

Conference call 2Q 2009 results

August 27, 2009

Seadrill

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Contents

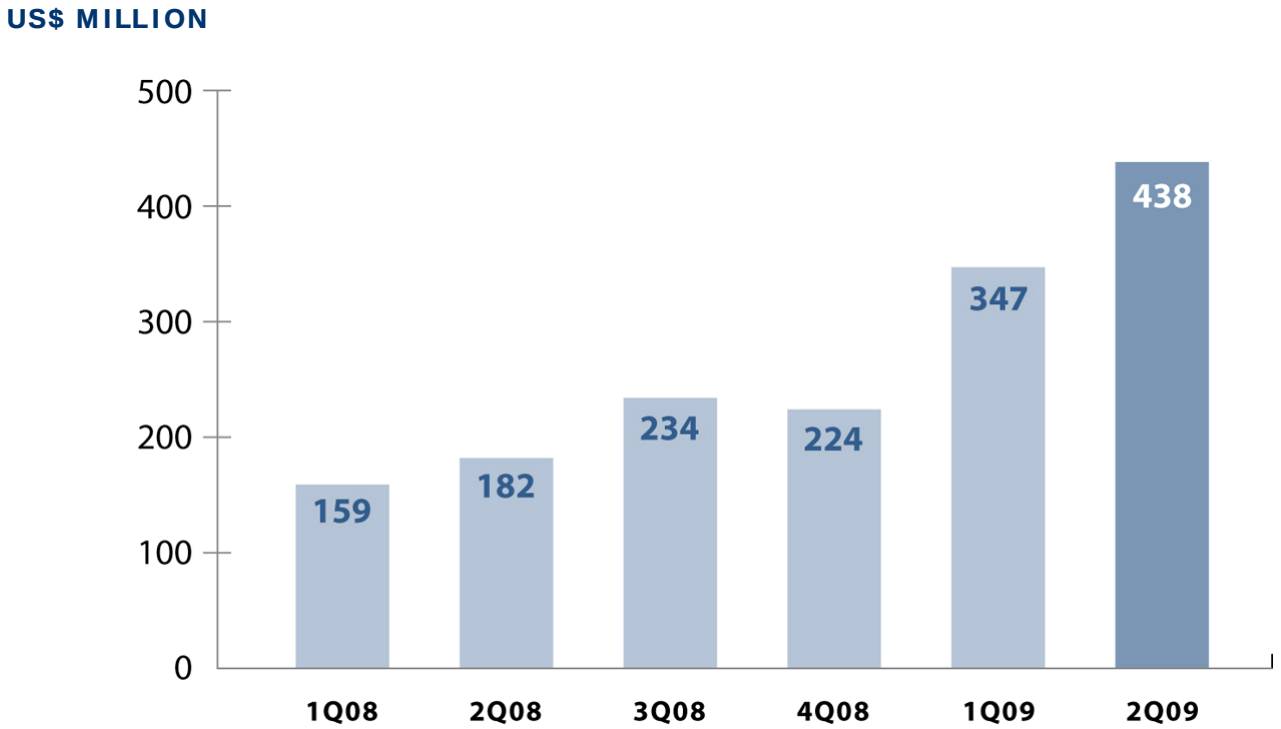
- Highlights 2Q 2009
- 2Q 2009 accounts
- Operational status
- Performance newbuilds
- Fleet contract status
- Market outlook
- Dividend policy
- Summary



Highlights second quarter 2009

- Seadrill generates EBITDA of US$438 million up from US$347 million in the preceding quarter
- Net income of US$364 million equal to income per share of US$0.85
- Sound improvement in utilization for deepwater newbuilds
- The last ultra-deepwater newbuild West Eminence of the initial eight rig batch commenced operations in Brazil
- New five-year US$1.5 billion credit facility completed to replace the US$1.0 billion bridge facility
- Reasonable prospects for the ultra-deepwater market
- Continued uncertain market outlook for jack-ups
- Idle benign environment 300ft Jack-up West Ceres sold for total consideration of US$178 million
- Seadrill initiates process for a US listing

EBITDA development



Significant Q/Q increase in contribution

Mobile units

Unaudited accounts in USD million	2Q09	1Q09
Operating revenues	532,1	422,3
Reimbursables	5,9	5,9
Other revenues	11,1	10,7
Total revenues	549,1	438,9
Vessel and rig operating expenses	164,3	140,4
Reimbursable expenses	5,6	5,6
Depreciation and amortisation	83,9	73,5
General and adminstrative expenses	28,3	24,7
Total operating expenses	282,1	244,2
Operating profit	**267,0**	194,7

