

A different offshore driller



3Q results 2008 conference call

November 24, 2008

Seadrill 

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- Summary



Highlights 3Q2008

- Third quarter EBITBA of US\$234 million based on sound operational performance
- Third quarter net income of US\$69 million and EPS of US\$0.18
- Seadrill takes delivery of three newbuilds (one drillship and two semi-submersible units) and has then taken delivery of five of eight deepwater units scheduled for delivery in 2008
- Seadrill commences operations with deepwater newbuilds
 - West Sirius in Gulf of Mexico in July
 - West Polaris in Brazil in October
 - West Hercules in China in November



Highlights 3Q2008 – cont'd

- Seadrill received US\$2.3 billion as part of the deepwater unit sale and leaseback arrangements with Ship Finance International
- Seadrill receives the consideration US\$195 million for the sale of the shares in PT Apexindo
- Seadrill signed five-year contract for semi-tender West Alliance at dayrate US\$170,000



Highlights 3Q2008 – cont'd

- Seadrill incurred unrealized losses on forward and TRS agreements totaling US\$588 million as of November 21
- Seadrill paid US\$0.30 per share in dividends in September
- Distribution of further cash dividends has been temporarily postponed



Condensed income statement

<i>Unaudited accounts in USD millions</i>	2Q08	3Q08	9M08	9M07
Revenues				
Operating revenues	452,1	517,2	1350,1	937,5
Reimbursables	52,5	30,2	114,4	103,4
Other revenues	98,3	18,8	142,9	189,4
Total revenues	602,9	566,2	1607,4	1 230,3
Operating expenses				
Vessel and rig operating expenses	260,7	270,7	748,3	537,5
Reimbursable expenses	49,3	28,9	108,7	98,6
Depreciation and amortisation	51,0	60,4	160,6	134,2
General and administrative expenses	30,3	32,6	94,5	81,4
Total operating expenses	391,3	392,6	1112,1	851,7
Operating profit	211,6	173,6	495,3	378,6
Interest income	6,6	4,8	20,3	10,2
Interest expense	(34,1)	(25,9)	-88	(74,7)
Share of results from associated companies	9,2	11,5	27,2	18,0
Other financial items	25,3	(61,2)	138,7	(51,4)
Net financial items	7,0	(70,8)	98,2	(97,9)
Income before income taxes and minority interest	218,6	102,8	593,5	280,7
Income taxes	(2,9)	(21,7)	-29,1	(29,9)
Minority interest	(5,9)	(11,8)	-22,3	(7,8)
Gain on issuance of shares by subsidiary	0,0	0,0	0	0,0
Net income	209,8	69,3	542,1	243,0
Earnings per share <i>(in USD)</i>	0,53	0,18	1,36	0,62
Diluted earnings per share <i>(in USD)</i>	0,51	0,18	1,33	0,62



Mobile units

Mobile Units Division

<i>Unaudited accounts in USD millions</i>	2Q08	3Q08	9M08	9M07
Operating revenues	242,9	289,8	748,7	516,3
Reimbursables	13,2	3,0	25,2	24,0
Other revenues	97,1	17,7	138,7	180,2
Total revenues	353,2	310,5	912,6	720,5
Vessel and rig operating expenses	113,6	116,9	336,0	266,1
Reimbursable expenses	11,5	2,5	22,6	20,8
Depreciation and amortisation	37,2	43,1	116,8	98,5
General and administrative expenses	21,3	22,5	67,9	58,0
Total operating expenses	183,6	185,0	543,3	443,4
Operating profit	169,6	125,5	369,3	277,1
Utilization	97	97		



Tender rigs

Tender Rigs Division

<i>Unaudited accounts in USD millions</i>	2Q08	3Q08	9M08	9M07
Operating revenues	69,1	82,9	217,5	169,4
Reimbursables	7,4	7,3	18,9	13,8
Other revenues	1,2	1,1	4,2	9,1
Total revenues	77,7	91,3	240,6	192,3
Vessel and rig operating expenses	31,1	34,4	93,3	68,9
Reimbursable expenses	7,1	7,0	18,2	13,1
Depreciation and amortisation	10,2	11,1	31,0	29,1
General and administrative expenses	4,3	5,1	13,2	10,8
Total operating expenses	52,7	57,6	155,7	121,9
Operating profit	25,0	33,7	84,9	70,4
Utilization	90	97		



