

Conference call 3Q 2010 results

November 30, 2010

Seadrill

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Highlights third quarter 2010

- Net income of US$358m up from US$329m
- EBITDA of US$560m compared to US$493m in the preceding quarter
- Earnings per share up from US$0.77 to US$0.85
- Regular cash dividend up from US$0.61 to US$0.65 per share
- Takeover of Scorpion is completed
- Deepwater units West Orion and West Gemini started operation in Brazil and Angola

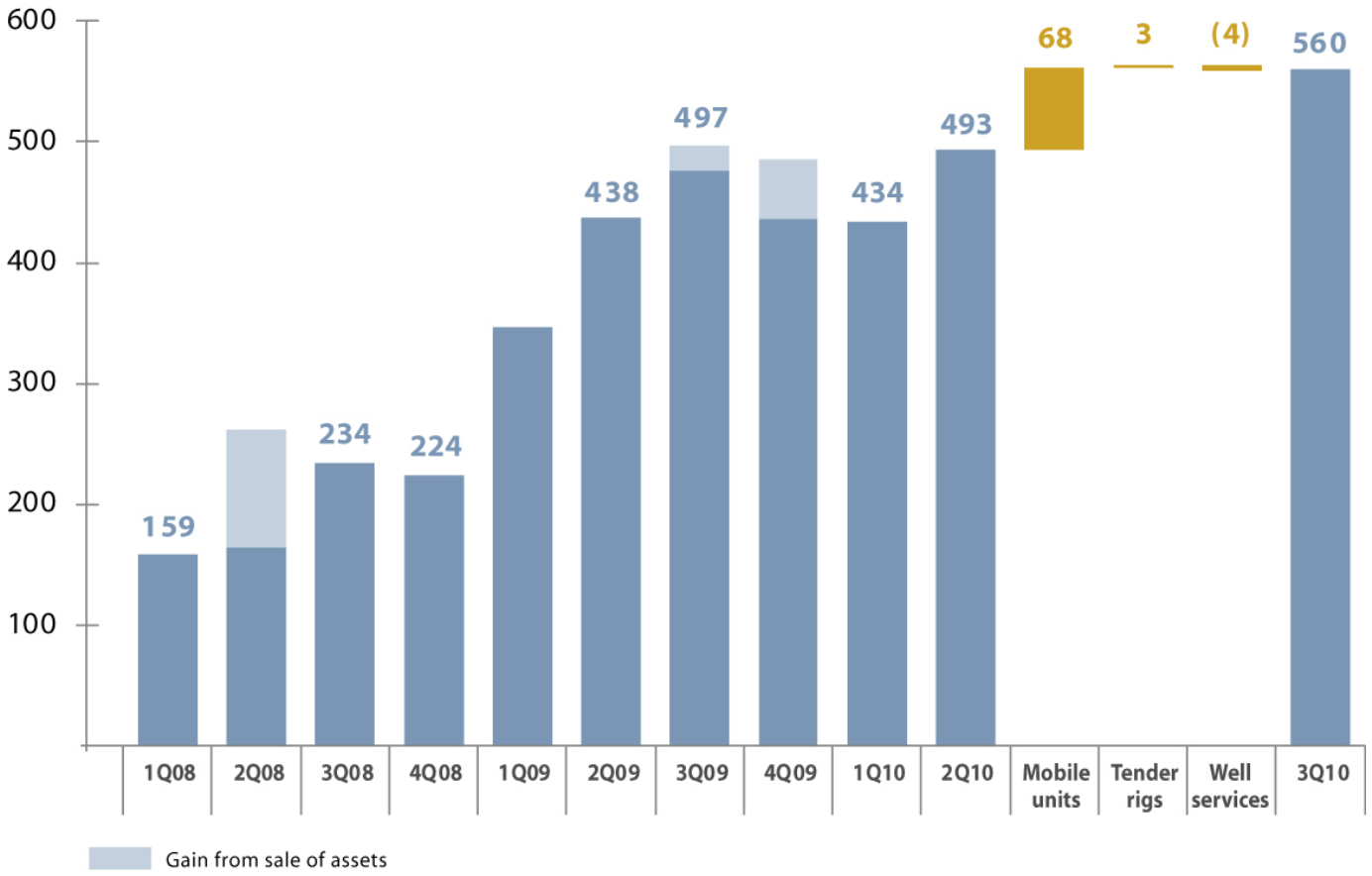
Subsequent events

- US$350m 6.5% bond and US$650m 3.375% convertible bond issued in October
- Orders 2+2 ultra-deepwater drillships at Samsung
- Orders 4+6 benign environment jack-ups from Jurong and Dalian
- Completes US$55m disposal of 1984-built jack-up rig West Larissa
- Seadrill subsidiary Seawell is listed on the Oslo Stock Exchange
- Seadrill acquires the 2009-built 375ft jack-up rig Petrojack IV for US$180m

Financial performance highlights

- Revenue growth continued, Q3/10 at US$1,075m (US$933m in Q2)
- EBITDA US$560m (US$493m in Q2)
- Earnings per share of US$0.85 (US$0.77 in Q2)
- Net operating profit US$431m (US$383m in Q2)
- Financial items minus US$33m (US$0 in Q2)
- Cash flow from operating activities US$390m (US$323m in Q2)
- Dividend US$0.65 per share or US$268m

EBITDA contribution



Total Seadrill

Unaudited accounts in USD millions	3Q10	2Q10	1Q10
Operating revenues	1,011	886	810
Reimbursables	60	39	34
Other revenues	4	8	10
Total operating revenues	1,075	933	853
Vessel and rig operating expenses	414	364	351
Reimbursable expenses	56	37	31
Depreciation and amortisation	129	110	103
General and administrative expenses	45	39	36
Total operating expenses	644	550	522
Net operating income	**431**	**384**	**332**

Total Seadrill

Unaudited accounts in USD millions	3Q10	2Q10	1Q10
Net operating income	**431**	**384**	**332**
Financial items			
Interest income	9	9	19
