

A different offshore driller



1Q results 2008 conference call

May 27, 2008

Seadrill 

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Contents

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- Summary



Highlights in 2008

- First quarter net income of US\$263 million and EPS of US\$0.66
- Cash dividend per share of US\$0.60
- On track with delivery of the newbuild program
 - Jack-up West Triton delivered early January 2008
 - Deepwater semis West Phoenix and West Sirius delivered March 2008
 - Tender rig T11 delivered in April 2008
 - Jack-up West Ariel is expected to be delivered this week
- The other 6 deepwater units to be delivered during 2008 as planned but with some delays for a couple of units



Highlights in 2008 cont'd

- New deepwater contracts worth US\$4.5 billion

Petrobras – Brazil development drilling – US\$4.1 billion

- Deepwater semi West Eminence – 6Y at US\$600,000
- Deepwater semi West Taurus – 6Y at US\$630,000
- Deepwater semi West Orion – 6Y at US\$600,000

Exxon – Worldwide exploration drilling – US\$0.4 billion

- Deepwater semi West Aquarius – 1Y option at US\$513,000
- Deepwater drillship West Polaris – 1Y extension at US\$602,000



Highlights 2008 – cont'd

- Sale of assets
 - Sale of 32% shareholding in PT Apexindo completed in February with gain US\$148 million
 - Sale of shares in other drilling companies including Aker Drilling, and Odfjell Invest completed with US\$13 million in gains
 - Divestment of the 1981-built jack-up West Titania completed in May

- Further newbuild investments
 - New deepwater semi-submersible rig ordered at Jurong Shipyard with delivery in 4Q2011 at project price US\$640 million (plus option for one additional rig)
 - New self-erecting tender rig at construction price US\$116 million with delivery 1Q 2010 (plus option for one additional rig)



Highlights 2008 – cont'd

- Financing
 - First sale and leaseback for deepwater drillship with Ship Finance
 - In the finalization of a two-year US\$1 billion bridge loan facility

- Further investments
 - 9.9% shareholding acquired in US based offshore drilling contractor Pride International Inc.
 - Mandatory offer of NOK 80 per share for all outstanding shares in jack-up company Scorpion Offshore Ltd.



Condensed income statement

<i>Unaudited accounts in USD millions</i>	4Q07	1Q08	Q107	2007
Revenues				
Operating revenues	381,0	380,8	305,9	1 318,5
Reimbursables	43,2	31,7	28,2	146,6
Other revenues	21,8	25,8	145,1	211,2
Total revenues	446,0	438,3	479,2	1 676,3
Operating expenses				
Vessel and rig operating expenses	218,0	216,9	178,3	755,5
Reimbursable expenses	40,8	30,5	26,9	139,4
Depreciation and amortisation	48,7	49,2	43,1	182,9
General and administrative expenses	28,4	31,6	25,4	109,8
Total operating expenses	335,9	328,2	273,7	1 187,6
Operating profit	110,2	110,1	205,5	488,8
Interest income	13,4	8,9	2,5	23,6
Interest expense	(38,0)	(28,0)	(23,0)	(112,7)
Share of results from associated companies	5,2	6,5	6,9	23,2
Other financial items	15,2	174,6	(8,2)	(36,2)
Net financial items	(4,2)	162,0	(21,8)	(102,1)
Income before income taxes and minority interest	106,0	272,1	183,7	386,7
Income taxes	108,2	(4,5)	(13,7)	78,3
Minority interest	(5,2)	(4,6)	(1,8)	(13,0)
Gain on issuance of shares by subsidiary	50,0	0,0	0,0	50,0
Net income	259,0	263,0	168,2	502,0
Earnings per share <i>(in USD)</i>	0,66	0,66	0,44	1,28
Diluted earnings per share <i>(in USD)</i>	0,58	0,63	0,44	1,20



