Notes due 2020,

$234 million of 3.63% Senior Notes due 2022 and $817 million of 4.00% Senior Notes due 2025. In connection with the exchange of principal, Schlumberger paid a premium of $48 million, substantially all of which was in the form of New Notes. This premium will be amortized as additional interest expense over the term of the New Notes.

8. Derivative Instruments and Hedging Activities

Schlumberger is exposed to market risks related to fluctuations in foreign currency exchange rates and interest rates. To mitigate these risks, Schlumberger utilizes derivative instruments. Schlumberger does not enter into derivative transactions for speculative purposes.

Interest Rate Risk

Schlumberger is subject to interest rate risk on its debt and its investment portfolio. Schlumberger maintains an interest rate risk management strategy that uses a mix of variable and fixed rate debt combined with its investment portfolio, and occasionally interest rate swaps, to mitigate the exposure to changes in interest rates.

During 2017, a Canadian-dollar functional currency subsidiary of Schlumberger issued $1.1 billion of US-dollar denominated debt. Schlumberger entered into cross-currency swaps for an aggregate notional amount of $1.1 billion in order to hedge changes in the fair value of its $0.5 billion 2.20% Senior Notes due 2020 and its $0.6 billion 2.65% Senior Notes due 2022. These cross-currency swaps effectively convert the US-dollar notes to Canadian-dollar denominated debt with fixed annual interest rates of 1.97% and 2.52%, respectively.

These cross-currency swaps are designated as cash flow hedges. The changes in the fair values of the hedges are recorded on the Consolidated Balance Sheet and in Accumulated Other Comprehensive Loss. Amounts recorded in Accumulated Other Comprehensive Loss are reclassified to earnings in the same periods that the underlying hedged item is recognized in earnings.

At March 31, 2019, Schlumberger had fixed rate debt aggregating $13.5 billion and variable rate debt aggregating $3.0 billion, after taking into account the effect of interest rate swaps.

Foreign Currency Exchange Rate Risk

As a multinational company, Schlumberger generates revenue in more than 120 countries. Schlumberger's functional currency is primarily the US dollar. However, outside the United States, a significant portion of Schlumberger's expenses is incurred in foreign currencies. Therefore, when the US dollar weakens (strengthens) in relation to the foreign currencies of the countries in which Schlumberger conducts business, the US dollar-reported expenses will increase (decrease).

Schlumberger is exposed to risks on future cash flows to the extent that the local currency is not the functional currency and expenses denominated in local currency are not equal to revenues denominated in local currency. Schlumberger is also exposed to risks on future cash flows relating to certain of its fixed rate debt denominated in currencies other than the functional currency. Schlumberger uses foreign currency forward contracts to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges, with the changes in the fair value of the hedge recorded on the Consolidated Balance Sheet and in Accumulated Other Comprehensive Loss. Amounts recorded in Accumulated Other Comprehensive Loss are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings.

At March 31, 2019, Schlumberger recognized a cumulative net $16 million loss in Accumulated Other Comprehensive Loss relating to revaluation of foreign currency forward contracts designated as cash flow hedges, the majority of which is expected to be reclassified into earnings within the next 12 months.

Schlumberger is exposed to changes in the fair value of assets and liabilities that are denominated in currencies other than the functional currency. While Schlumberger uses foreign currency forward contracts and foreign currency options to economically hedge this exposure as it relates to certain currencies, these contracts are not designated as hedges for accounting purposes. Instead, the fair value of the contracts is recorded on the Consolidated Balance Sheet, and changes in the fair value are recognized in the Consolidated Statement of Income as are changes in fair value of the hedged item.

At March 31, 2019, contracts were outstanding for the US dollar equivalent of $4.0 billion in various foreign currencies, of which $1.1 billion relates to hedges of debt denominated in currencies other than the functional currency.