Tender rigs

Unaudited accounts in USD million	2Q09	1Q09
Operating revenues	106,0	98,1
Reimbursables	5,9	5,3
Other revenues	-	0,4
Total revenues	111,9	103,8
Vessel and rig operating expenses	36,2	33,7
Reimbursable expenses	5,5	5,0
Depreciation and amortisation	10,4	10,7
General and adminstrative expenses	3,5	3,2
Total operating expenses	55,6	52,6
Operating profit	**56,3**	51,2

Well services (Seawell Limited)

Unaudited accounts in USD million	2Q09	1Q09
Operating revenues	122,9	121,1
Reimbursables	31,9	32,4
Total revenues	154,8	153,5
Operating expenses	99,3	99,5
Reimbursable expenses	30,2	31,4
Depreciation and amortisation	4,9	4,4
General and adminstrative expenses	5,2	5,6
Total operating expenses	139,6	140,9
Operating profit	**15,2**	12,6

Condensed income statement

Unaudited accounts in USD million	2Q09	1Q09
Operating profit	**338,5**	**258,5**
Interest income	7,1	14,3
Interest expense	(57,2)	(44,7)
Share of results from associated companies	15,8	20,2
Other financial items	101,7	25,5
Impairement loss - financial assets	0,0	0,0
Net financial items	**67,4**	**15,3**
Income before income taxes and minority interest	**405,9**	**273,8**
Income taxes	(41,5)	(30,6)
Net income	**364,4**	**243,2**
Net income attributable to the parent	339,3	217,9
Net income attributable to the noncontrolling interest	25,1	25,3
Earnings per share (in USD)	0,85	0,55

Balance sheet

Total assets

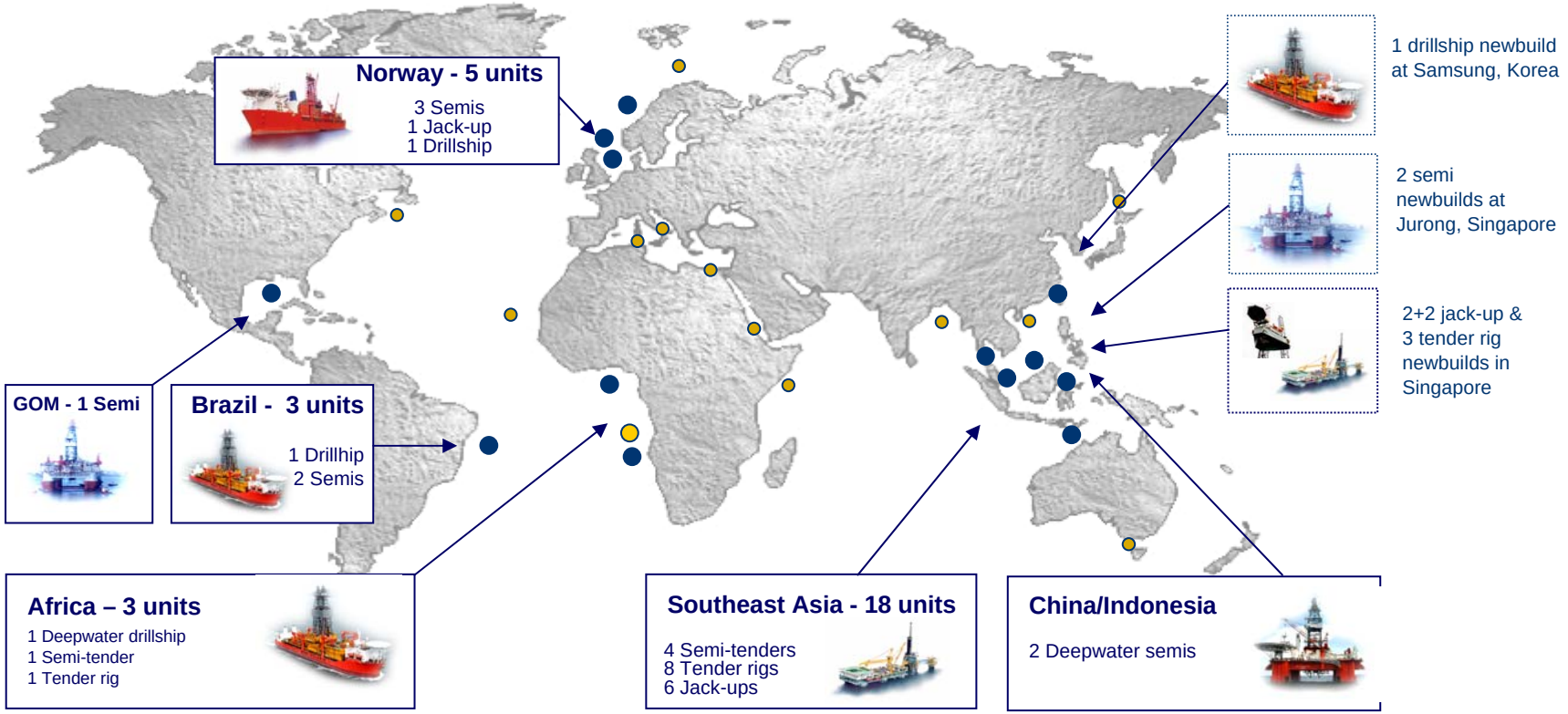
Unaudited accounts in USD million	**30.06.09**	**31.03.09**
Current assets		
Cash and cash equivalents	603,4	547,9
Marketable securities	386,0	326,3
Accounts receivables	536,4	479,6
Other current assets	318,2	530,4
Total current assets	1 844,0	1 884,2
Non-current assets		
Investment in associated companies	289,5	272,6
Newbuildings	1 177,2	1 752,3
Drilling units	7 819,7	7 162,8
Goodwill	1 570,0	1 557,7
Restricted cash	350,2	345,1
Other non-current assets	232,9	203,2
Total non-current assets	11 439,5	11 293,7
Total assets	**13 283,5**	13 177,9