Interest expense	-98	-58	-48
Share in results from associated companies	15	5	18
Gain related to acquisition of Scorpion	0	167	0
Other financial items	41	-123	-75
Total financial items	**-33**	**0**	**-86**
Income before income taxes	**398**	**384**	**246**
Income taxes	41	54	29
Net income	**357**	**330**	**217**
Earnings per share (US dollar)	0.85	0.77	0.49

Assets

Unaudited accounts in USD millions	**30.09.10**	**30.06.10**	**31.03.10**
Current assets			
Cash (incl restrictive)	724	893	449
Marketable securities	524	408	708
Accounts receivable	574	536	402
Other current assets	766	578	611
Total current assets	2,587	2,415	2,170
Non-current assets			
Investments in associated companies	223	212	317
Newbuildings	910	2,127	1,347
Drilling units	10,504	8,997	7,782
Goodwill	1,601	1,571	1,586
Other non-current assets	596	572	578
Total non-current assets	13,834	13,479	11,610
Total assets	**16,421**	**15,894**	**13,780**

Liabilities and Shareholders Equity

Unaudited accounts in USD millions	**30.09.10**	**30.06.10**	**31.03.10**
Current liabilities			
Current portion of long-term debt	1,717	1,356	825
Other current liabilities	1,446	1,720	1,158
Total current liabilities	3,163	3,076	1,983
Non-current liabilities			
Long-term interest bearing debt	7,377	7,239	6,706
Long-term debt to related party	435	0	0
Other non-current liabilities	397	339	340
Total non-current liabilities	8,209	7,578	7,046
Shareholders' equity	5,049	5,240	4,751
Total shareholders' equity	5,049	5,240	4,751
Total liabilities and shareholders' equity	**16,421**	**15,894**	**13,780**

Worldwide operations

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

GoM - 1 unit
- 1 Semi

South America - 7 units
- 3 Semis
- 1 Drillship
- 3 Jack-ups

Africa - 5 units
- 2 Drillships
- 3 Semi-tenders

Middle East - 2 units
- 2 Jack-ups



Newbuilds - 10 units
- -1 Semi
- -2 Drillships
- - 1 HE jack-up
- - 5 BE jack-ups
- - 1 Semi-tender

