

Conference call 3Q 2009 results

November 5, 2009

Seadrill

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Contents

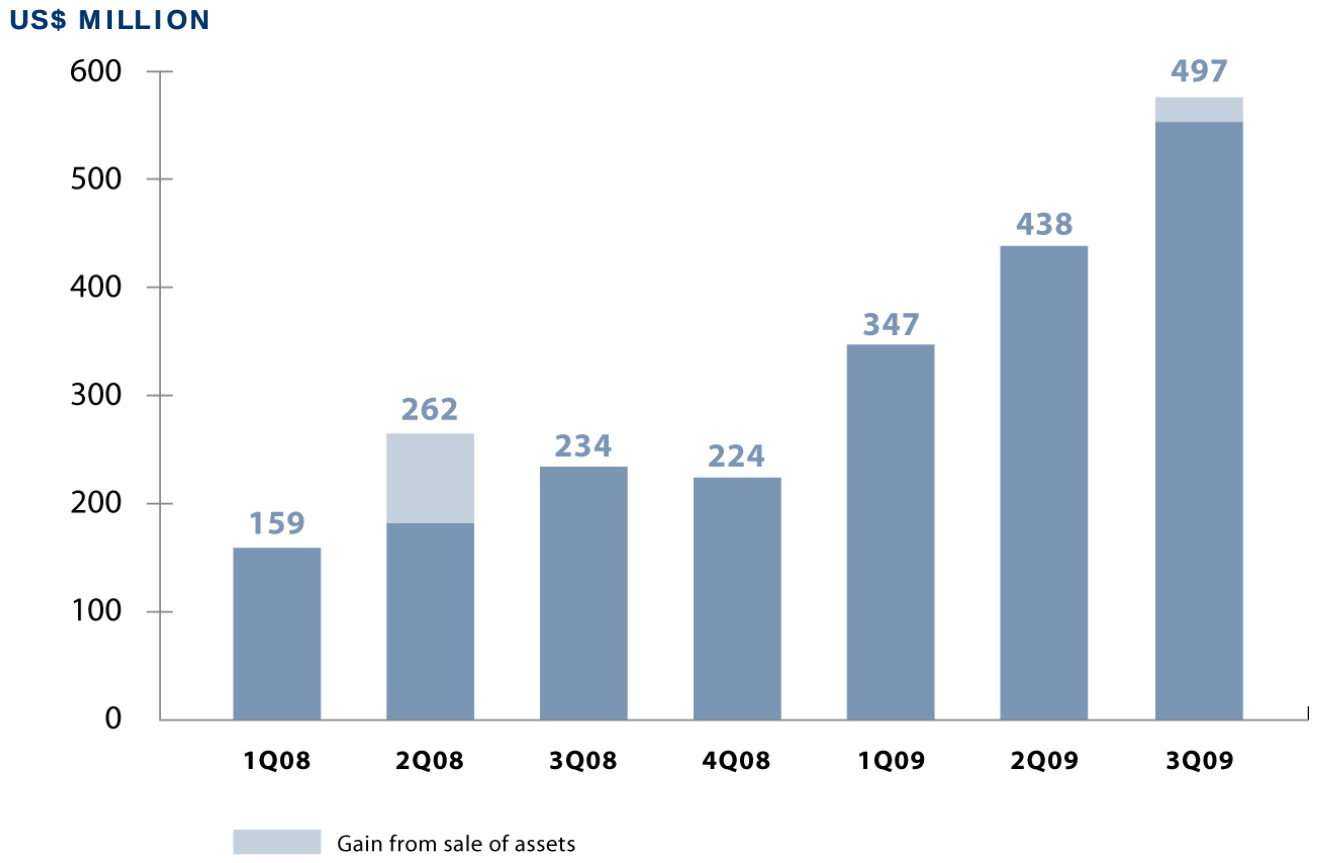
- Highlights 3Q 2009
- 3Q 2009 accounts
- Operational status
- Performance newbuild
- Fleet contract status
- Market outlook
- Dividend policy
- Strategy
- Summary