Well Services (Seawell Limited) *

Well Services Division				
<i>Unaudited accounts in USD millions</i>				
	2Q08	3Q08	9M08	9M07
Operating revenues	140,1	144,5	383,9	251,7
Reimbursables	31,9	19,9	70,3	65,8
Total revenues	172,0	164,4	454,2	317,5
Operating expenses	116,8	119,4	319,0	202,6
Reimbursable expenses	30,7	19,5	68,0	64,7
Depreciation and amortisation	3,6	6,2	12,8	6,6
General and administrative expenses	3,9	5,0	13,4	12,6
Total operating expenses	155,0	150,1	413,2	286,5
Operating profit	17,0	14,3	41,0	31,0

* 100% consolidated numbers
(Seadrill owns 74%)



Balance Sheet

Total assets

Unaudited accounts in USD millions

	30.09.08	30.06.08	31.12.07
<i>Current assets</i>			
Cash and cash equivalents	776,4	425,4	1 012,9
Marketable securities	249,6	496,3	240,4
Accounts receivables, net	340,9	311,6	220,5
Other current assets	247,9	253,7	223,1
Total current assets	1 614,8	1 487,0	1 696,9
<i>Non-current assets</i>			
Investment in associated companies	492,2	337,7	176,1
Newbuildings	3 950,1	3 972,0	3 339,8
Drilling units	3 359,4	2 814,3	2 451,9
Goodwill	1 590,8	1 608,9	1 509,6
Restricted cash	427,6	347,6	0,0
Other non-current assets	232,5	398,9	118,8
Total non-current assets	10 052,6	9 479,4	7 596,2
Total assets	11 667,4	10 966,4	9 293,1



Balance Sheet

Liability and equity

Unaudited accounts in USD millions

	30.09.08	30.06.08	31.12.07
<i>Current liabilities</i>			
Short-term interest bearing debt	631,7	550,2	484,1
Other current liabilities	1 216,0	1 088,7	670,6
Total current liabilities	1 847,7	1 638,9	1 154,7
<i>Non-current liabilities</i>			
Long-term interest bearing debt	5 849,7	5 035,1	4 116,4
Deferred taxes	142,9	127,0	96,1
Other non-current liabilities	191,7	205,2	198,1
Total non-current liabilities	6 184,3	5 367,3	4 410,6
Minority interest	282,8	127,8	104,6
<i>Shareholders' equity</i>			
Paid-in capital	2 792,4	2 786,8	2 778,5
Retained earnings	560,2	1 045,6	844,7
Total shareholders' equity	3 352,6	3 832,4	3 623,2
Total shareholders' equity and liabilities	11 667,4	10 966,4	9 293,1



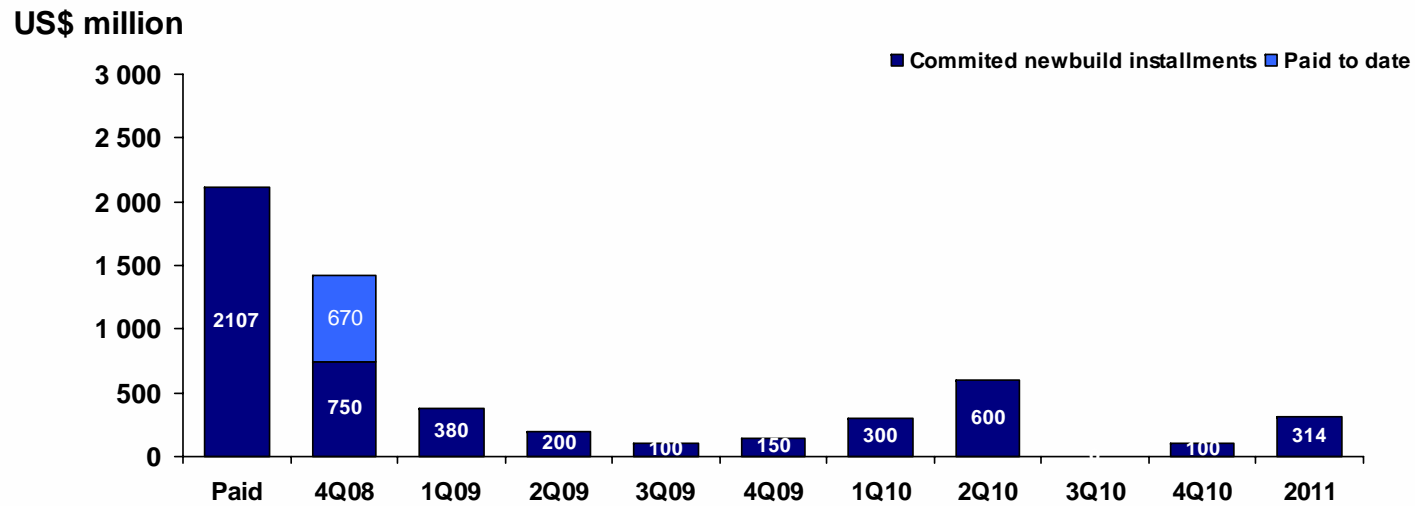
TRS & forward contracts - valuation and accounting treatment

