

Conference call – 1Q 2012 results

May 14, 2012

Seadrill

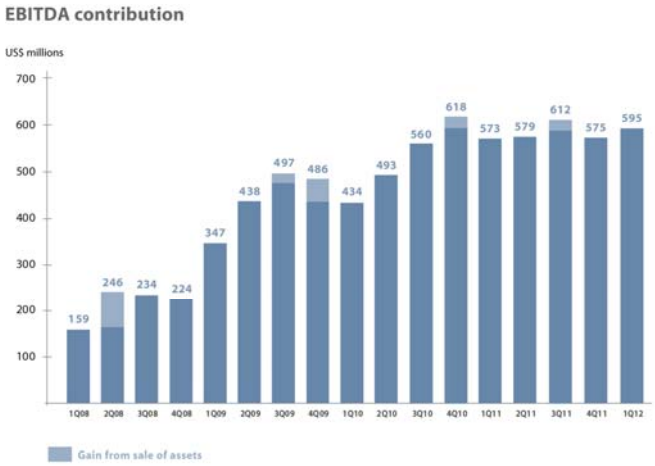
Contents

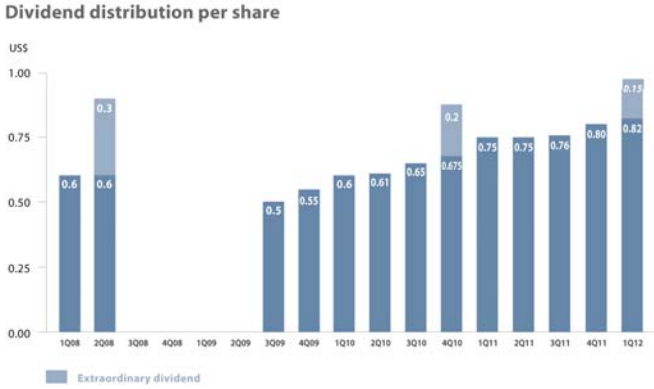
- Highlights 1Q 2012
- Market prospects
- New investments
- Contract backlog
- 1Q 2012 accounts
  - Seadrill
  - North Atlantic Drilling
- Q&A session



Highlights – First quarter 2012

- Seadrill generates fourth quarter 2012 EBITDA of US$595 million
- Seadrill reports first quarter 2012 net income of US$439 million and earnings per share of US$0.89
- Continued strong operational performance
- Seadrill increases regular quarterly cash dividend per share from US$0.80 to US$0.82
- Seadrill resolves to pay a one-off dividend of US$0.15 per share
- Six newbuilds ordered year to date, five UDW rigs and one tender rig with total value US$3.2 billion







Highlights - Market trends

- *Ultra-deepwater international*
  - Significant exploration successes continue
  - Activity expanded to new regions and countries
  - Limited rig availability in the next two years
  - Daily rates continuing higher – exceeding US$600,000
  - Clients willing to commit to available rigs in 2014 and beyond
  - Increased demand for semi-subs with flexible positioning/mooring systems



- *Harsh environment units*
  - Significant discoveries in Norway in particular
  - Frontier artic areas receiving greater attention
  - Ageing fleet – newbuilds replacing existing rigs



- *Tender rigs*
  - Strong demand for modern equipment
  - Daily rates have increased
  - Newbuilds ordered against contracts
  - Newbuild prices slightly up



- *Jack-up rigs international*
  - Limited amount of stacked rigs coming back into the market
  - Newbuilds absorbed by the market
  - Slight increase in daily rates – longer duration
  - Newbuild prices have increased