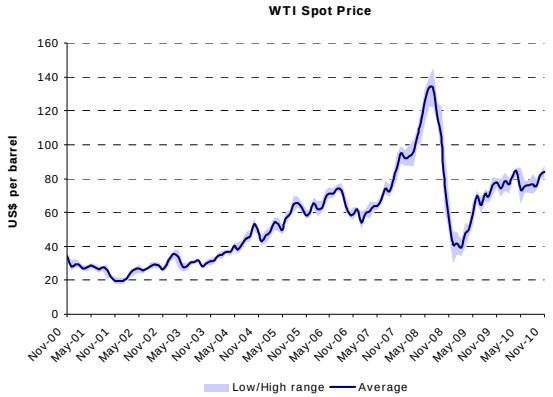
Southeast Asia - 2 units
- 2 Semis

Southeast Asia - 22 units
- 3 Semi-tenders
- 10 Tender rigs
- 9 Jack-ups

Operating in all important oil and gas regions

Market view

- Market prospects suggest stable or increasing oil prices
- Decreasing production triggers more drilling in existing reservoirs
- Exploration for oil reserves takes place in more challenging areas



- Macondo and Montara spills remind industry of risks involved
- Stricter regulations & new standards will increase #days required to drill deepwater wells
- Significant exploration success in new areas will lead to growth in development activities

Oil industry requires more advanced rigs

Seadrill orders six newbuilds in 4Q 2010

- 2 ultra-deepwater units
  - Samsung design
  - 12,000ft water depth capacity
  - Total project cost per rig US$600 million
  - Delivery scheduled in 1Q/2013 and 2Q/2013
  - Options for two additional units



- 4 benign environment jack-ups
  - Friede & Goldman JU2000E design
  - 400ft water depth capacity
  - Delivery scheduled 4Q/2012 and 1Q/2013
  - Options for six additional units



US$2 billion in new premium exposure

New ultra-deepwater drillships with increased capacities

	West Gemini	New drillships
Water depth	10,000ft	12,000ft
Riser	7,000ft	10,000ft
Top-drive / Hook load	1,000 st	1,250 st
Compensator main derrick	500 st	750 st
BOP	6 rams	7 rams
Accommodation	180 people	200 people
Crane capacity	-	Additional gantry crane
Mud system	Manual	Automated

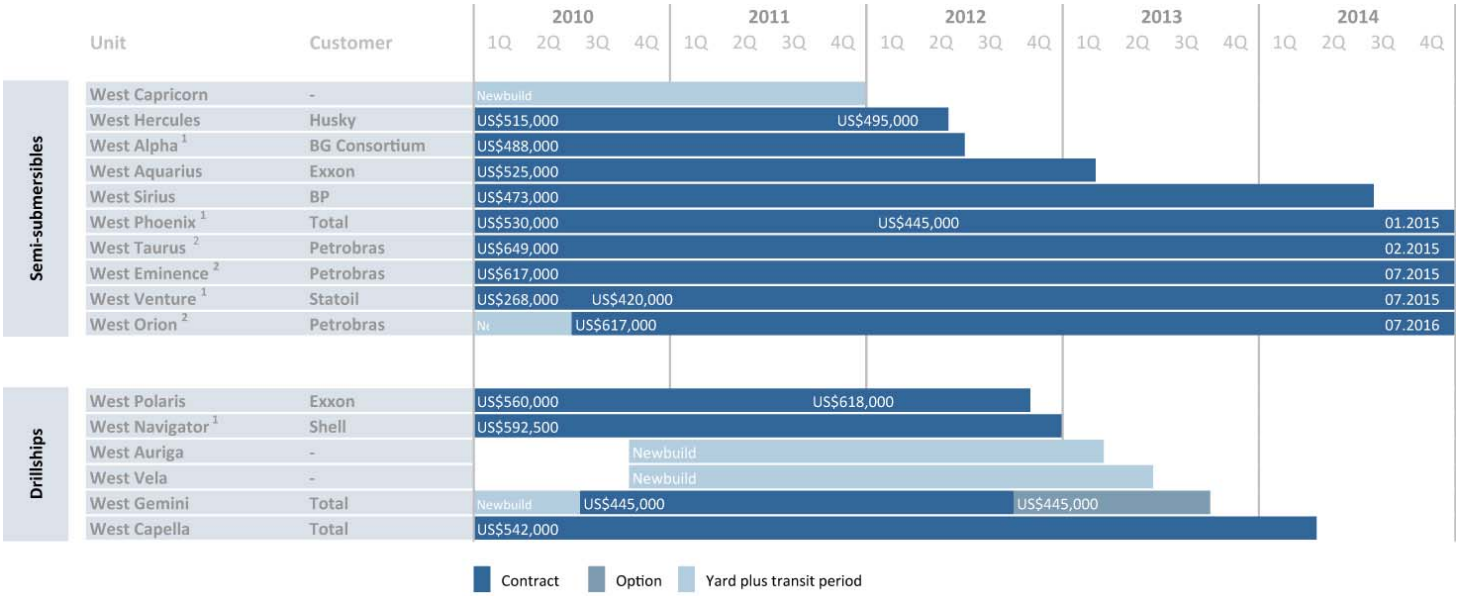
Stricter requirements … better rigs required