Balance sheet

Liability and equity

Unaudited accounts in USD million	**30.06.09**	**31.06.09**
Current liabilities		
Short-term interest bearing debt	1 779,0	733,2
Other current liabilities	1 083,5	1 395,7
Total current liabilities	2 862,5	2 128,9
Non-current liabilities		
Long-term interest bearing debt	5 976,1	7 131,6
Deferred taxes	156,5	136,9
Other non-current liabilities	276,0	266,6
Total non-current liabilities	6 408,6	7 535,1
Shareholders' equity		
Total shareholders' equity	4 012,4	3 513,9
Total shareholders' equity and liabilities	**13 283,5**	13 177,9

Worldwide operations



Quality fleet with global presence

Previous Current

Original 2008 deepwater projects completed



USA-3Q08



Brazil-4Q08



China-4Q08



Norway-1Q09



Brazil-1Q09



Nigeria-1Q09

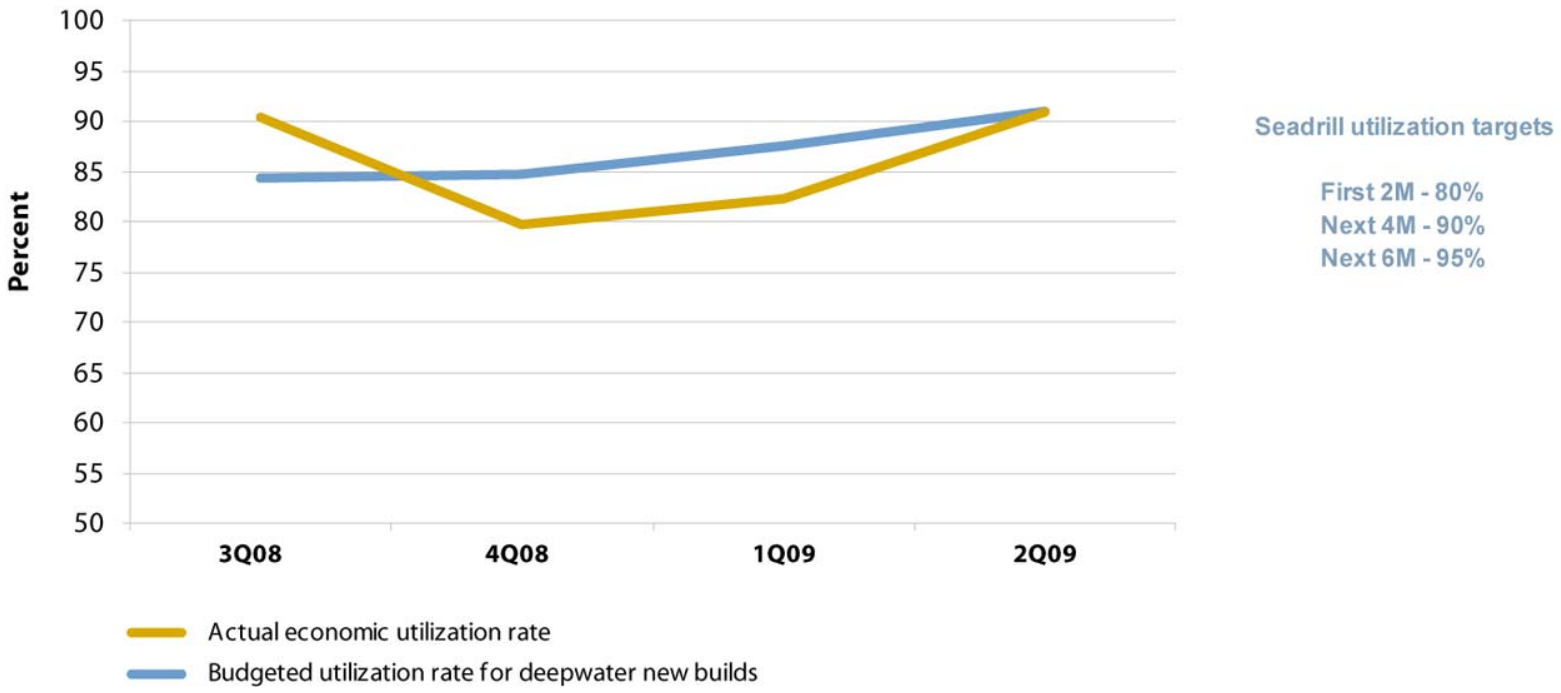


Indonesia-1Q09



Brazil-2Q09

Average utilization rate deepwater newbuilds



Start-up experience transferred to sister vessel

US$9.5 billion order backlog floaters

	Customer	2009 1Q	2Q	3Q	4Q	2010 1Q	2Q	3Q	4Q	2011 1Q	2Q	3Q	4Q	2012 1Q	2Q	3Q	4Q	2013 1Q	2Q	3Q	4Q	2014 1Q	2Q	3Q	4Q
Semi-submersibles																									
West Alpha [1]	Consortium	US$479,000																							
West Venture [1]	StatoilHydro	US$258,000								US$258,000															
West Phoenix [1]	Total	US$513,000												US$513,000											
West Aquarius	Exxon	US$529,500																							
West Sirius	Devon	US$473,000																							
West Hercules	Husky	US$531,000																							
West Eminence [2]	Petrobras		US$613,000																						06.2015
West Taurus [2]	Petrobras	US$644,000																							02.2015
West Orion [2]	Petrobras	Newbuild					US$613,000																		07.2016
West Capricorn	-	Newbuild																							
Drillships																									
West Navigator [1]	Shell	US$578,000																							
West Polaris	Exxon	US$559,000												US$614,000											
West Capella	Total	US$546,000																							
West Gemini	-	Newbuild																							

Yard plus transit period | Contract | Option

[1] Dayrate is partly in Norwegian kroner

[2] Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax



Continued strong earnings visibility

Contract status jack-ups

	Customer	2009 1Q	2Q	3Q	4Q	2010 1Q	2Q	3Q	4Q	2011 1Q	2Q	3Q	4Q
Jack-ups													
West Epsilon	StatoilHydro	US$316,000											
West Janus	PCPPOC	US$149,500											
West Atlas	PTTEP Australia	US$255,000											
West Triton	PTTEP Australia			US$175'									
West Prospero													
West Larissa	Vietsovpetro	US$126,000											
West Ariel	Vietsovpetro	US$187,000				US$142,000							
West Callisto	-	Newbuild at KFELS											
West Juno	-	Newbuild at KFELS											
West Leda	-	Newbuild at PPL											
West Elara	-	Newbuild at PPL											