Mobile units

Mobile Units Division

Unaudited accounts in USD millions

	4Q07	1Q08	1Q07	2007
Operating revenues	213,6	216,0	174,1	729,9
Reimbursables	8,8	9,0	5,1	32,8
Other revenues	18,7	23,9	142,0	198,9
Total revenues	241,1	248,9	321,2	961,6
Vessel and rig operating expenses	110,3	105,5	92,1	376,4
Reimbursable expenses	7,4	8,6	4,4	28,2
Depreciation and amortisation	36,6	36,5	31,4	135,1
General and administrative expenses	15,3	24,1	18,2	73,3
Total operating expenses	169,6	174,7	146,1	613,0
Operating profit	71,5	74,2	175,1	348,6



Tender rigs

Tender Rigs Division

Unaudited accounts in USD millions

	4Q07	1Q08	1Q07	2007
Operating revenues	66,9	65,5	52,9	236,3
Reimbursables	3,4	4,2	4,0	17,2
Other revenues	3,1	1,9	3,0	12,2
Total revenues	73,4	71,6	59,9	265,7
Vessel and rig operating expenses	31,9	27,8	20,4	100,8
Reimbursable expenses	3,2	4,1	3,8	16,3
Depreciation and amortisation	9,5	9,7	9,8	38,6
General and administrative expenses	2,2	3,8	3,3	13,0
Total operating expenses	46,8	45,4	37,3	168,7
Operating profit	26,6	26,2	22,6	97,0



Well Services (Seawell Limited) *

Well Services Division

<i>Unaudited accounts in USD millions</i>	4Q07	1Q08	1Q07	2007
Operating revenues	100,7	99,3	78,9	352,4
Reimbursables	30,9	18,5	19,2	96,7
Total revenues	131,6	117,8	98,1	449,1
Operating expenses	83,0	82,8	65,7	285,6
Reimbursable expenses	30,2	17,8	18,8	94,9
Depreciation and amortisation	2,7	3,0	1,9	9,2
General and administrative expenses	3,5	4,5	3,9	16,1
Total operating expenses	119,4	108,1	90,3	405,8
Operating profit	12,2	9,7	7,8	43,3

* 100% consolidated numbers
(Seadrill owns 74%)



Balance Sheet

Total assets

Unaudited accounts in USD millions

	31.03.08	31.12.07	31.03.07
<i>Current assets</i>			
Cash and cash equivalents	317,2	1 012,9	471,6
Marketable securities	242,6	240,4	122,6
Receivables	591,0	443,6	408,8
Total current assets	1 150,8	1 696,9	1 003,0
<i>Non-current assets</i>			
Investment in associated companies	250,0	176,1	161,9
Newbuildings	3 744,8	3 339,8	2 342,6
Drilling units	2 588,4	2 451,9	2 232,5
Goodwill	1 521,7	1 509,6	1 284,2
Other non-current assets	345,3	118,8	68,3
Total non-current assets	8 450,2	7 596,2	6 089,5
Total assets	9 601,0	9 293,1	7 092,5