New jack-up rigs with increased operational capacities

	MOD V B	JU 2000E
Operating area	Benign waters (0 deg C)	Southern North Sea (-20 deg C)
Water depth	400ft	400ft
Hook load	750 st	1000 st
Cantilever combined loads	1,250 st @ 18 m extension	1,360 st @ 21m extension
Variable deck-load	3,750 st	4,150 st
Accommodation	112 people	120 people
Pipe handling storage area	404 m^2	694 m^2
Jacking system	Limited	Jacking with 100% preload
Liquid Storage	• Fuel - 353 m^3 • Liquid Mud - 418 m^3 • Drill Water - 442 m^3 • Pot Water - 236 m^3	• Fuel - 660 m^3 • Liquid Mud - 775 m^3 • Drill Water - 1,584 m^3 • Pot Water - 545 m^3
Pipe handling	Largely manual	Fully automated
Offline stand building	Limited and manual	Fully automated and independent

Enhanced capabilities … attractive economics

US$8.5 billion contract backlog - Floaters



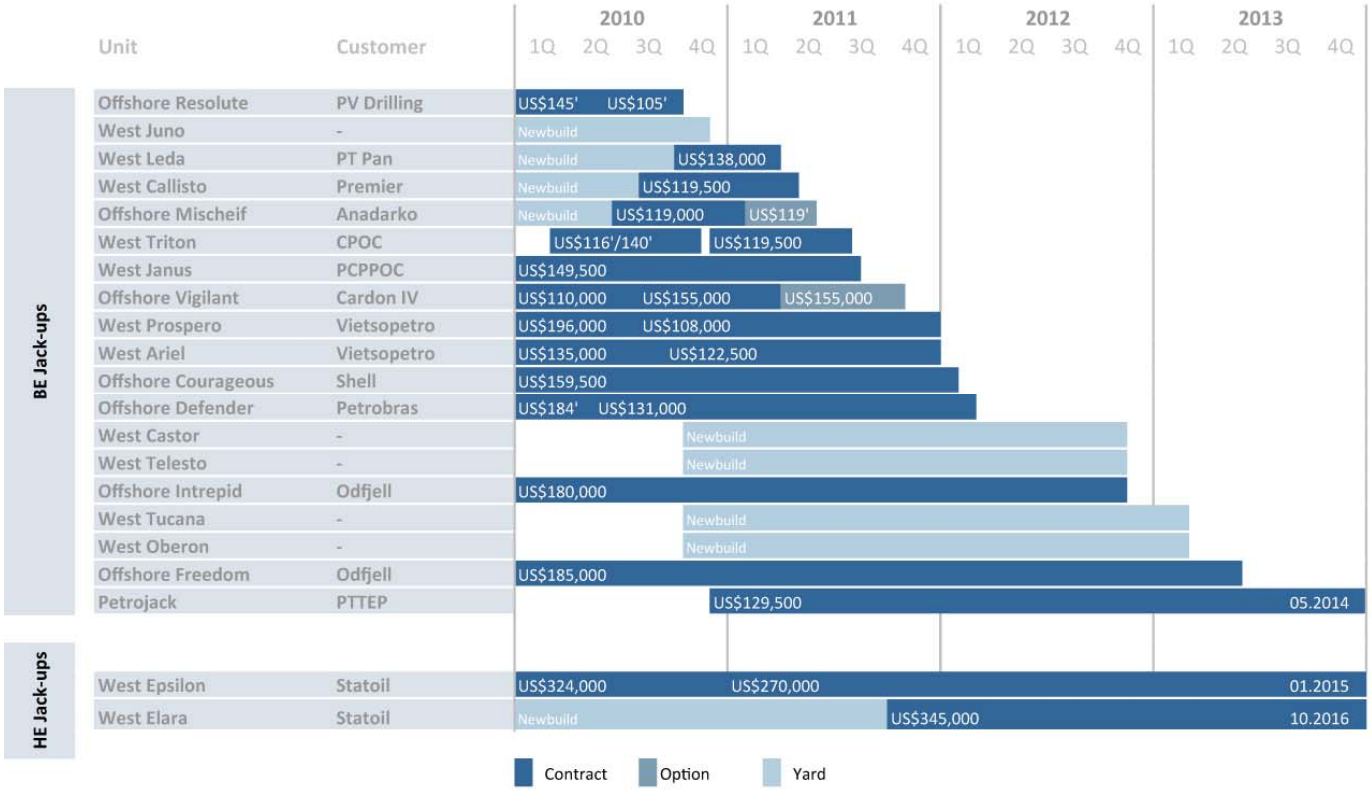
[1] Dayrate is partly in Norwegian kroner