Yard Contract Option not to take delivery

US$400 million order backlog



US$1.8 billion tender rig order backlog

	Customer	2009 1Q	2Q	3Q	4Q	2010 1Q	2Q	3Q	4Q	2011 1Q	2Q	3Q	4Q	2012 1Q	2Q	3Q	4Q	2013 1Q	2Q	3Q	4Q	2014 1Q	2Q	3Q	4Q
Tender barges																									
T3 [1]	PTT	US$83,000																							
T4	Chevron	US$101,000																							
T6 [1]	Carigali/CTOC	US$101,000																							
T7	Chevron	US$64,500																							
T8	Total	US$125,000																							
T9 [1]	Exxon	US$135,000																							
T10 [1]	CarigaliHess	US$90,000								US$90,000															
T11	Chevron	US$134,000																							
T12	-	Newbuild																							
Teknik Berkat [1]	Carigali	US$121,000																							
Semi-tenders																									
West Alliance	Shell	US$99,000				US$170,000																			01.2015
West Berani	Newfield/Conoco	US$165,000																							
West Menang [2]	Total	US$127,000																							
West Pelaut	Shell	US$140,000																							
West Setia	Murphy/Chevron	US$165'	US$163,000																						
West Vencedor	Chevron	Newbuild				US$200,000																			03.2015
West Berani III	-	Newbuild																							