Balance Sheet

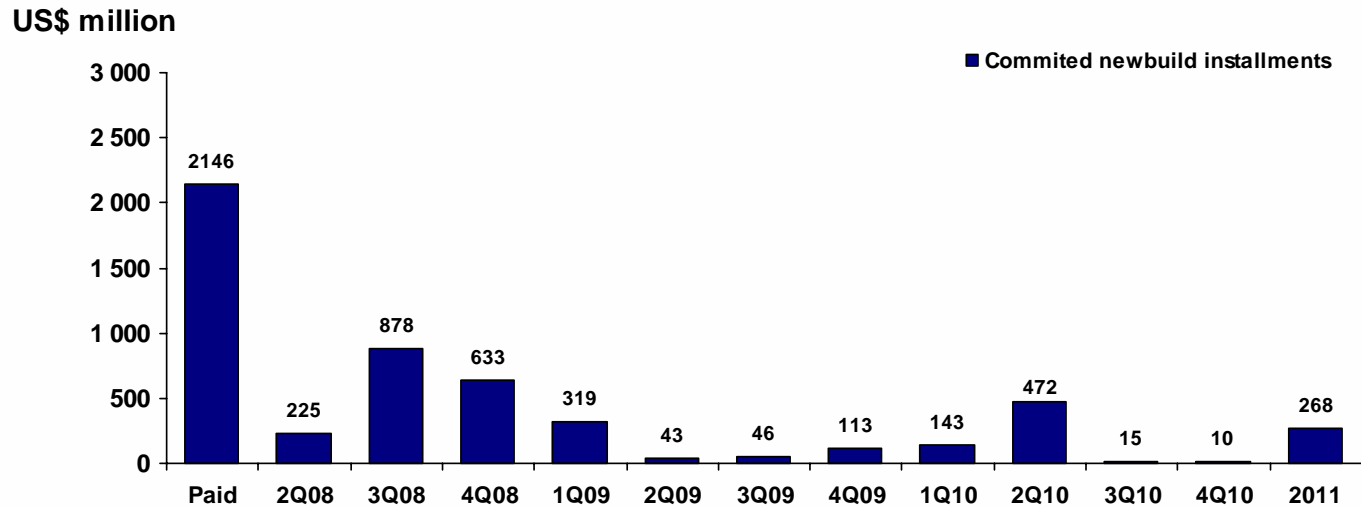
Liability and equity

Unaudited accounts in USD millions

	31.03.08	31.12.07	31.03.07
<i>Current liabilities</i>			
Short-term interest bearing debt	584,1	484,1	1 015,5
Other current liabilities	825,8	670,6	404,4
Total current liabilities	1 409,9	1 154,7	1 419,9
<i>Non-current liabilities</i>			
Long-term interest bearing debt	4 039,8	4 116,4	2 033,6
Deferred taxes	125,8	96,1	234,0
Other non-current liabilities	180,7	198,1	183,3
Total non-current liabilities	4 346,3	4 410,6	2 450,9
Minority interest	108,8	104,6	257,2
<i>Shareholders' equity</i>			
Paid-in capital	2 774,1	2 778,5	2 449,8
Retained earnings	961,9	844,7	514,7
Total shareholders' equity	3 736,0	3 623,2	2 964,5
Total shareholders' equity and liabilities	9 601,0	9 293,1	7 092,5



Committed newbuild installments



- Unpaid committed newbuild installment schedule amounts to approximately US\$3.2 billion
- The installments do not include spares, construction supervision, operation preparation and mobilization or capitalized interests
- Covers six semi-submersibles, three drillships, two tender rigs and one jack-up

Scheduled delivery incentives through backloaded payments



US\$850 million sale and leaseback structure

- US\$850 million arrangement for drillship West Polaris with Ship Finance International Ltd
- 15 year lease arrangement where Seadrill has six repurchase options over the lease period
- Repurchase price after 51 months and 15 years at US\$548 million and US\$177.5 million, respectively
- Aggregated lease payment for first 51 months is US\$491 million and for the remaining lease period US\$631 million

Leverage to accelerate cash dividends and further investments



Sale and leaseback accounting

- Seadrill will not record any sales gain
- Seadrill will recognize revenues, operating expenses and depreciation & amortization as for all the other rigs
- Seadrill will consolidate the interest expenses of the Ship Finance subsidiary related to the arrangement
- Seadrill will book a minority interest in the P&L which is lease payment less interest expenses and sales amount depreciated over the initial option period
- In the balance sheet, Seadrill will consolidate from Ship Finance the initial equity (as minority interest) and debt related to the arrangement