[2] Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax. Dayrate will in the accounts be booked partly net of tax.

Superb earnings visibility



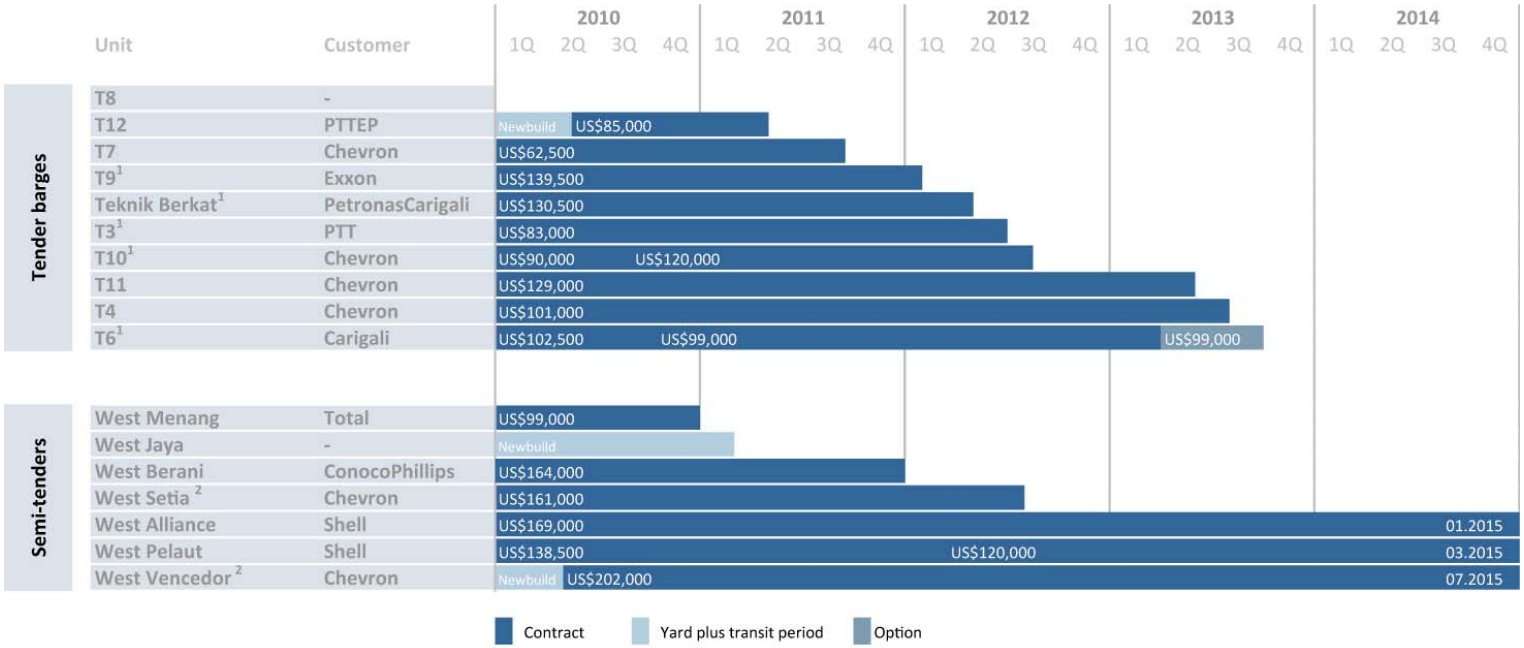
US$2 billion contract backlog - Jack-ups