Highlights third quarter 2009

- Record EBITDA of US$497 million up from US$438 million in the preceding quarter
- Net income of US$345 million or income per share of US$0.82
- Idle benign environment 300ft jack-up West Ceres sold for a total consideration of US$178 million
- US$2.1 bn. raised in new financing while repaying short term bridge loan of US$1 bn.
- Dividend of US$0.50 per share resolved
- Increased tender activity for ultra-deepwater market
- Increased tender activities for benign environment jack-ups
- Uncertain near term tender rig market

EBITDA development



Significant Q/Q increase in contribution

Mobile units

Unaudited accounts in USD million	3Q09	2Q09
Operating revenues	604	532
Reimbursables	12	6
Other revenues	10	11
Total revenues	626	549
Gain on sale of assets	21	0
Vessel and rig operating expenses	181	168
Reimbursable expenses	9	6
Depreciation and amortisation	88	84
General and adminstrative expenses	28	25
Total operating expenses	305	282
Operating profit	**342**	267

Tender rigs

Unaudited accounts in USD million	3Q09	2Q09
Operating revenues	85	106
Reimbursables	4	6
Total revenues	89	112
Vessel and rig operating expenses	35	36
Reimbursable expenses	3	6
Depreciation and amortisation	10	10
General and adminstrative expenses	3	4
Total operating expenses	52	56
Operating profit	**37**	56

Condensed income statement

Unaudited accounts in USD million	3Q09	2Q09
Operating profit	**394**	**339**
Interest income	40	7
Interest expense	-63	-57
Share of results from associated companies	27	16
Other financial items	-5	102
Net financial items	**-1**	**67**
Income before income taxes and minority interest	**392**	**406**
Income taxes	-48	-42
Net income	**345**	**364**
Net income attributable to the parent	325	339
Net income attributable to the noncontrolling interest	20	25
Earnings per share (in USD)	0,82	0,85

Balance sheet

Total assets

Unaudited accounts in USD million	**30.09.09**	**30.06.09**
Current assets		
Cash	903	603
Marketable securities	728	386
Accounts receivables	491	536
Other current assets	483	318
Total current assets	2 606	1 844
Non-current assets		
Investment in associated companies	314	290
Newbuildings	1 340	1 177
Drilling units	7 624	7 820
Goodwill	1 591	1 570
Other non-current assets	647	583
Total non-current assets	11 517	11 440
Total assets	**14 122**	13 284

Balance sheet

Liability and equity

Unaudited accounts in USD million	**30.09.09**	**30.06.09**
Current liabilities		
Short-term interest bearing debt	805	1 779
Other current liabilities	1 237	1 084
Total current liabilities	2 042	2 863
Non-current liabilities		
Long-term interest bearing debt	7 094	5 976
Other non-current liabilities	415	433
Total non-current liabilities	7 510	6 409
Shareholders' equity		
Total shareholders' equity	4 571	4 012
Total shareholders' equity and liabilities	**14 122**	13 284

Taking advantages of more favorable debt markets

- July 2009: Raised new US$1,500m secured facility with export credit agencies and commercial banks
- September 2009: Issued US$500m convertible bond with 4.875% coupon and 35% conversion premium
- October 2009: Issued NOK800m (US$140m) unsecured bond at NIBOR + 275bp

Incremental funding of US$1,140m (after repayment of bridge loan) is creating financial flexibility