Accounted for as a Variable Interest Entity



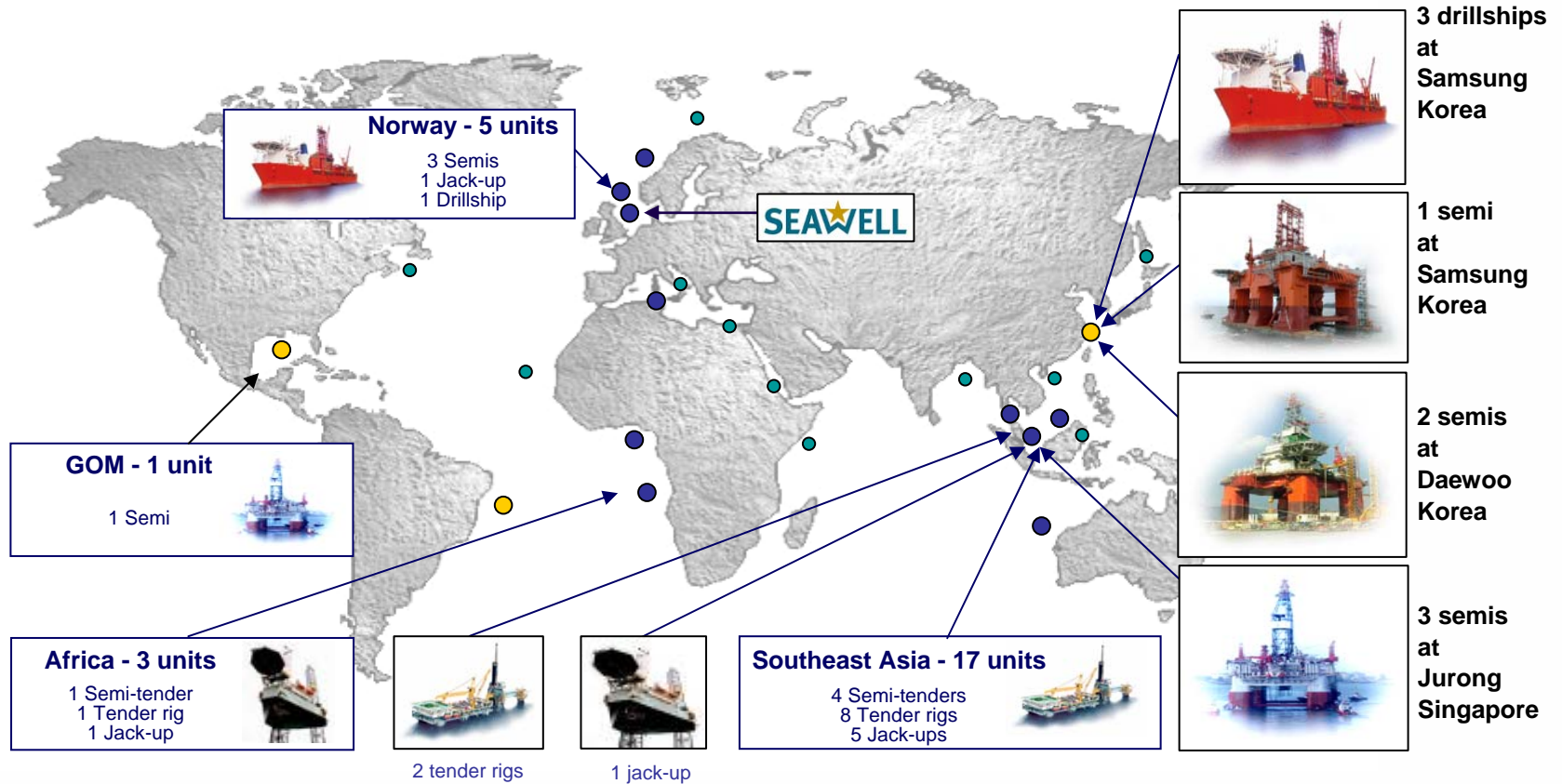
Second cash dividend distribution

- Board resolves dividend distribution of some US\$240 million
- Dividend of US\$0.60 per share
- Ex. dividend date is June 5, 2008
- Record date is June 9, 2008
- Payable date on or about June 18, 2008

Cash dividend based on strong earnings visibility



Operations and newbuild projects



38 units of which 12 under construction

- Current
- Previous
- Future



Status shallow water newbuild projects

Unit	Delivery	
West Ceres	May 2006	✓
West Berani	December 2006	✓
West Prospero	June 2007	✓
T10	August 2007	✓
West Atlas	September 2007	✓
West Triton	January 2008	✓
T11	April 2008	✓
West Ariel	On schedule	2Q08
West Berani II	On schedule	1Q10
T12	On schedule	1Q10



Deliveries on time and budget



West Phoenix

Update

- Delivery taken end March 2008
- Unit is in transit to Norway
- Commencement of operations in Norway expected in August 2008
- Minor carry over work and commissioning during transit
- Transit is taking somewhat longer than anticipated



West Sirius

Update

- Delivery taken end March 2008
- Unit is in transit to the Gulf of Mexico
- Commencement of operations expected in early July 2008
- Transit is taking longer than anticipated