The effect of derivative instruments designated as fair value and cash flow hedges, and those not designated as hedges, on the Consolidated Statement of Income was as follows:

	(Stated in millions)		
	Gain (Loss) Recognized in Income First Quarter		
	2019	2018	Consolidated Statement of Income Classification
Derivatives designated as fair value hedges:			
Cross currency swaps	$ -	$ 27	Interest expense
Derivatives designated as cash flow hedges:			
Foreign exchange contracts	$ (2)	$ 4	Cost of services/sales
Cross currency swaps	(16)	19	Interest expense
	$ (18)	$ 23	
Derivatives not designated as hedges:			
Foreign exchange contracts	$ 6	$ 28	Cost of services/sales

9. Contingencies

Schlumberger is party to various legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. Management believes that the probability of a material loss with respect to any currently pending legal proceeding is remote. However, litigation is inherently uncertain and it is not possible to predict the ultimate disposition of any of these proceedings.

10. Segment Information

	(Stated in millions)			
	First Quarter 2019		First Quarter 2018	
	Revenue	Income Before Taxes	Revenue	Income Before Taxes
Reservoir Characterization	$ 1,543	$ 293	$ 1,559	$ 306
Drilling	2,387	307	2,126	293
Production	2,890	217	2,956	217
Cameron	1,174	137	1,310	166
Eliminations & other	(115)	(46)	(122)	(8)
Pretax operating income		908		974
Corporate & other [1]		(273)		(225)

Interest income [2]		10		25
Interest expense [3]		(136)		(131)
	$7,879	$509	$7,829	$ 643

[1] Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

[2] Interest income excludes amounts which are included in the segments' income ($1 million in 2019; $3 million in 2018).

[3] Interest expense excludes amounts which are included in the segments' income ($11 million in 2019; $12 million in 2018).

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Revenue by geographic area was as follows:

	(Stated in millions)	
	First Quarter	
	2019	2018
North America	$2,738	$2,835
Latin America	992	870
Europe/CIS/Africa	1,707	1,713
Middle East & Asia	2,338	2,300
Eliminations & other	104	111
	$7,879	$7,829

North America and International revenue disaggregated by segment was as follows:

			(Stated in millions)	
	First Quarter 2019			
	North America	International	Eliminations & other	Total
Reservoir Characterization	$216	$ 1,252	$75	$1,543
Drilling	578	1,755	54	2,387
Production	1,373	1,516	1	2,890
Cameron	560	568	46	1,174
Other	11	(54)	(72)	(115)
	$2,738	$ 5,037	$104	$7,879
	First Quarter 2018			
	North America	International	Eliminations & other	Total
Reservoir Characterization	$222	$ 1,200	$137	$1,559
Drilling	564	1,513	49	2,126
Production	1,500	1,455	1	2,956
Cameron	550	736	24	1,310
Other	(1)	(21)	(100)	(122)
	$2,835	$ 4,883	$111	$7,829

Revenue in excess of billings related to contracts where revenue is recognized over time was $0.2 billion at March 31, 2019 and December 31, 2018. Such amounts are included within Receivables less allowance for doubtful accounts in the Consolidated Balance Sheet.

Due to the nature of its business, Schlumberger does not have significant backlog. Total backlog was $2.9 billion at March 31, 2019, of which approximately 49% is expected to be recognized as revenue over the next 12 months.

Billings and cash collections in excess of revenue was $1.0 billion at March 31, 2019 and $0.9 billion at December 31, 2018. Such amounts are included within Accounts payable and accrued liabilities in the Consolidated Balance Sheet.

11. Pension and Other Postretirement Benefit Plans

Net pension cost (credit) for the Schlumberger pension plans included the following components:

(Stated in millions)				
	First Quarter			
	2019		2018	
	US	Int'l	US	Int'l
Service cost	$14	$32	$16	$32
Interest cost	45	83	43	77
Expected return on plan assets	(58)	(150)	(62)	(147)
Amortization of prior service cost	2	2	3	3
Amortization of net loss	8	16	12	44
	$11	$(17)	$12	$9

The net periodic benefit credit for the Schlumberger US postretirement medical plan included the following components:

(Stated in millions)		
	First Quarter	
	2019	2018
Service cost	$8	$8
Interest cost	12	11
Expected return on plan assets	(16)	(15)
Amortization of prior service credit	(7)	(7)
	$(3)	$(3)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