Worldwide operations



Norway - 5 units
- 3 Semis
- 1 Jack-up
- 1 Drillship

Gulf of Mexico
- 1 Semi

Brazil
- 2 Semis
- 1 Drillship

Africa – 4 units
- 1 Drillship
- 2 Semi-tender
- 1 Tender rig

1 drillship newbuild at Samsung, Korea

2 semi new-builds at Jurong, Singapore

2+1 jack-up & 3 tender rig newbuilds in Singapore

China/Indonesia
- 2 Deepwater semis

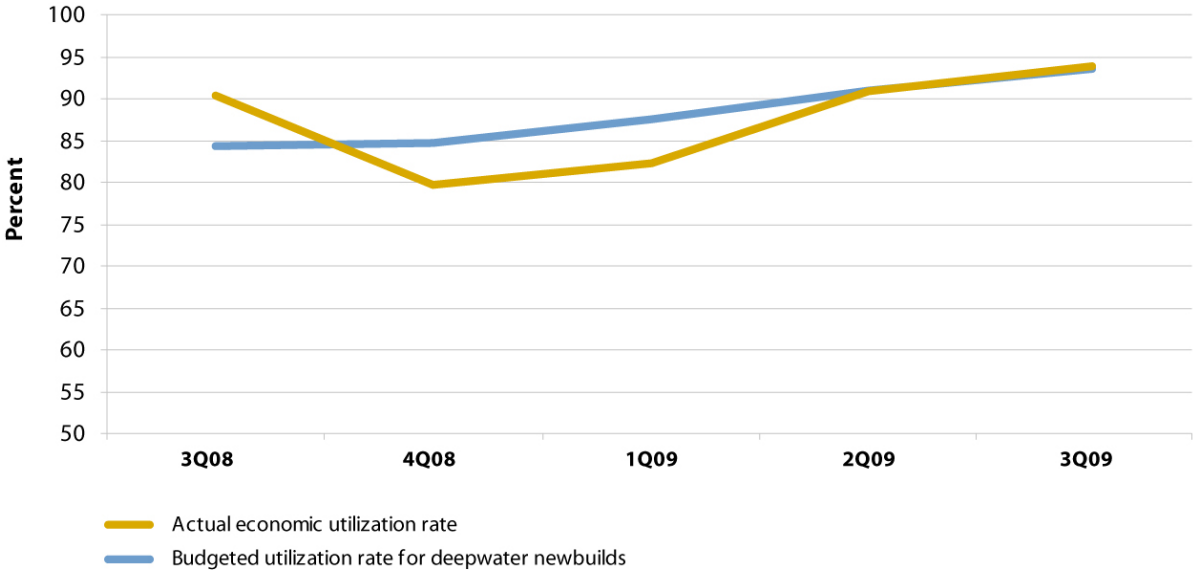
Southeast Asia - 17 units

- 3 Semi-tenders
- 8 Tender rigs
- 6 Jack-ups

Quality fleet with global presence

● Current ● Previous

Average utilization rate deepwater newbuilds



- Competence building
- Experience transfer
- Procedures/processes
- Control systems
- Management accountability

Seadrill utilization targets

First 2M - 80%
Next 4M - 90%
Next 6M - 95%

Start-up experience transferred to sister rigs

Semi-submersible rig West Alpha

- 25-year survey with significant upgrades
- New cranes installed
- Upgrade power management and electrical systems
- Thrusters changed
- New top-drive
- New catwalk machine
- Accommodation section upgrade
- Project on time & on budget



25-year survey and upgrade successfully completed in 30 days

Jack-up rig West Atlas

- Located north west of Australia in the Timor Sea working for PTTEP Australasia
- On August 21, a well on the Montara wellhead platform started to leak gas and crude in an uncontrolled manner
- All personnel was safely evacuated and the rig has thereafter been unmanned
- On November 1, the gas from the Montara platform ignited and the fire engulfed the drilling tower cantilevered over the wellhead platform
- The fire has been subsided and the well has been killed
- West Atlas is possibly a constructive total loss due to the severe damages caused by the heat from the recent fire
- The relief well drilled to stop the leakage was drilled by the jack-up sister vessel West Triton from a location two kilometers from the Montara platform