West Eminence

Progress

- 94% complete
- Delivery scheduled in the fourth quarter 2008

Challenges

- Yard capacity
- Commissioning

Cost - On budget



West Taurus

Progress

- 85% complete
- Delivery scheduled in the fourth quarter 2008

Challenges

- Commissioning

Cost - On budget



West Hercules

Progress

- 98% complete
- Delivery scheduled July/August 2008
- Commencement of operations in China for Husky in August 2008
- Sea trials completed and commissioning ongoing

Challenges

- Yard capacity
- Commissioning

Cost - On budget



West Aquarius

Progress

- 90% complete
- Delivery planned in the fourth quarter 2008
- Commencement of operations in Indonesia same quarter

Challenges

- Yard capacity
- Commissioning

Cost - On budget



West Polaris

Progress

- 99% complete
- Delivery scheduled for end June 2008
- Commencement of operations in Brazil for Exxon August/September 2008
- Sea trials completed

Challenges

- Commissioning

Cost - On budget



West Capella

Progress

- 88% complete
- Delivery planned in November 2008
- Commencement of operations in Nigeria for Total expected in January 2009

Challenges

- Commissioning

Cost - On budget



Deepwater newbuild program execution

11 deepwater units

- 2 delivered
 - 1 within 30 days of plan
 - 1 within 3 months of plan
(due to customer initiated modifications)
- Remaining 9 are in the main progressing on schedule & budget

Unit	Order date	% complete	Delivery
West Phoenix	2005	100%	1Q2008
West Sirius	2005	100%	1Q2008
West Hercules	2005	98%	3Q2008
West Polaris	2005	99%	2Q2008
West Aquarius	2006	90%	4Q2008
West Eminence	2006	94%	4Q2008
West Taurus	2006	85%	4Q2008
West Capella	2006	88%	4Q2008
West Orion	2007	NA	2Q2010
West Gemini	2007	NA	2Q2010
West TBN	2008	NA	4Q2011



Human resources

- Current number of employees is 6,700
- More than 25 different nationalities
- Planned deepwater recruitment 2008
 - 551 people
 - 33 people core crew
 - 518 people non-core crew
- Deepwater recruiting to date: 674 people



Our recruitment is on plan



Basic recruitment strategy

Units	Core crew recruitment % complete
West Phoenix	100%
West Sirius	100%
West Hercules	100%
West Polaris	100%
West Aquarius	100%
West Capella	90%
West Eminence	81%
West Taurus	67%

41% of non-core crew complete



- Core crews
 - Internal and international recruiting
- Other crew
 - In the country we operate

Our recruitment is on plan



Contract status floaters

Customer	2008				2009				2010				2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Semi-submersibles																				
West Alpha	StatoilHydro	US\$266,000				US\$473,000 ³														
West Venture	StatoilHydro	US\$259,000				US\$259,000														
West Phoenix ¹	Total	New US\$512,000				US\$497,000														
West Aquarius	Exxon	Newbuild US\$481,000				US\$513,000														
West Sirius ²	Devon	Newbuild US\$481,000																		
West Hercules	Husky	Newbuild US\$524,000																		
West Eminence ⁴	Petrobras	Newbuild US\$600,000												12.2014						
West Taurus ⁴	Petrobras	Newbuild US\$630,000												02.2015						
West Orion ⁴	Petrobras	Newbuild US\$600,000												06.2016						
Drillships																				
West Navigator	Shell	US\$248,000				US\$577,000								01.2013						
West Polaris	Exxon	Newbuild US\$544,000								US\$602,000										
West Capella	Total	Newbuild US\$530,000												12.2013						
West Gemini	-	Newbuild																		

■ Yard ■ Contract ■ Option

¹ The West Phoenix contract could be extended by two years at dayrate US\$497,000

² The West Sirius contract could be extended by one or two years reducing the dayrates for the contract period to US\$466,000 or US\$456,000, respectively

³ The West Alpha contract could be extended by one or two years reducing the dayrates for the contract period to US\$453,000 or US\$433,000, respectively

⁴ Dayrate include five percent performance incentive as well as estimated compensation for taxes