Demand outpacing supply … very few rigs available until 2013

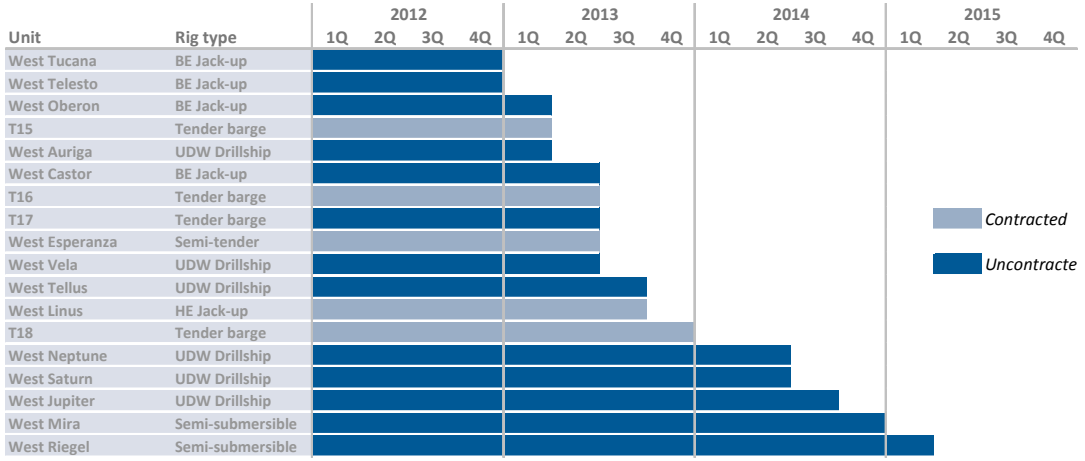
Highlights – Newbuild orders

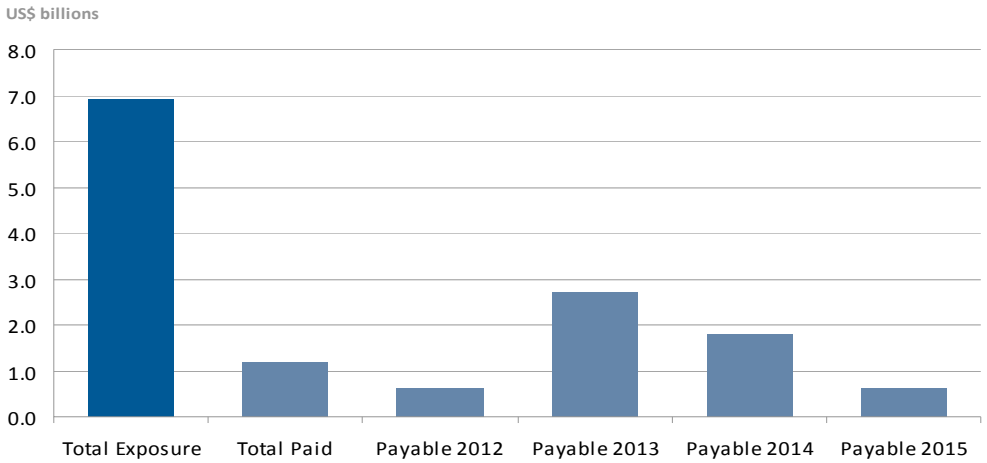
Newbuild orders since last reporting:

- 1 Ultra-deepwater Drillship at Samsung
  - Design: Samsung
  - All-in cost: US$600 million
  - Delivery: 2Q 2014
  - Water depth capacity: 12,000 ft
  - BOP: 7 rams
- 2 HE semi-submersible rigs at Jurong and Hyundai
  - Design: Moss CS 60, N class complaint
  - All-in cost: US$650 million
  - Delivery: 4Q 2014 and 1Q 2015
  - Water depth: 10,000 ft
  - BOP: 7 rams
- 1 Tender rig at Cosco
  - All-in cost: US$135 million
  - Delivery: 4Q 2013
  - Water depth: 10,000 ft