Severe accident … no-one being hurt

US$9 billion order backlog floaters

	Unit	Customer	2009	2010	2011	2012	2013	2014
Semi-submersibles	West Venture [1]	Statoil	US$267,000	US$267,000				
	West Capricorn	-	Newbuild					
	West Hercules	Husky	US$531,000					
	West Phoenix [1]	Total	US$529,000					
	West Alpha [1]	Consortium	US$485,000					
	West Aquarius	Exxon	US$529,500					
	West Sirius	Devon	US$473,000					
	West Eminence [2]	Petrobras	US$615,000					07.2015
	West Taurus [2]	Petrobras	US$647,000					02.2015
	West Orion [2]	Petrobras	Newbuild	US$615,000				07.2016
Drillships	West Gemini	-	Newbuild					
	West Polaris	Exxon	US$559,000		US$614,000			
	West Navigator [1]	Shell	US$594,000					
	West Capella	Total	US$546,000					

Yard plus transit period | Contract | Option

[1] Dayrate is partly in Norwegian kroner

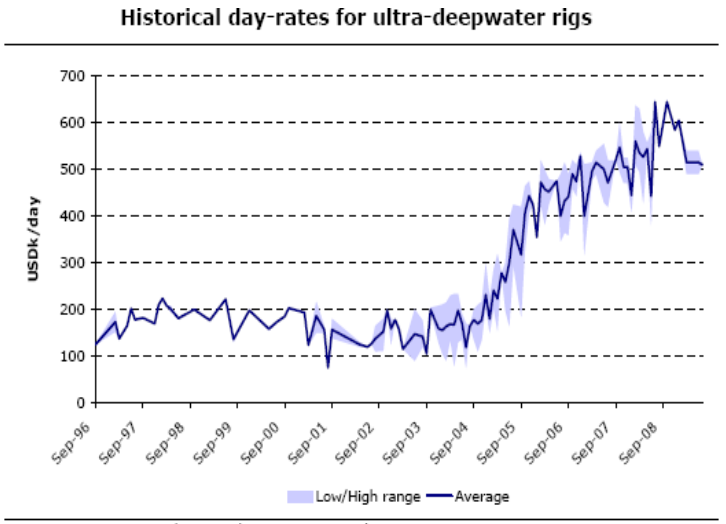
[2] Dayrate is partly in Brazilian Real and include five percent performance incentive as well as estimated compensation for tax

Continued strong earnings visibility



Deepwater market outlook

- Long-term market drivers intact as global oil basins mature and decline rates steepening
- 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
- Brazilian exploration success and pre-salt development



Source: ODS-Petrodata and DnB NOR Markets

Stop in newbuild orders secures balanced market

Contract status jack-ups

	Unit	Customer	2009 1Q	2Q	3Q	4Q	2010 1Q	2Q	3Q	4Q	2011 1Q	2Q	3Q	4Q
Jack-ups	West Epsilon	Statoil	US$325,000											
	West Janus	PCPPOC	US$149,500											
	West Atlas	PTTEP	US$255,000											
	West Triton	PTTEP			US$175,000									
	West Prospero	RSPC					US$196,000							
	West Larissa	VietsoPetro	US$126,000											
	West Ariel	VietsoPetro	US$187,000				US$142,000							
	West Callisto	-	Newbuild at KFELS											
	West Juno	-	Newbuild at KFELS											
	West Leda	-	Newbuild at PPL											

Yard Contract Option not to take delivery

US$365 million order backlog



US$1.7 billion tender rig order backlog

	Unit	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	T8	-	US$125,000					
	T12	-	Newbuild					
	T10 [1]	CarigaliHess	US$90,000					
	T6 [1]	Carigali	US$101,000					
	T7	Chevron	US$64,500					
	T9 [1]	Exxon	US$137,000					
	Teknik Berkat [1]	Petronas Carigali	US$127,000					
	T3 [1]	PTT	US$83,000					
	T11	Chevron	US$134,500					
	T4	Chevron	US$101,000					
Semi-tenders	West Menang	Total	US$99,000					
	West Berani III	-	Newbuild					
	West Berani	ConocoPhillips	US$164,000					
	West Pelaut	Shell	US$140,000					
	West Setia	Chevron	US$164,000					
	West Alliance	Shell	US$99,000	US$170,000				01.2015
	West Vencedor	Chevron	Newbuild	US$210,000				03.2015