Order backlog of approx. US\$10.5 billion



Contract status jack-ups

Customer	2008				2009				2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Jack-ups																
West Epsilon StatoilHydro	US\$317,000															
West Janus PCPPOC	US\$185,000				US\$150,000											
West Atlas Coogee	US\$257,500															
West Triton ADA	US\$275,000															
West Ceres Total	US\$166,000															
West Prospero Exxon	US\$205,000															
West Larissa VietsoPetro	US\$183,500															
West Ariel -	Newbuild		US\$182													

■ Yard ■ Contract ■ Option

Order backlog of approx. US\$700 million



Contract status tender rigs

Customer	2008				2009				2010				2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Tender barges																				
T3 ¹	PTT	US\$58,000	US\$74,000																	
T4	Chevron	US\$49'	US\$88,000																	06.2013
T6 ¹	Carigali/CTOC	US\$93,000																		
T7	Chevron	US\$57,000																		
T8	Total	US\$90'	US\$125,000																	
T9 ¹	Exxon	US\$73,000					Market rate													
T10 ¹	Carigali/Hess	US\$85,000										US\$85,000								
T11	Chevron	Newbuild	US\$116,000																	07.2013
T12		Newbuild																		
Teknik Berkat ¹	Carigali	US\$72'	US\$125'																	
Semi-tenders																				
West Alliance	Shell	US\$93,000																		
West Berani	Newfield/Chevron	US\$124,000					US\$151,000 ²												03.2012	
West Menang	Total	US\$127,000																		
West Pelaut	Shell	US\$67,000					US\$67,000													03.2014
West Setia	Murphy/Conoco	US\$85,000					US\$163,000 ²												02.2012	
West TBA	-	Newbuild																		

■ Yard ■ Contract ■ Option

¹ Ownership 49%

² Seadrill has the option to use either West Berani or West Setia depending on rig availability

