

Conference call – Q3 2011 results

November 30, 2011

Seadrill

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- New contracts and fleet status
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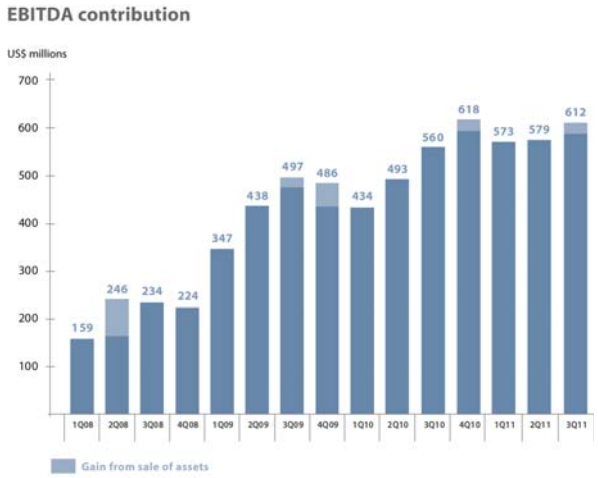
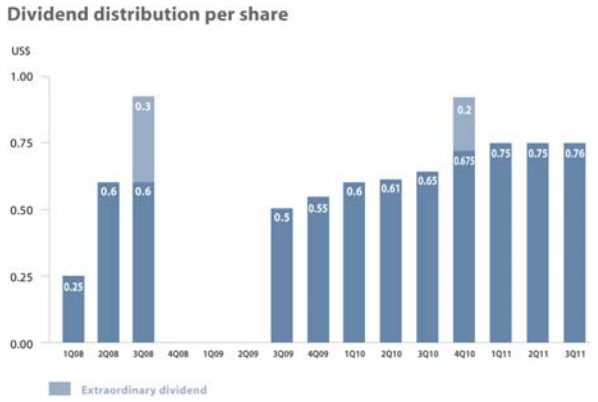
6th gen. semi-submersible rig West Capricorn

Highlights – Third quarter 2011

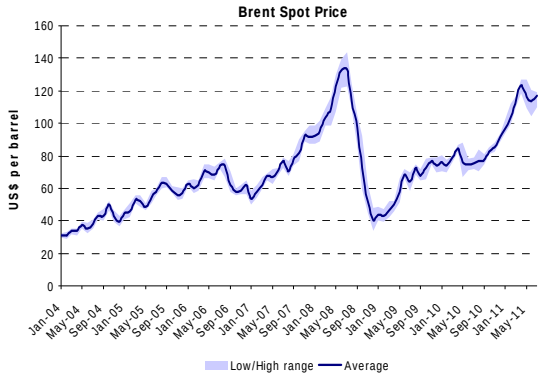
- Seadrill generates third quarter 2011 EBITDA of US$612 million
- Strong economic utilization of rig fleet maintained
- Earnings adversely impacted by loss on interest rate swaps following drop in interest rate levels
- Seadrill reports third quarter 2011 net income of US$58 million and earnings per share of US$0.07
- Seadrill resolves quarterly cash dividend per share of US$0.76

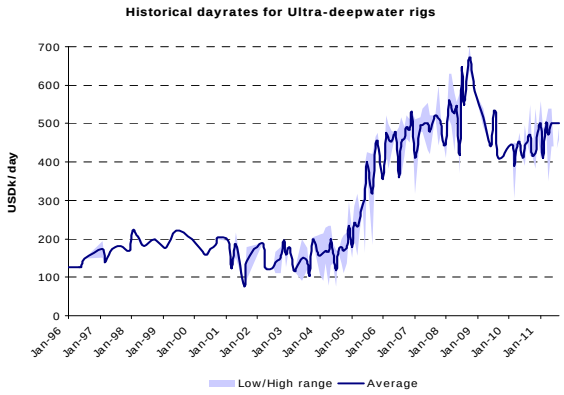




Market fundamentals

- Oil prices remain at historically high levels
- Higher growth in E&P spending
- Industry focused on new equipment continues in all markets segments
- Utilization is increasing for all asset classes
- Significant increase in tenders and requests from customers
- Market poised to see higher daily rates for ultra-deepwater units