Yard plus transit period Contract Option

[1] Ownership 49%

Strong portfolio of term contracts



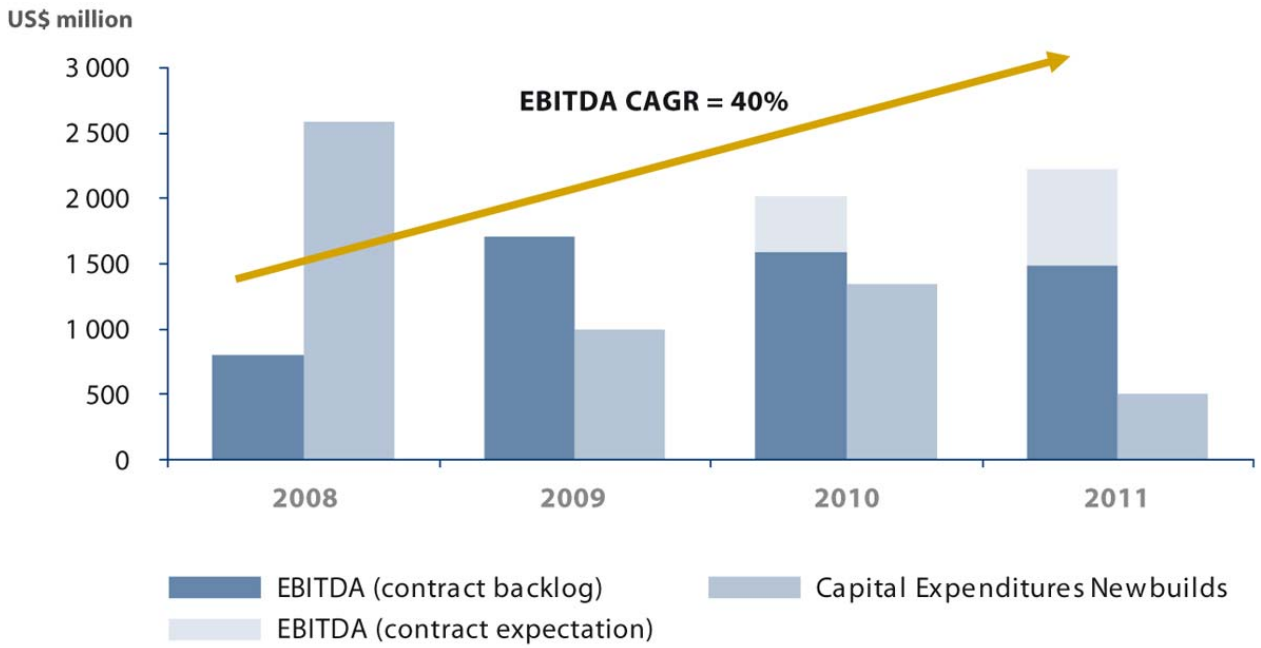
9 remaining newbuilds will deliver growth

- **Deepwater floaters**
  - Drillship West Gemini – 2Q2010
  - Semi West Orion – 2Q2010
  - Semi West Capricorn – 4Q2011
- **Tender rigs**
  - Tender barge T12 – 1Q2010
  - Semi-tender West Vencedor – 1Q2010
  - Semi-tender West Berani III – 1Q2011
- **Jack-ups**
  - West Leda – 3Q2010
  - West Callisto – 3Q2010
  - West Juno – 4Q2010