First Quarter 2019 Compared to Fourth Quarter 2018

	(Stated in millions)			
	First Quarter 2019		Fourth Quarter 2018	
	Revenue	Income Before Taxes	Revenue	Income Before Taxes
Reservoir Characterization	$1,543	$293	$1,651	$ 364
Drilling	2,387	307	2,461	318
Production	2,890	217	2,936	198
Cameron	1,174	137	1,265	127
Eliminations & other	(115)	(46)	(133)	(40)
Pretax operating income		908		967
Corporate & other (1)		(273)		(238)
Interest income (2)		10		8
Interest expense (3)		(136)		(132)
Charges and credits (4)		-		43
	$7,879	$509	$8,180	$ 648

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($1 million in 2019; $2 million in 2018).

(3) Interest expense excludes amounts which are included in the segments' income ($11 million in 2019; $9 million in 2018).

(4) Charges and credits recorded during the fourth quarter of 2018 consisted of a $215 million gain on sale of marine seismic acquisition business, a $184 million charge associated with workforce reductions and a $172 million charge related to the impairment of certain long-lived assets.

First-quarter revenue of $7.9 billion declined 4% sequentially, reflecting the expected reduction in North America land activity and seasonally lower international activity in the Northern Hemisphere. In addition, reduced software, product, and multiclient seismic license sales following the fourth-quarter increase and lower Cameron long-cycle project deliveries contributed to the sequential decline. Improved sequential activity in Latin America marginally offset these declines.

International business results were strong, with the Reservoir Characterization, Drilling, and Production segments combining to deliver year-on-year international revenue growth of 8%, tracking Schlumberger's expectation of high single-digit growth in the international markets for these segments for the full-year 2019.

In North America, first-quarter revenue was 3% lower sequentially driven by softer pricing and lower activity for both the hydraulic fracturing- and drilling-related businesses, while revenue from the artificial lift product line was flat sequentially. Offshore revenue in North America was slightly down sequentially with increased wireline activity in the US Gulf of Mexico offset by lower multiclient seismic license sales.

First-quarter revenue for Reservoir Characterization fell 7% sequentially due to seasonally lower sales of software and multiclient seismic licenses. Drilling revenue declined 3% sequentially due to reduced winter activity in the Northern Hemisphere. Production revenue was 2% lower sequentially, driven by decreased OneStim® revenue in North America and reduced artificial lift sales in the international markets. Cameron revenue declined 7% sequentially, primarily due to lower project deliveries from the long-cycle businesses of OneSubsea® and Drilling Systems.

Reservoir Characterization pretax operating margin of 19% was 308 basis points ("bps") lower sequentially due to seasonally lower revenue from Wireline activity in the Russia & Central Asia GeoMarket and decreased overall sales of SIS software and WesternGeco multiclient seismic licenses.

Drilling and Production pretax operating margins of 13% and 8%, respectively, were essentially flat sequentially while Cameron pretax operating margin of 12% was 161 bps higher sequentially due to improved profitability in OneSubsea and Drilling Systems, and higher sales volumes and improved pricing in Valves & Measurement.

From a macro perspective, Schlumberger expects the oil market sentiments to steadily improve over the course of 2019, supported by a solid demand outlook combined with the OPEC and Russia production cuts taking full effect, slowing shale oil production growth in North America, and a further weakening of the international production base as the impact of four years of underinvestment becomes increasingly evident.

Schlumberger also continues to see clear signs that E&P investments are starting to normalize as the industry heads toward a more sustainable financial stewardship of the global resource base. Directionally, this means that higher investments in the international markets are required simply to keep production flat, while North America land is set for lower investments with a likely downward adjustment to the current production growth outlook.

Schlumberger's view of the international markets is consistent with recent third-party spending surveys, suggesting that E&P investments will increase by 7 to 8% in 2019, supported by a higher rig count and a rise in the number of customer project FIDs. In line with this, offshore development activity plans continue to strengthen, with subsea tree awards reaching their highest level since 2013 last year. Schlumberger is also seeing the start of a return to exploration activity on renewed interest in reserves replacement. Notably, new discoveries in 2018 were at the lowest level since 2000.