Addition of US$1.9 million in dayrate potential

Highlights – Newbuilding programme





EBITDA growing from US$2.4 billion to US$4 billion

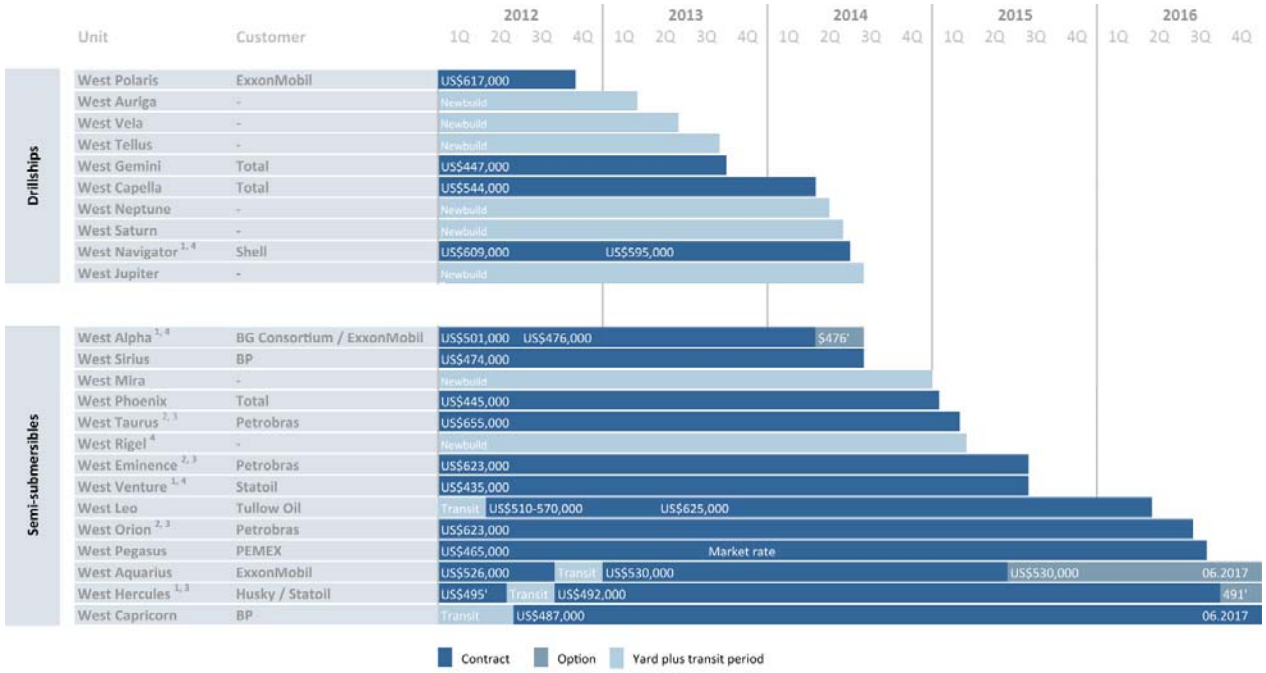
Higlights – Recent contracts

	 West Leo	 West Alpha	 West Callisto	 West Menang	 T-18
Dayrate	US$649,000*	US$476,000	US$150,000	US$182,000	US$127,000
Contract term	3 years	0.3 years	3 years	0.5 years	5 years
Rig type	Semi-sub	Semi-sub	Jack-up	Semi-tender	Tender
Area	Ghana	Norway	Saudi Arabia	Malaysia	Thailand
Customer	Tullow Oil	ExxonMobil	Saudi Aramco	Murphy	Chevron