Strong demand for quality equipment

Highlights – New ultra deepwater contracts

	 West Hercules	 West Capricorn	 West Leo	 West Aquarius
Dayrate	US$500,000	US$487,500	US$510,000-561,000	US$530,000
Contract term	4+1 years	5+2 years	1 year	2+2 years
Rig type	Semi	Semi	Semi	Semi
Area	Norway	US GoM	Ghana	Canada
Customer	Statoil	TBA	Tullow	ExxonMobil

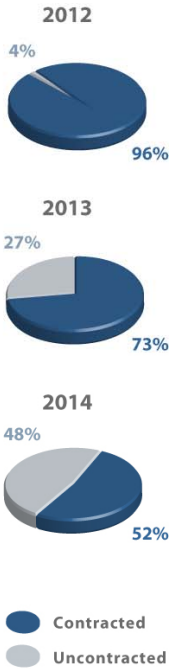
Daily rates reflecting a tighter market

US$9.3 billion contract backlog - Floaters

	Unit	Customer	2011 1Q 2Q 3Q 4Q	2012 1Q 2Q 3Q 4Q	2013 1Q 2Q 3Q 4Q	2014 1Q 2Q 3Q 4Q	2015 1Q 2Q 3Q 4Q
Semi submersibles	West Leo	Tullow Oil	Newbuild	Transit US$510-561,000			
	West Alpha [1,4]	BG Consortium / ExxonMobil	US$509,000	US$483,000	US$483,000		
	West Sirius	BP	US$474,000				
	West Phoenix [1,4]	Total	US$553,000	US$445,000			
	West Taurus [2,3]	Petrobras	US$650,000				
	West Aquarius	ExxonMobil	US$526,000		Transit US$530,000		
	West Eminence [2,3]	Petrobras	US$618,500				
	West Venture [1,4]	Statoil	US$444,000				
	West Orion [2,3]	Petrobras	US$618,500				07.2016
	West Pegasus	PEMEX	Newbuild Transit	US$465,000	Market rate		08.2016
	West Hercules [1,3]	Husky / Statoil	US$515,000	US$495,000	Transit US$500,000		09.2016
	West Capricorn	Undisclosed	Newbuild	Transit US$487,500			05.2017
Drillships	West Polaris	ExxonMobil	US$562,000	US$611,000			
	West Navigator [1,4]	Shell	US$618,000				
	West Auriga	-	Newbuild				
	West Vela	-	Newbuild				
	West Tellus	-	Newbuild				
	West Gemini	Total	US$442,000	US$442,000			
	West Capella	Total	US$544,000				

Contract | Option | Yard plus transit period

[1] Dayrate is partly in Norwegian kroner (USD /NOK 5.50)
[2] Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax.
[3] Dayrate will in the accounts be booked partly net of service tax.
[4] Ownership 75%



Staggered contract portfolio offers flexibility



Highlights - Jack-up contracts

	 West Ariel	 West Callisto	 West Prospero
Dayrate	US$129,000	US$135,000	US$129,000
Contract term	1 year	5 months	1 year
Area	Vietnam	Andaman Sea	Vietnam
Customer	VSP	Total	VSP

Sound demand for premium jack-ups

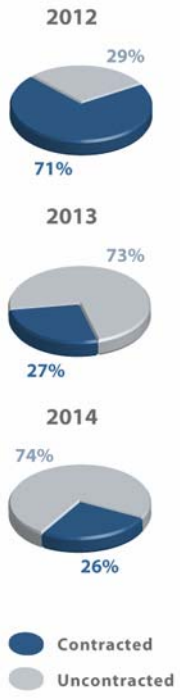
US$2.5 billion contract backlog - Jack-ups