Conversely in North America land, the higher cost of capital, lower borrowing capacity, and investors looking for increased returns suggest that future E&P investment levels will likely be dictated by free cash flow. Schlumberger therefore expects E&P investments in North America land to be down 10% in 2019. In addition, rising technical challenges—from parent-child well interference, step-outs from core acreage, and limited growth in lateral length and proppant per stage—all point to more moderate growth in US shale oil production in the coming years.

First Quarter 2019 Compared to First Quarter 2018

	(Stated in millions)			
	First Quarter 2019		First Quarter 2018	
	Revenue	Income Before Taxes	Revenue	Income Before Taxes
Reservoir Characterization	$1,543	$293	$1,559	$ 306
Drilling	2,387	307	2,126	293
Production	2,890	217	2,956	217
Cameron	1,174	137	1,310	166
Eliminations & other	(115)	(46)	(122)	(8)
Pretax operating income		908		974
Corporate & other (1)		(273)		(225)
Interest income (2)		10		25
Interest expense (3)		(136)		(131)
	$7,879	$509	$7,829	$ 643

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($1 million in 2019; $3 million in 2018).

(3) Interest expense excludes amounts which are included in the segments' income ($11 million in 2019; $12 million in 2018).

Reservoir Characterization

First-quarter 2019 revenue of $1.5 billion decreased by 1% year-on-year. Revenue for Wireline, Testing Services and Software Integrated Solutions all slightly improved year-on-year, but was more than offset by the impact of the sale of the marine seismic acquisition business during the fourth quarter of 2018 and lower revenue for OneSurface on long-term projects in the Middle East.

Year-on-year, pretax operating margin was essentially flat at 19%.

Drilling

First-quarter 2019 revenue of $2.4 billion increased 12% year-on-year primarily due to strong growth from Integrated Drilling Services projects in several GeoMarkets that also benefited M-I SWACO and Drilling & Measurements.

Year-on-year, pretax operating margin declined 90 bps to 13% despite the higher revenue, driven primarily by the new integrated contracts.

Production

First-quarter 2019 revenue of $2.9 billion decreased 2% year-on-year with most of the revenue decrease attributable to lower OneStim activity in North America land.

Year-on-year, pretax operating margin was essentially flat at 8%.

Cameron

First-quarter 2019 revenue of $1.2 billion decreased 10% versus the same period last year driven primarily by the decline of the long-cycle business of OneSubsea.

Year-on-year, pretax operating margin decreased 102 bps to 12% due mainly to the decline in higher-margin OneSubsea activities .

Interest and Other Income

Interest & other income consisted of the following:

(Stated in millions)		
	First Quarter	
	2019	2018
Equity in net earnings of affiliated companies	$3	$ 14
Interest income	11	28
	$14	$ 42

Other

Research & engineering and General & administrative expenses, as a percentage of Revenue, for the first quarter ended March 31, 2019 and 2018 were as follows:

	First Quarter	
	2019	2018
Research & engineering	2.2%	2.2 %
General & administrative	1.4%	1.4 %

The effective tax rate for the first quarter of 2019 declined year-on-year to 15.5% from 17.6%, driven primarily by the geographic mix of earnings.

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Liquidity and Capital Resources

Details of the components of liquidity as well as changes in liquidity follow:

	(Stated in millions)		
Components of Liquidity	Mar. 31, 2019	Mar. 31, 2018	Dec. 31, 2018
Cash	$1,230	$1,865	$1,433
Short-term investments	925	2,300	1,344
Short-term borrowings and current portion of long-term debt	(99)	(4,586)	(1,407)
Long-term debt	(16,449)	(13,526)	(14,644)
Net debt [(1)]	$(14,393)	$(13,947)	$(13,274)

Changes in Liquidity:	Three Months Ended Mar. 31, 2019	2018
Net income	$ 430	$ 530
Depreciation and amortization [(2)]	903	874
Earnings of equity method investments, less dividends received	3	(5)
Stock-based compensation expense	108	90
Increase in working capital [(3)]	(1,048)	(836)
Other	(70)	(85)
Cash flow from operations	326	568
Capital expenditures	(413)	(454)
SPM investments	(151)	(240)
Multiclient seismic data costs capitalized	(45)	(26)
Free cash flow [(4)]	(283)	(152)
Dividends paid	(692)	(692)
Proceeds from employee stock plans	106	127
Stock repurchase program	(98)	(97)
	(967)	(814)
Business acquisitions and investments, net of cash acquired plus debt assumed	(5)	(13)
Other	(147)	(10)