Yard Contract Option

[1] Ownership 49%

[2] Early termination fee of US$99,000 per day will be received from June, 2009

Strong portfolio of term contracts

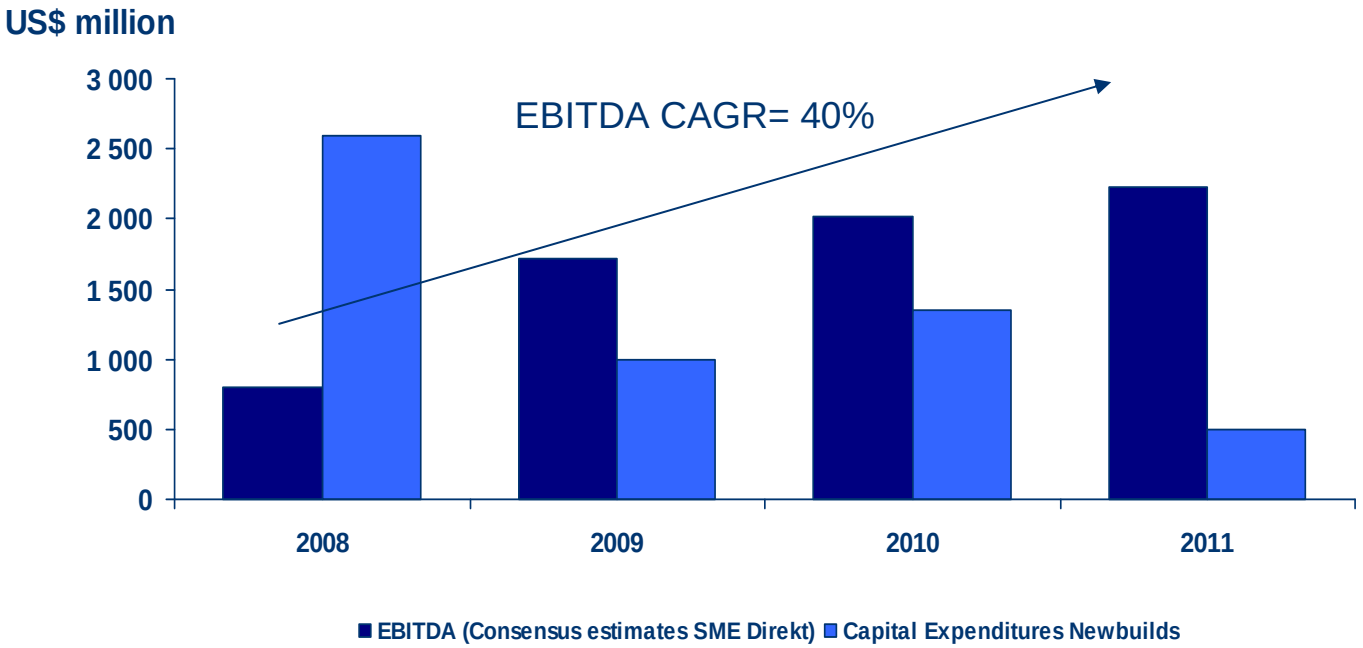


Market outlook

- Jack-up market
  - Fragile market short term as new units are delivered
  - Operators trying to exercise continued pricing pressure
  - Signs of more tenders late 2009 and 2010
  - Oil prices trading around 70 US$/bbl a positive catalyst
  - New efficient quality units should replace vintage units
- Tender rig market
  - Strong long term fundamental drivers in place but short term activity adversely impacted by slowdown in the world economy
  - Market for barges exposed to overall shallow water market weakness
  - Application of tender rigs in deep waters continues to create an attractive niche for this rig concept
- Deepwater market
  - Long-term market drivers remain with global oil basin maturing and steepening decline rates
  - Increasing global demand driven by emerging markets
  - Exploration for larger reserves taking place in more challenging and rig intensive deepwater markets
  - Floater market driven by more stable capital spending of oil majors and national oil companies
  - Strong contract coverage for ultra deepwater fleet

Offshore rig market more diversified and segmented

EBITDA growth replacing investments



Majority of EBITDA secured through long-term contracts

Dividend policy

- Distribution of cash dividend is an important objective