Visibility at attractive terms & conditions

* At 97 percent utilization

Floaters - US$9.2 billion contract backlog

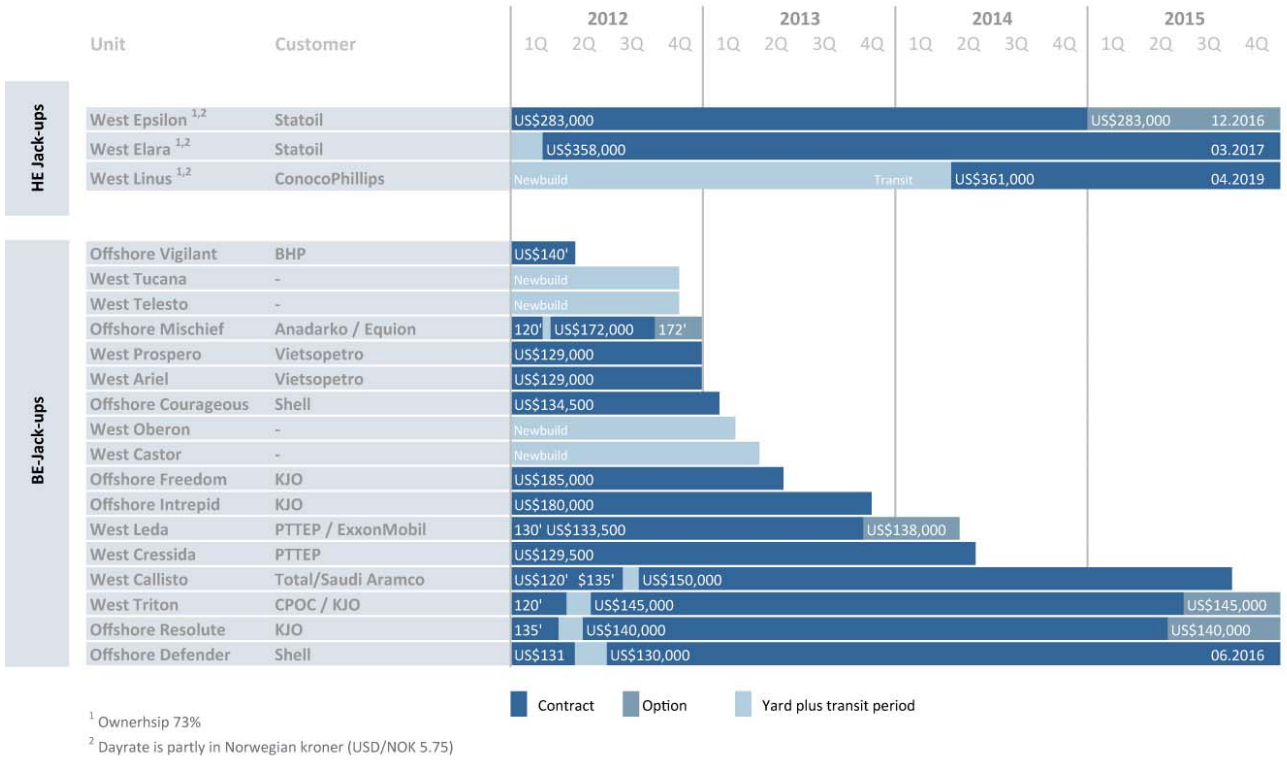


[1] Dayrate is partly in Norwegian kroner (USD /NOK 5.75)
[2] Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax.
[3] Dayrate will in the accounts be booked partly net of service tax.
[4] Ownership 73%

Significant exposure to strong prospects



Jack-ups - US$2.8 billion contract backlog



[1] Ownerhsip 73%

[2] Dayrate is partly in Norwegian kroner (USD/NOK 5.75)

A strong blend of short and long-term contracts



Tender rigs - US$1.8 billion contract backlog

	Unit	Customer	2012 1Q	2Q	3Q	4Q	2013 1Q	2Q	3Q	4Q	2014 1Q	2Q	3Q	4Q	2015 1Q	2Q	3Q	4Q	2016 1Q	2Q	3Q	4Q
Tender barges	T7	Chevron	US$88,000																			
	T17	-	Newbuild																			
	T11	Chevron	US$135,000																			
	T4	Chevron	US$104,500																			
	T12	Chevron	US$120,000												US$120,000							
	T15	Chevron	Newbuild				US$115,500															03.2018
	T16	Chevron	Newbuild					US$115,500														06.2018
	T18	Chevron	Newbuild							Transit	US$127,000											02.2019
Semi-tenders	West Setia [1]	Chevron	US$163,000																			
	West Berani	ConocoPhillips/Chevron		US$170,000				170'														
	West Menang	Murphy	US$160,000				US$181,000															
	West Alliance	Shell	US$171,000																			
	West Pelaut	Shell	139' US$120,000																			
	West Vencedor [1]	Chevron	US$206,000																			
	West Jaya	BP	US$165,000					US$173,000						US$178,000								
	West Esperanza	Hess	Newbuild					Transit	US$235,000						US$235,000							

Contract Option Yard plus transit period

[1] Dayrate is partly in Euros (EUR/USD 1.30)

Rig demand improves EBITDA margins



Seadrill in pole position

- Versatile fleet of brand new rigs
- HSE, reduced risk, room for improvement
- Strong operational performance
- Record high revenue backlog and earnings visibility
- Corporate restructuring, MLP and Seabras
- Debt financing for premium assets is available
- Significant newbuilding program, 18 units under construction