Transfer of experience ensuring quality delivery and performance

EBITDA growth replacing investments



Majority of EBITDA secured through long-term contracts

* Consensus estimates SME Direkt

Dividend distribution and policy

- Distribution of cash dividend is an important objective
- Resolved to distribute US$0.50 per share
  - Ex. dividend date is November 23, 2009
  - Record date is November 25, 2009
  - Payable date on or about December 7, 2009
- Seadrill sees a strong improvement in the financial markets related to financing of its operations
- Future dividend depends on contract coverage, capital expenditure programs, other investments, free cash flow and business outlook

Ambition to increase dividend on annual basis in 2010

Petromena NOK 2,000 million bond

- Seadrill holds 81 percent of the Petromena NOK2,000 million bond following investment of US$183 million in March
- Secured in the deepwater newbuilds Petrorig 1 and Petrorig 2 that both have been sold to Diamond Offshore
- Expects to receive payments equal to 100% of the principal amount plus 7% early redemption fee and accrued interest including penalty interest
- Total amount to be received is estimated to US$292 million of which US$101 million was distributed in October

Confident in solid return on investment

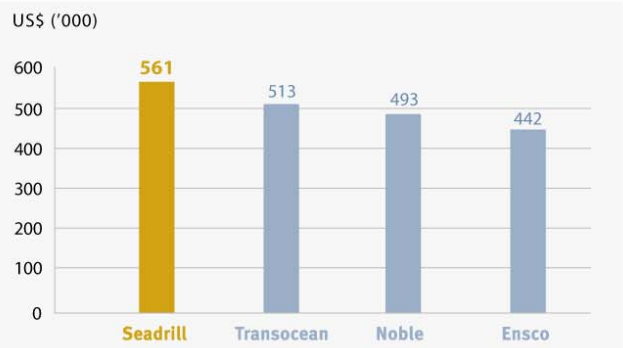
Strategy

- Focus Seadrill on premium deepwater operations
- Entertain further consolidation through M&A activities
- Develop current shareholdings in Pride, Scorpion and Sapura
- Seek alliances for our jack-up exposure
- Leverage the balance sheet and add term and flexibility
- Maintain distribution of cash dividends
- Target US listing within first quarter 2010

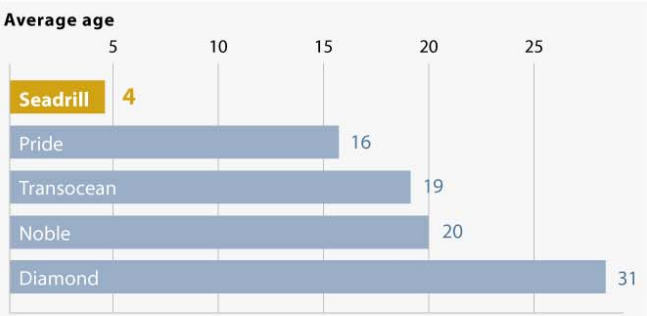
Grow our Company …. build shareholder value

Summary

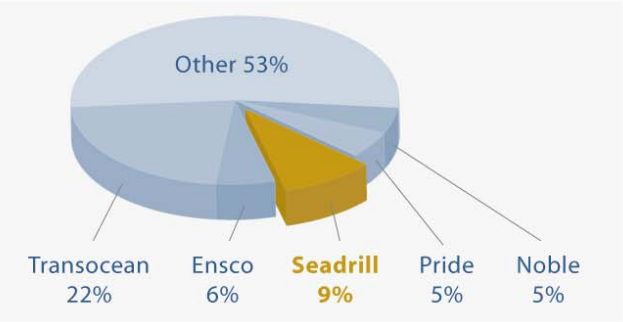
Ultra-deepwater fixtures



Average age floaters



Ultra-deepwater market share



Financial 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
Statoil
Husky Energy
ConocoPhillips
HESS CORPORATION
ExxonMobil
devon
BR PETROBRAS
PETRONAS
Chevron
TOTAL
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