Order backlog of approx. US\$1.3 billion

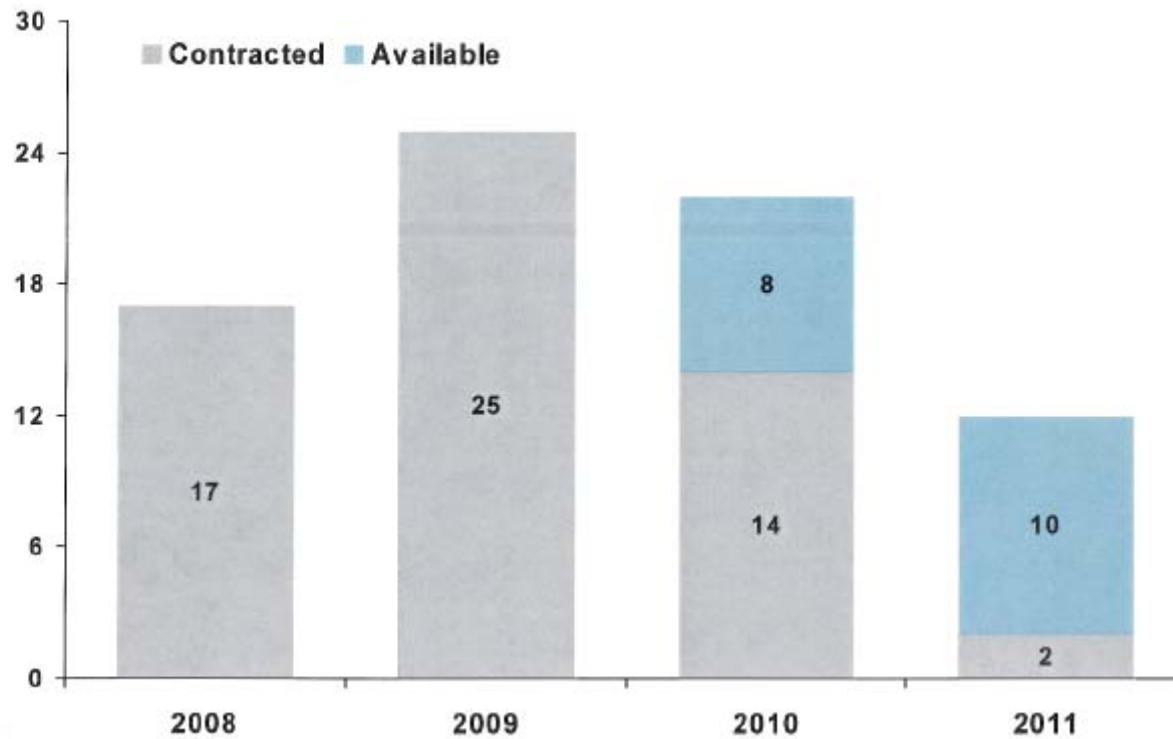


Market status floaters

- Brazil has added a new dimension
- Sub-salt discoveries (Tupi, Careoca, etc.) attract enormous global interest
- Incremental Brazilian state-of-the-art ultra deepwater rig demand a major factor
- Brazil will take all they can get!
- Impact on the rest of the world



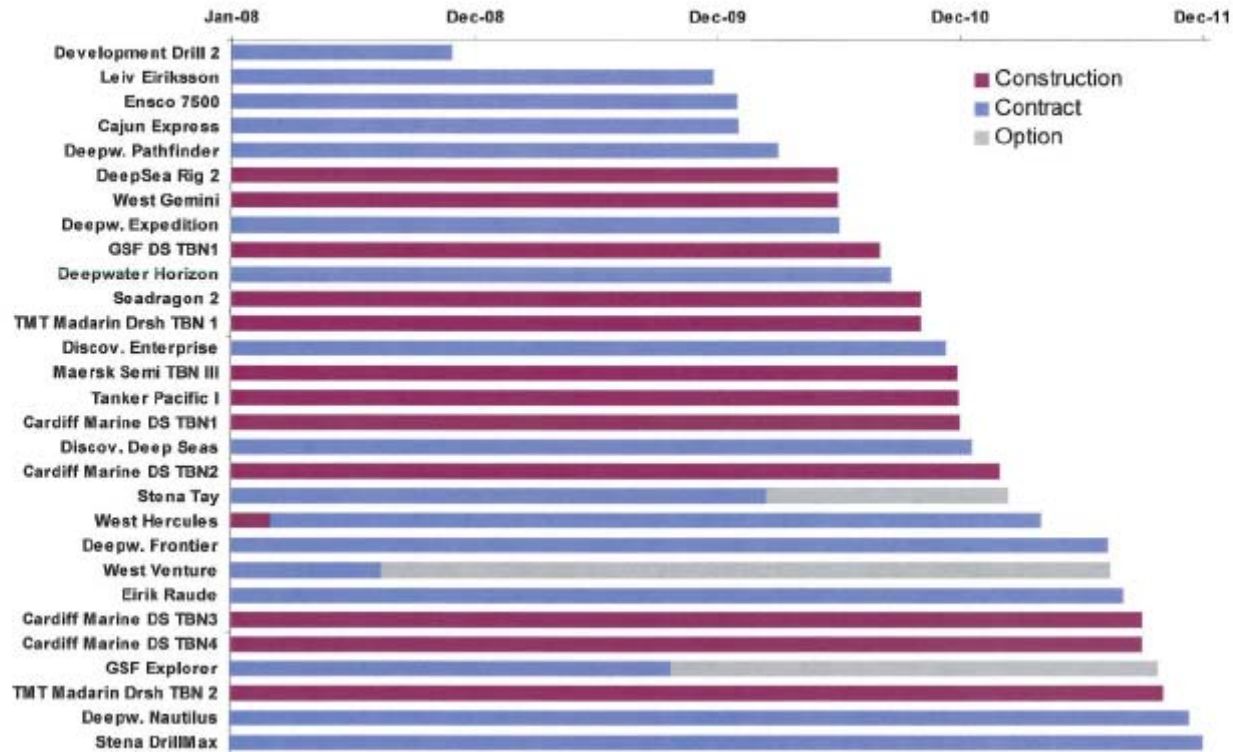
Newbuilds are being absorbed – discussions for 2011 units well under way