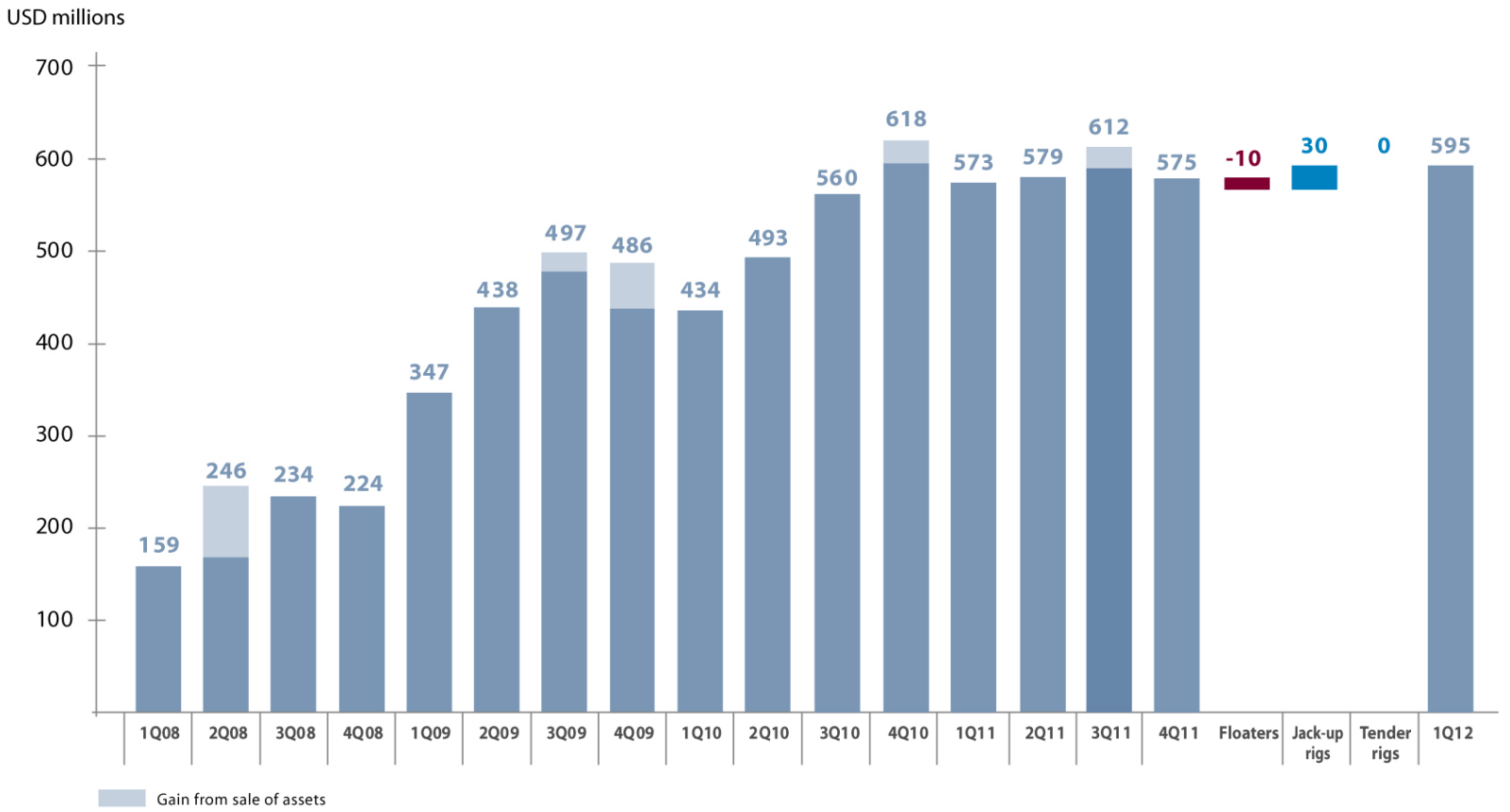
Newbuild program underpins a US$4 billion EBITDA target



Financial performance highlights

	This quarter	Previous quarter
EBITDA	US$595m	US$575m
Earnings/(loss) per share	US$0.89	US$(0.23)
Operating profit	US$456m	US$436m
Financial items	US$24m	US$(501)m
Cash flow from operating activities	US$454m	US$427m
Dividend declared per share	US$0.82	US$0.80
Extraordinary dividend per share	US$0.15	-