	Unit	Customer	2011 1Q 2Q 3Q 4Q	2012 1Q 2Q 3Q 4Q	2013 1Q 2Q 3Q 4Q	2014 1Q 2Q 3Q 4Q
BE Jack-ups	West Leda	PTTEP	US$138'	US$130,000		
	Offshore Mischief	Anadarko	US$119,000			
	Offshore Defender	Petrobras	US$131,000			
	West Callisto	Premier	US$119,500	US$135'		
	Offshore Vigilant	BHP	US$155,000	US$133' US$140,000		
	West Tucana	-	Newbuild			
	West Telesto	-	Newbuild			
	Offshore Intrepid	Odfjell	US$180,000			
	West Prospero	Vietsopetro	US$108,000	US$129,000		
	West Ariel	Vietsopetro	US$122,500	US$129,000		
	Offshore Courageous	Shell	US$159,500	US$134,500		
	West Castor	-	Newbuild			
	West Oberon	-	Newbuild			
	Offshore Freedom	Odfjell	US$185,000			
	West Cressida	PTTEP	US$129,500			
	West Triton	CPOC / KJO	US$119,500	US$145,000		02.2015
	Offshore Resolute	BHP / Santos / KJO	US$128' US$135'	135' US$140,000		04.2015
HE Jack-ups	West Epsilon [1,2]	Statoil	US$289,000			
	West Elara [1,2]	Statoil	Newbuild Transit	US$365,000		11.2016
	West Linus [1,2]	ConocoPhillips	Newbuild	Transit	US$367,000	12.2018

Contract Option Yard plus transit period

[1] Ownerhsip 75%

[2] Dayrate is partly in Norwegian kroner (USD/NOK 5.50)



A strong mix of short and long-term contracts

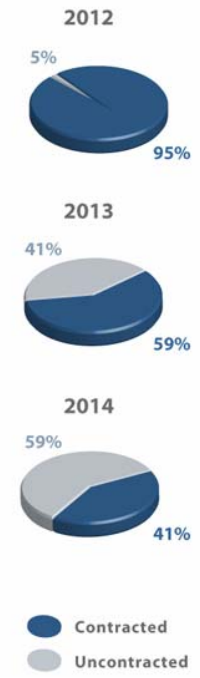


US$1.7 billion contract backlog - Tender rigs

	Unit	Customer	2011	2012	2013	2014	2015
Tender barges	T7	Chevron	US$64,000 US$88,000				
	T17	-	Newbuild				
	T11	Chevron	US$132,500				
	T4	Chevron	US$106,000				
	T12	Chevron	US$85' US$120,000		US$120,000	04.2016	
	T15	Chevron	Newbuild		US$115,500	03.2018	
	T16	Chevron	Newbuild		US$115,500	06.2018	
Semi-tenders	West Setia [2]	Chevron	US$167,000				
	West Berani	ConocoPhillips/Chevron	US$164,000	US$170,000			
	West Menang	Murphy		US$160,000			
	West Esperanza	-	Newbuild				
	West Jaya	BP	Transit	US$165,000	US$173,000	US$178,000	
	West Alliance	Shell	US$171,000				
	West Pelaut	Shell	US$138,500	US$120,000			
	West Vencedor [2]	Chevron	US$210,000				

Contract Option Yard plus transit period

[2] Dayrate is partly in Euros (EUR/USD 1.40)



Effective units ... support strong EBITDA margins



US$950 million senior secured bank facilities

New West Capricorn facility

- Loan amount: US$550 mill.
- Tenor: 5 years
- Profile: 10 years
- Security: UDW rig West Capricorn
- Margin: In line with previous credit facilities
- Covenants: In line with previous credit facilities

New Jack-up facility

- Loan amount: US$400 mill.
- Tenor: 5 years
- Profile: 10 years
- Security: 4 jack-ups
- Margin: In line with previous credit facilities
- Covenants: In line with previous credit facilities

Attractive long term financing in place

Seadrill is uniquely positioned

- Diverse versatile fleet of brand new rigs
- Strong and steady operational performance
- Significant improved market conditions for ultra-deepwater units
- Operations expanding to new countries and geographical regions
- Record high order backlog and earnings visibility
- Debt financing for premium assets is available