Increase in net debt		(1,119	)		(837	)
Net debt, beginning of period		(13,274	)		(13,110	)
Net debt, end of period	$	(14,393	)	$	(13,947	)

(1) "Net debt" represents gross debt less cash, short-term investments and fixed income investments, held to maturity. Management believes that Net debt provides useful information regarding the level of Schlumberger's indebtedness by reflecting cash and investments that could be used to repay debt. Net debt is a non-GAAP financial measure that should be considered in addition to, not as a substitute for or superior to, total debt.

(2) Includes depreciation of property, plant and equipment and amortization of intangible assets, multiclient seismic data costs and SPM investments.

(3) Includes severance payments of approximately $48 million and $76 million during the three months ended March 31, 2019 and 2018, respectively.

(4) "Free cash flow" represents cash flow from operations less capital expenditures, SPM investments and multiclient seismic data costs capitalized. Management believes that free cash flow is an important liquidity measure for the company and that it is useful to investors and management 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 shareholders through dividend payments or share repurchases. Free cash flow does not represent the residual cash flow available for discretionary expenditures. Free cash flow is a non-GAAP financial measure that should be considered in addition to, not as substitute for or superior to, cash flow from operations.

Key liquidity events during the first three months of 2019 and 2018 included:

- On January 21, 2016, the Board approved a $10 billion share repurchase program for Schlumberger common stock. Schlumberger had repurchased $822 million of Schlumberger common stock under this program as of March 31, 2019.

The following table summarizes the activity under the share repurchase program:

(Stated in millions, except per share amounts)

	Total cost of shares purchased	Total number of shares purchased	Average price paid per share
Three months ended March 31, 2019	$ 98	2.3	$ 42.79
Three months ended March 31, 2018	$ 97	1.4	$ 69.79

- Capital expenditures were $0.4 billion during the first three months of 2019 compared to $0.5 billion during the first three months of 2018. Capital expenditures for full-year 2019 are expected to be approximately $1.5 billion to $1.7 billion as compared to $2.2 billion in 2018.
- During the first quarter of 2019, Schlumberger issued $750 million of 3.75% Senior Notes due 2024 and $850 million of 4.30% Senior Notes due 2029.

Schlumberger generates revenue in more than 120 countries. As of March 31, 2019, only four of those countries individually accounted for greater than 5% of Schlumberger's net receivables balance, of which only the United States accounted for greater than 10% of such receivables.

As of March 31, 2019, Schlumberger had $2.2 billion of cash and short-term investments on hand. Schlumberger had separate committed debt facility agreements aggregating $6.5 billion that support commercial paper programs, of which $3.8 billion was available and unused. Schlumberger believes these amounts are sufficient to meet future business requirements for at least the next 12 months.

Borrowings under the commercial paper programs at March 31, 2019 were $2.7 billion.

FORWARD-LOOKING STATEMENTS

This first-quarter 2019 Form 10-Q, as well as other statements we make, contain "forward-looking statements" within the meaning of the federal securities laws, which include any statements that are not historical facts, such as our forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of its segments (and for specified products or geographic areas within each segment); oil and natural gas demand and production growth; oil and natural gas prices; improvements in operating procedures and technology, including our transformation program; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger's customers; our effective tax rate; Schlumberger's SPM projects, joint ventures and alliances; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, global economic conditions; changes in exploration and production spending by Schlumberger's customers and changes in the level of oil and natural gas exploration and development; general economic, political and business conditions in key regions of the world; foreign currency risk; pricing pressure; weather and seasonal factors; operational modifications, delays or cancellations; production declines; changes in government regulations and regulatory requirements, including those related to offshore oil and gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services and climate-related initiatives; the inability of technology to meet new challenges in exploration; and other risks and uncertainties detailed in this first-quarter 2019 Form 10-Q and our most recent Forms 10-K, 10-Q, and 8-K filed with or furnished to the Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize (or the consequences of any such development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For quantitative and qualitative disclosures about market risk affecting Schlumberger, see Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” of the Schlumberger Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Schlumberger’s exposure to market risk has not changed materially since December 31, 2018.