EBITDA contribution



Operating Income - Floaters

OPERATING INCOME - FLOATERS

Unaudited accounts in USD millions	1Q12	4Q11	3Q11	2Q11
Operating revenues	656	674	673	640
Reimbursables	9	14	18	11
Other revenues	0	2	2	10
Total operating revenues	665	690	693	661
Gain on sale of assets	-	-	-	-
Vessel and rig operating expenses	212	218	205	197
Reimbursable expenses	8	13	17	10
Depreciation and amortisation	94	94	89	86
General and administrative expenses	33	37	34	27
Total operating expenses	347	362	345	320
Net operating income	318	328	349	340

Operating Income – Jack-up rigs

OPERATING INCOME -JACK-UP RIGS

Unaudited accounts in USD millions	1Q12	4Q11	3Q11	2Q11
Operating revenues	199	199	188	191
Reimbursables	11	5	4	7
Other revenues	(3)	(6)	(6)	(6)
Total operating revenues	207	198	186	192
Gain on sale of assets	0	(1)	23	0
Vessel and rig operating expenses	88	114	95	91
Reimbursable expenses	10	4	3	6
Depreciation and amortisation	32	33	31	37
General and administrative expenses	10	10	9	9
Total operating expenses	140	161	138	143
Net operating income	67	36	71	49

Operating Income – Tender rigs

OPERATING INCOME -Tender rigs

Unaudited accounts in USD millions	1Q12	4Q11	3Q11	2Q11
Operating revenues	169	167	146	137
Reimbursables	6	3	2	5
Other revenues	3	0	0	0
Total operating revenues	178	170	148	142
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	79	74	68	66
Reimbursable expenses	6	3	1	4
Depreciation and amortisation	13	12	12	25
General and administrative expenses	9	9	7	7
Total operating expenses	107	99	88	102
Net operating income	71	72	60	40

Operating Income

OPERATING INCOME
TOTAL SEADRILL LIMITED

Unaudited accounts in USD millions	1Q12	4Q11	3Q11	2Q11
Contract revenues	1 025	1 040	1 007	968
Reimbursables	25	22	24	24
Other revenues	0	(3)	(2)	3
Total operating revenues	1 050	1 059	1 029	995
Gain on sale of assets	0	(1)	23	0
Vessel and rig operating expenses	381	406	367	352
Reimbursable expenses	23	21	22	22
Depreciation and amortization	139	139	132	148
General and administrative expenses	51	56	51	43
Total operating expenses	594	622	572	565
Net operating income	456	436	480	430

Net Income

NET INCOME
TOTAL SEADRILL LIMITED

Unaudited accounts in USD millions	1Q12	4Q11	3Q11	2Q11
Net operating income	456	436	480	430
Financial items				
Interest income	4	4	5	5
Interest expense	(71)	(75)	(64)	(80)
Share in results from associated companies	18	(482)	26	17
Gain/ (Loss) on financial derivatives	91	33	(330)	(90)
Foreign exchange gain/(loss)	(20)	14	(4)	(5)
Realization of marketable securities	0	0	0	416
Other financial items	2	5	(6)	1
Total financial items	24	(501)	(372)	265
Income/(loss) before income taxes	480	(65)	108	695
Income taxes	(41)	(41)	(50)	(50)
Net income/(loss)	439	(106)	58	645
Earnings/(loss) per share (US dollar)	0.89	(0.28)	0.07	1.34

Seadrill Balance Sheet

Assets

Unaudited accounts in USD millions	31.03.2012	31.12.2011
Current assets		
Cash and cash equivalents	445	483
Restricted cash	134	232
Marketable securities	20	24
Accounts receivables, net	806	720
Amount due from related party	234	185
Other current assets	304	323
Total current assets	1 943	1 967
Non-current assets		
Investment in associated companies	753	721
Newbuildings	2 518	2 531
Drilling units	11 630	11 223
Goodwill	1 320	1 320
Restricted cash	255	250
Deferred tax assets	31	33
Equipment	30	25
Other non-current assets	222	234
Total non-current assets	16 759	16 337
TOTAL ASSETS	18 702	18 304