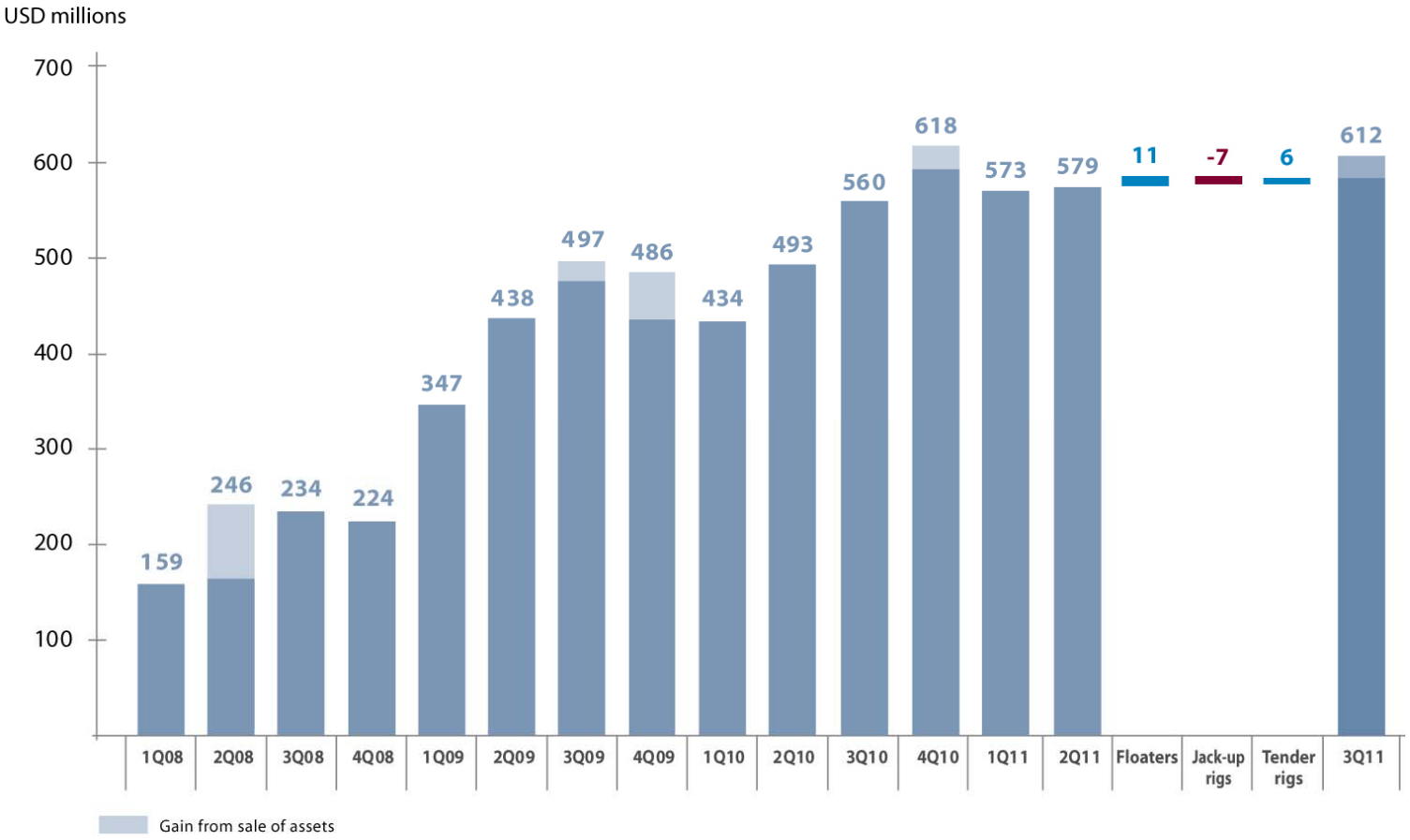


Earnings visibility supports payment of cash dividends

Financial performance highlights

	This quarter	Previous quarter
EBITDA	US$612m	US$579m
Earnings per share	US$0.07	US$1.34
Operating profit	US$480m	US$430m
Financial items	US$-372m	US$264m
Cash flow from operating activities	US$627m	US$253m
Dividend declared per share	US$0.76	US$0.75