Source: Pareto



Ultra deepwater rigs available before 2012



Source: Pareto



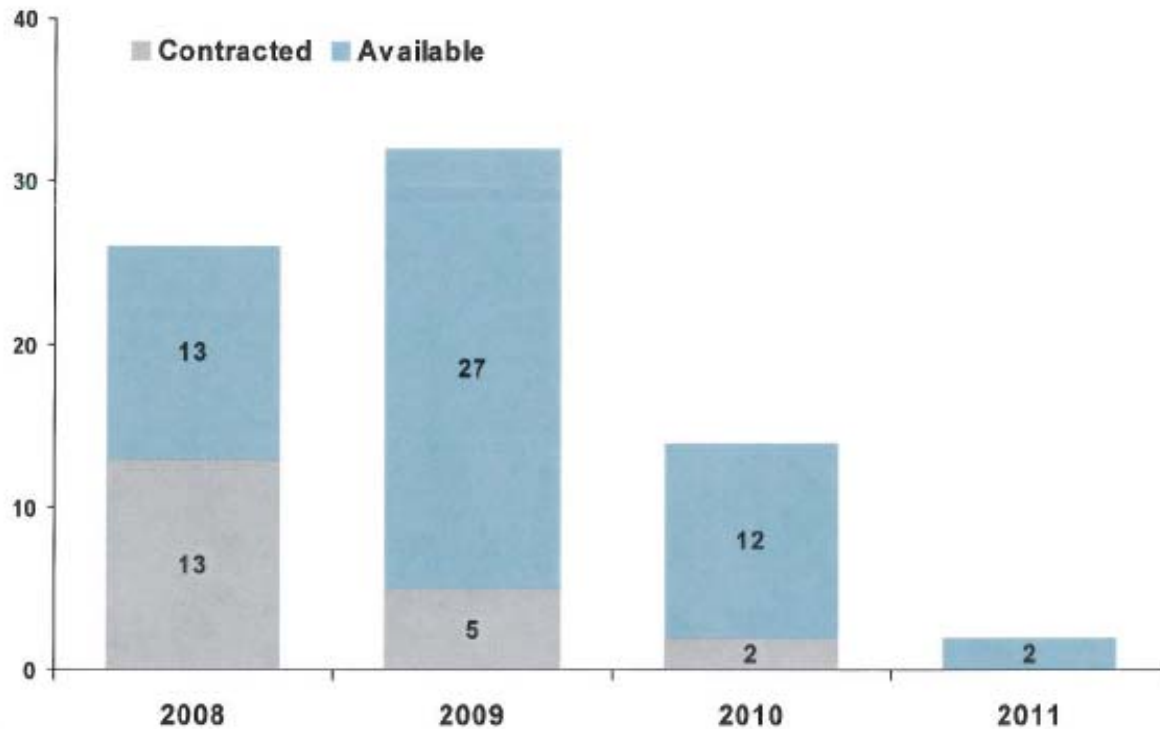
Market status – Jack-ups

- High oil (and gas) prices will result in revival
- There are jobs out there – and they are well paid
- Increasing focus on quality and fleet ageing issues
- A modern brand new fleet of rigs a major advantage
- Seadrill is optimistic on the jack-up market outlook



Newbuild jackup units – Summary 2008-2011 – 74 rigs

Jackup newbuilds



Market status – Tender rigs

- Stronger market than ever
- Expect more newbuilds from Seadrill



Further growth opportunities

Previous statement:

- Further newbuilds?
- Acquisition of assets under construction, or
- Smaller newcomers?
- A sizable corporate transaction?

What have we done ->



Actions taken

- Deepwater unit ordered from Jurong Shipyard with option for one additional unit
- Increased ownership and mandatory offer made for Scorpion Offshore Ltd.
- 9.9 percent ownership stake acquired in Pride International Inc

Investments based on strong confidence in offshore drilling



Summary

- First deepwater newbuilds in transit to drilling locations
- Remaining newbuilding projects and recruitment largely progressing as planned
- Strong order backlog exceeding US\$12 billion
- Continued strong market outlook supports active measures taken to accelerate growth in all business segments
- Actively pursuing leveraged financing structures for existing as well as new assets
- Second cash dividend distribution resolved

Creating a world leading drilling contractor



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