Seadrill Balance Sheet

Liabilities and Shareholders' Equity

Unaudited accounts in USD millions	31.03.2012	31.12.2011
Current liabilities		
Current portion of long term debt	1 459	1 419
Trade accounts payable	65	38
Other current liabilities	1 295	1 314
Total current liabilities	2 819	2 771
Non-current liabilities		
Long-term interest bearing debt	8 675	8 574
Long-term debt to related party	435	435
Deferred taxes	32	34
Other non-current liabilities	231	188
Total non-current liabilities	9 373	9 231
Equity		
Total shareholders' equity	6 510	6 302
Total liabilities and shareholders' equity	18 702	18 304

North Atlantic Drilling

Financial reporting highlights

	This quarter	Previous quarter
EBITDA	US$123m	US$135m
Earnings per share	US$0.051	US$0.048
Operating profit	US$86m	US$99m
Financial items	US$(28)m	US$(22)m
Cash flow from operating activities	US$102m	US$211m
Dividend declared per share	US$0.045	US$0.045

North Atlantic Drilling

Non-financial highlights

- West Elara commences operations under 5 year contract with Statoil
- Completion of US$300 million private placement
- Turn-key contract for new harsh environment semi-submersible CS60 rig, with delivery Q1 2015
- Company intends to list in the U.S. during the second half of 2012

North Atlantic Drilling

Operating Income

Total North Atlantic

Unaudited accounts in USD millions	1Q12	4Q11
Operating revenues	219	226
Reimbursables	14	7
Other revenues	0	3
Total operating revenues	**233**	**235**
Vessel and rig operating expenses	86	83
Reimbursable expenses	13	6
Depreciation and amortisation	37	37
General and administrative expenses	11	11
Total operating expenses	**147**	**137**
Net operating income	**86**	**99**

North Atlantic Drilling

Net Income

Total North Atlantic

Unaudited accounts in USD millions	1Q12	4Q11
Net operating income	86	99
Financial items		
Interest income	-	2
Interest expense	-22	-23
Gain on derivatives	6	-1
Other financial items	-13	0
Total financial items	-28	-22
Income before income taxes	58	77
Income taxes	-7	-29
Net income	51	48
Earnings per share (US dollar)	0.051	0.048

North Atlantic Drilling

Balance Sheet

Assets

	March 31, 2012	Desember 31, 2011
Current assets		
Cash and cash equivalents	179	147
Restricted cash	7	12
Accounts receivables, net	167	154
Deferred tax assets	10	10
Other current assets	53	35
Total current assets	**416**	**358**
Non-current assets		
Newbuildings	105	572
Drilling units	2 499	2 007
Goodwill	481	481
Deferred tax assets	25	27
Other non-current assets	148	151
Total non-current assets	**3 258**	**3 238**
Total assets	**3 674**	**3 596**

North Atlantic Drilling

Balance Sheet

Liabilities and Shareholders Equity

	March 31, 2012	Desember 31, 2011
Current liabilities		
Current portion of long-term debt	167	167
Seadrill liabilities	14	7
Tax payable	166	174
Deferred taxes	12	10
Other current liabilities	173	170
Total current liabilities	**532**	**528**
Non-current liabilities		
Long-term interest bearing debt	2 208	2 460
Deferred taxes	21	25
Pension liabilities	36	38
Other non-current liabilities	46	19
Total non-current liabilities	**2 312**	**2 542**
Equity		
Total shareholders' equity	**830**	**526**
Total liabilities and shareholders' equity	**3 674**	**3 596**

Asset portfolio

Core fleet – **56 units built** after Y2000 | 10 built before Y2000



22 Ultra-Deepwater Units + 1 Mid-water semi

1 Mid-water Semi



19 High Specification Jack-ups

2 Jack-ups



14 Tender Rigs

7 Tender Rigs

Shareholdings

SapuraCrest Petroleum — 23.6% of Sapura Crest (MV - US$497m)

Archer — 39.9% of Archer (MV - US$269m)

SEVANDrilling — 28.5% of Sevan Drilling (MV – US$112m)

Asia Offshore Drilling — 33.75% of AOD (MV - US$65m)