Sound market outlook for premium rigs



US$1.5 billion contract backlog - Tender rigs



[1] Ownership 49%

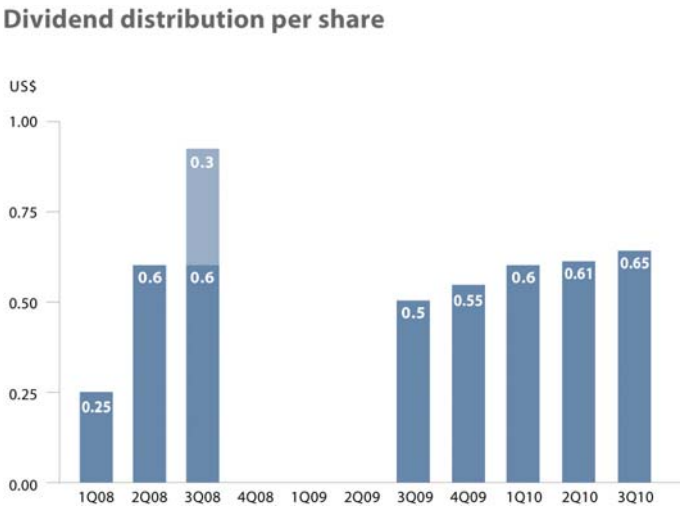
[2] Dayrate is partly in Euros

Improved market conditions



Dividend distribution and policy

- Dividend resolved at US$0.65 per share
- Increase reflects strong earnings visibility and increasing free cash flow
- Future dividend depends on:
  - Debt leverage
  - Contract coverage
  - Capital expenditure programs and other investments
  - Free cash flow
  - Business outlook
- Distribution of cash dividend is a key objective



	Cash dividend per share US$	EX dividend date	Payable date
3Q 2010	0.65	Dec 16, 2010	Dec 30, 2010
2Q 2010	0.61	Sep 8, 2010	Sep 24, 2010
1Q 2010	0.60	Jun 15, 2010	Jul 2, 2010
4Q 2009	0.55	Mar 15, 2010	March 26, 2010
3Q 2009	0.50	Nov 23, 2009	Dec 7, 2009

Ambition to increase regular dividend on annual basis

Seadrill is uniquely positioned

- Brand new fleet of rigs (supplemented by newbuild orders)
- Sound operations
- Global presence
- Strong contract backlog and earnings visibility
- Unique bank relationships
- Confidence and trust from the equity markets
- Track record of accretive investments and M&A transactions

Strong market fundamentals … encouraging prospects

Asset portfolio

Core fleet – 43 units built after 2000 | 11 built before 2000



14 Ultra-Deepwater Units + 1 Deepwater Unit | 1 Mid-water semi



19 High Specification Jack-ups | 2 Jack-ups



9 Tender Rigs | 8 Tender Rigs

Shareholdings

PRIDE — 9.4% of Pride (MV - US$518m)

SapuraCrest Petroleum — 23.6% of Sapura Crest (MV - US$253m)

SEAWELL — 52.3% of Seawell (MV - US$663m)

SEAHAWK DRILLING — 9.3% of Seahawk (MV - US$9m)