EBITDA contribution



Operating Income

Total Seadrill

Unaudited accounts in USD millions	3Q11	2Q11	1Q11	4Q10
Operating revenues	1 007	968	1 081	1 105
Reimbursables	24	24	26	60
Other revenues	-2	3	3	4
Total operating revenues	1 029	995	1 110	1 169
Gain on sale of assets	23	0	0	26
Vessel and rig operating expenses	367	352	460	465
Reimbursable expenses	22	22	25	54
Depreciation and amortisation	132	148	143	139
General and administrative expenses	51	43	52	58
Total operating expenses	572	565	680	716
Net operating income	**480**	**430**	**430**	**479**

Net Income

Total Seadrill

Unaudited accounts in USD millions	3Q11	2Q11	1Q11	4Q10
Net operating income	**480**	**430**	**430**	**479**
Financial items				
Interest income	5	5	6	6
Interest expense	-64	-80	-77	-109
Share in results from associated companies	26	17	19	10
Gain on derivatives	-330	-90	41	77
Other financial items	-9	412	515	-160
Total financial items	**-372**	**264**	**504**	**-176**
Income before income taxes	**108**	**695**	**934**	**303**
Income taxes	-50	-50	-48	-35
Net income	**58**	**645**	**886**	**268**
Earnings per share (US dollar)	0.07	1.34	1.98	0.61

Operating Income - Floaters

Floaters

Unaudited accounts in USD millions	3Q11	2Q11	1Q11	4Q10
Operating revenues	674	640	624	616
Reimbursables	18	11	17	11
Other revenues	2	10	9	10
Total operating revenues	694	661	650	637
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	205	197	205	191
Reimbursable expenses	17	10	16	9
Depreciation and amortisation	89	86	89	84
General and administrative expenses	34	27	28	31
Total operating expenses	345	320	338	315
Net operating income	**349**	**341**	**312**	**322**

Operating Income – Jack-up rigs

Jack-up rigs

Unaudited accounts in USD millions	3Q11	2Q11	1Q11	4Q10
Operating revenues	188	191	204	181
Reimbursables	4	7	2	7
Other revenues	-6	-6	-6	-6
Total operating revenues	186	192	200	182
Gain on sale of assets	23	0	0	26
Vessel and rig operating expenses	95	91	89	92
Reimbursable expenses	3	6	2	5
Depreciation and amortisation	31	37	34	33
General and administrative expenses	9	9	11	12
Total operating expenses	138	143	136	142
Net operating income	**71**	**49**	**64**	**66**

Operating Income – Tender rigs

Tender rigs

Unaudited accounts in USD millions	3Q11	2Q11	1Q11	4Q10
Operating revenues	146	137	126	136
Reimbursables	2	5	3	2
Other revenues	0	0	0	0
Total operating revenues	148	142	129	138
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	68	66	56	41
Reimbursable expenses	1	4	3	1
Depreciation and amortisation	12	25	13	15
General and administrative expenses	7	7	8	6
Total operating expenses	88	102	80	63
Net operating income	**60**	**40**	**49**	**75**

Seadrill Balance Sheet

Assets

Unaudited accounts in USD millions	30.09.11	30.06.11
Current assets		
Cash (incl restrictive)	705	658
Marketable securities	32	40
Accounts receivable	692	759
Other current assets	454	508
Total current assets	1 883	1 965
Non-current assets		
Investments in associated companies	1 156	947
Newbuildings	2 315	2 519
Drilling units	11 112	10 795
Goodwill	1 320	1 320
Other non-current assets	535	577
Total non-current assets	16 438	16 158
Total assets	**18 321**	**18 123**

Seadrill Balance Sheet

Liabilities and Shareholders Equity

Unaudited accounts in USD millions	30.09.11	30.06.11
Current liabilities		
Current portion of long-term debt	1 047	977
Other current liabilities	1 412	1 089
Total current assets	2 459	2 066
Non-current liabilities		
Long-term interest bearing debt	8 378	8 264
Long-term debt to related party	435	435
Other non-current liabilities	277	281
Total non-current liabilities	9 090	8 980
Temporary non-controlling interest	0	0
Shareholders' equity	6 772	7 077
Total shareholders' equity	6 772	7 077
Total liabilities and shareholders' equity	**18 321**	**18 123**