- Dividend depends on contract coverage, capital expenditure programs, other investments, free cash flow and business outlook
- Distribution was discontinued due to global financial turbulence and need to refinance remaining newbuild program
- Seadrill sees a strong improvement in the financial markets related to financing of its operations
- Ambition to resume dividend distribution later this year

Dividend distribution remains high priority

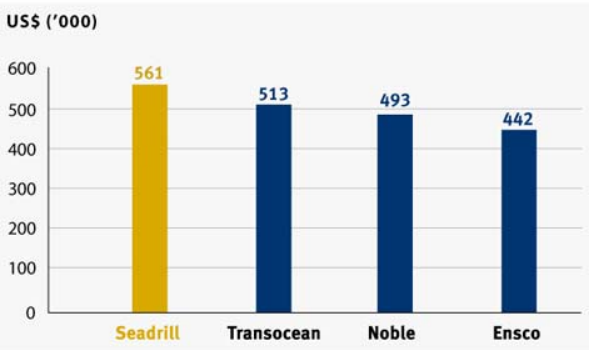
Petromena NOK 2,000 million bond

- Seadrill holds 81 percent of the Petromena NOK2,000 million bond
- Bought at approximately 70 percent of face value
- Secured in the deepwater newbuilds Petrorig 1 (delivered April) and Petrorig 2 (delivery scheduled in September)
- Yard has completed the sale of Petrorig 1
- US$205 million transferred from the yard to the bankruptcy court
- US bankruptcy court has approved US$130 million down payment to bondholders of which US$105 million to Seadrill

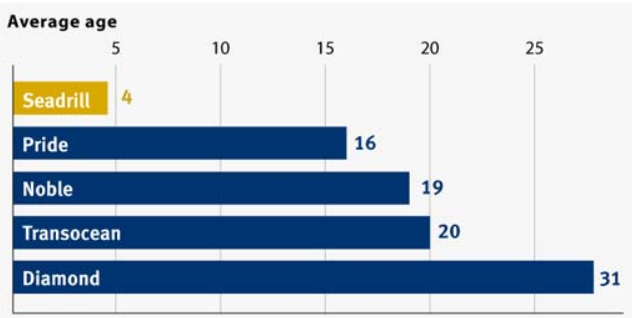
Confident in solid return on investment

Summary

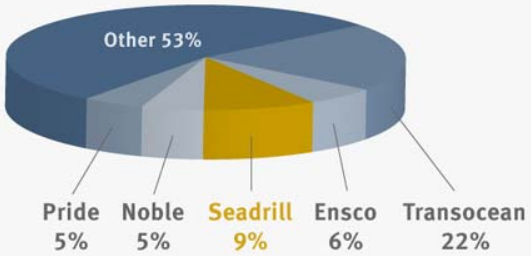
Ultra-deepwater fixtures



Average age floaters



Ultra-deepwater market share



EBITDA contribution deepwater

	2008	2010
Seadrill Limited	15%	68%
Transocean	23%	40%
Pride International	19%	36%
Noble Corp.	7%	30%
Diamond Offshore Inc.	15%	18%

Sound platform for shaping the future


REPSOL YPF
PETRO-CANADA
StatoilHydro
Husky Energy
ConocoPhillips
HESS CORPORATION
ExxonMobil
devon
PETROBRAS
PETRONAS
Chevron
TOTAL
PTTEP Australasia
ptt Group
BG
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