Item 4. Controls and Procedures.

Schlumberger has carried out an evaluation under the supervision and with the participation of Schlumberger’s management, including the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), of the effectiveness of Schlumberger’s “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of the end of the period covered by this report. Based on this evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this report, Schlumberger's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that Schlumberger files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Schlumberger's disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to its management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure. There was no change in Schlumberger's internal control over financial reporting during the quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, Schlumberger's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information with respect to this Item 1 is set forth under Note 9—Contingencies, in the Consolidated Financial Statements.

Item 1A. Risk Factors.

As of the date of this filing, there have been no material changes from the risk factors disclosed in Part 1, Item 1A, of Schlumberger's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

As of March 31, 2019, Schlumberger had repurchased $822 million of Schlumberger common stock under its $10 billion share repurchase program.

Schlumberger's common stock repurchase activity for the three months ended March 31, 2019 was as follows:

	(Stated in thousands, except per share amounts)			
	Total number of shares	Average price paid per share	Total number of shares purchased	Maximum value of shares that may yet be

	purchased		as part of publicly announced programs	purchased under the programs
January 2019	832.6	$ 40.93	832.6	$ 9,242,498
February 2019	683.7	$ 44.49	683.7	$ 9,212,083
March 2019	776.1	$ 43.30	776.1	$ 9,178,477
	2,292.4	$ 42.79	2,292.4	

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Our mining operations are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this report.

Item 5. Other Information.

In 2013, Schlumberger completed the wind down of its service operations in Iran. Prior to this, certain non-US subsidiaries provided oilfield services to the National Iranian Oil Company and certain of its affiliates (“NIOC”).

Schlumberger’s residual transactions or dealings with the government of Iran during the first quarter of 2019 consisted of payments of taxes and other typical governmental charges. Certain non-US subsidiaries of Schlumberger maintain depository accounts at the Dubai branch of Bank Saderat Iran (“Saderat”), and at Bank Tejarat (“Tejarat”) in Tehran and in Kish for the deposit by NIOC of amounts owed to non-US subsidiaries of Schlumberger for prior services rendered in Iran and for the maintenance of such amounts previously received. One non-US subsidiary also maintained an account at Tejarat for payment of local expenses such as taxes. Schlumberger anticipates that it will discontinue dealings with Saderat and Tejarat following the receipt of all amounts owed to Schlumberger for prior services rendered in Iran.

Item 6. Exhibits.

Exhibit 3.1—Articles of Incorporation of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on April 6, 2016)

Exhibit 3.2—Amended and Restated By-laws of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on January 19, 2017)

* Exhibit 10.1—Form of 2019 Two-Year Performance Share Unit Award Agreement (with relative TSR modifier) under Schlumberger 2017 Omnibus Stock Incentive Plan (+)

* Exhibit 10.2—Form of 2019 Three-Year Performance Share Unit Award Agreement (with relative TSR modifier) under Schlumberger 2017 Omnibus Stock Incentive Plan (+)

* Exhibit 31.1—Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

* Exhibit 31.2—Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

** Exhibit 32.1—Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

** Exhibit 32.2—Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Exhibit 95—Mine Safety Disclosures

* Exhibit 101—The following materials from Schlumberger Limited's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income (Loss); (ii) Consolidated Statement of Comprehensive Income (Loss); (iii) Consolidated Balance Sheet; (iv) Consolidated Statement of Cash Flows; (v) Consolidated Statement of Equity and (vi) Notes to Consolidated Financial Statements.

* Filed with this Form 10-Q.
** Furnished with this Form 10-Q.
+ Compensatory plans or arrangements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized and in his capacity as Chief Accounting Officer.

	Schlumberger Limited
	(Registrant)
Date: April 24, 2019	/s/ Howard Guild
	Howard Guild
	Chief Accounting Officer and Duly Authorized Signatory

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