North Atlantic Drilling

Financial reporting highlights

	This quarter	Previous quarter
EBITDA	US$142m	US$148m
Earnings per share	US$0.045	US$0.07
Operating profit	US$108m	US$113m
Financial items	US$(57)m	US$(34)m
Cash flow from operating activities	US$97m	US$55m
Dividend declared per share	US$0.040	US$0.035

North Atlantic Drilling

Operating Income

Total North Atlantic

Unaudited accounts in USD millions	3Q11	2Q11
Operating revenues	229	218
Reimbursables	12	6
Other revenues	3	9
Total operating revenues	**243**	**233**
Gain on sale of assets	0	0
Vessel and rig operating expenses	81	72
Reimbursable expenses	11	6
Depreciation and amortisation	34	35
General and administrative expenses	9	8
Total operating expenses	**135**	**120**
Net operating income	**108**	**113**

North Atlantic Drilling

Net Income

Total North Atlantic

Unaudited accounts in USD millions	3Q11	2Q11
Net operating income	**108**	**113**
Financial items		
Interest income	1	2
Interest expense	-22	-21
Loss on derivatives	-41	-4
Other financial items	5	-11
Total financial items	**-57**	**-34**
Income before income taxes	**51**	**79**
Income taxes	-7	-9
Net income	**44**	**70**
Earnings per share (US dollar)	0.045	0.070

North Atlantic Drilling

Balance Sheet

Assets

	September 30, 2011	June 30, 2011
Current assets		
Cash and cash equivalents	6	118
Restricted cash	23	21
Accounts receivables, net	151	133
Seadrill receivables	167	263
Deferred tax assets	10	10
Other current assets	57	31
Total current assets	**414**	**575**
Non-current assets		
Newbuildings	505	230
Drilling units	2 030	2 026
Restricted cash	77	84
Goodwill	481	481
Deferred tax assets	25	27
Other non-current assets	123	130
Total non-current assets	**3 240**	**2 978**
Total assets	**3 654**	**3 552**

North Atlantic Drilling

Balance Sheet

Liabilities and Shareholders Equity

	September 30, 2011	June 30, 2011
Current liabilities		
Current portion of long-term debt	184	185
Seadrill liabilities	30	114
Tax payable	195	198
Deferred taxes	8	11
Other current liabilities	155	99
Total current liabilities	**572**	**606**
Non-current liabilities		
Long-term interest bearing debt	2 479	2 327
Deferred taxes	31	30
Pension liabilities	25	27
Other non-current liabilities	19	20
Total non-current liabilities	**2 554**	**2 404**
Equity		
Total shareholders' equity	**529**	**543**
Total liabilities and shareholders' equity	**3 654**	**3 552**



North Atlantic Drilling

Relevant Tax events

- **Increase in corporate income tax rate for Svalbard from 16% to 28%**
  - Transfer of remaining two rigs out of Svalbard in 2011
  - Acceleration of deferred income tax in 2010 and 2011 tax filings
    - US$167 million in capital gains taxes payable in 2011 and 2012
    - amortized in the P/L over the remaining lifetime of the rigs
  - These actions save the Company some US$448 million in future tax on operating income

- **Tax claim from Norwegian Tax Office (tax audit in 2009)**
  - The tax claim mainly related to capital gains in connection with subsidiaries which relocated to Svalbard in 2007
  - Disclosed in Seadrill's 20F, April 2011. Also referred to in the presentations in February 2011
  - Net maximum exposure increased from US$190 million to a total of US$263 million due to Tax Office's most recent claim that relocation did not happen until "year end 2008"
  - The Company maintains its previous position that the Tax Office's claims are unjustified and will vigorously appeal against the position of the Tax Office in the applicable courts

Asset portfolio

Core fleet – **50 units built** after Y2000

10 built before Y2 000



17 Ultra-Deepwater Units + 1 Mid-water semi

1 Mid-water Semi



20 High Specification Jack-ups

2 Jack-ups



13 Tender Rigs

7 Tender Rigs

Shareholdings

ENSCO

3.5% of Ensco (MV - US$387m)

SapuraCrest Petroleum

23.6% of Sapura Crest (MV - US$392m)

Archer

39.9% of Archer (MV - US$452m)

Asia Offshore Drilling

33.75% of AOD (MV - US$62m)