US\$ mill.	# million of shares	Investment/ commitment 21 November	Loss as of September 30	Loss as of November 21	Accounting treatment
Pride	16,5	569	-80	-349	4.87% Shares: Marketable securities / Loss against Equity 4,66% Forwards: Off balance / Loss against Equity
Scorpion	23,5	315	-62	-276	28.64% Shares: Associated company / Loss off balance sheet 10.47% Forwards: Off balance sheet
Sapura Crest	288,4	124	-19	-62	24.62% Shares: Associated company / Loss off balance sheet
Seadrill	4,5	36	n/a	-10 *	Profit and loss statement

* In addition, loss on TRS terminated in November approximately US\$60 million



Committed newbuild installments

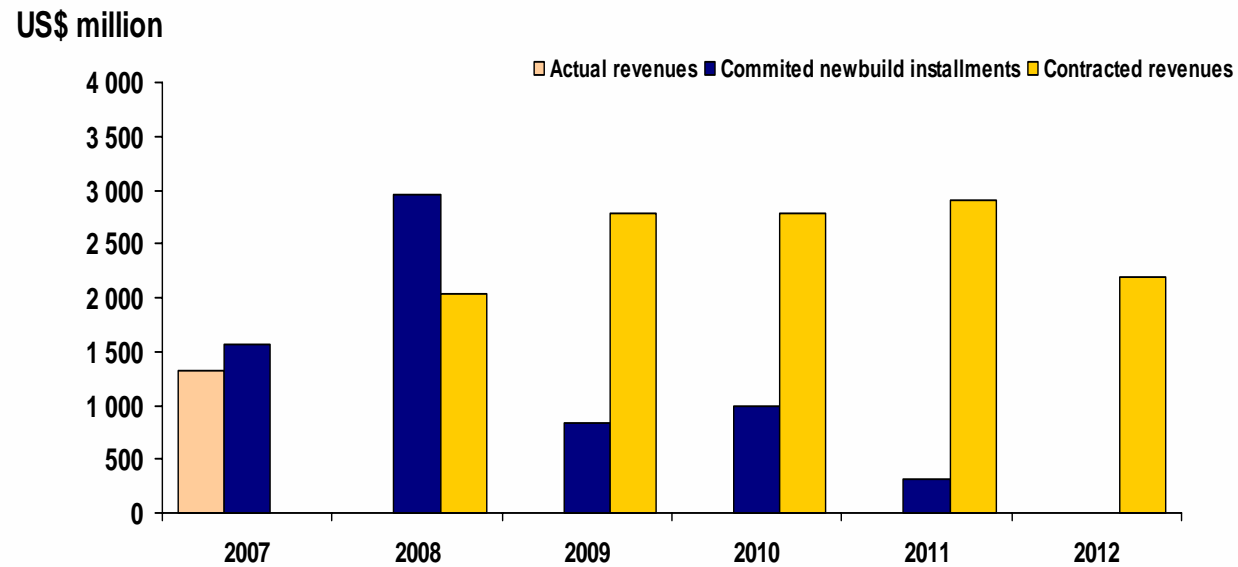


- Unpaid committed newbuild installment schedule amounts to approximately US\$3.6 billion
- The installments do not include spares, construction supervision, operation preparation and mobilization or capitalized interests
- Covers six semi-submersibles, two drillships, three tender rigs and four jack-ups

Scheduled delivery incentives through back-loaded payments



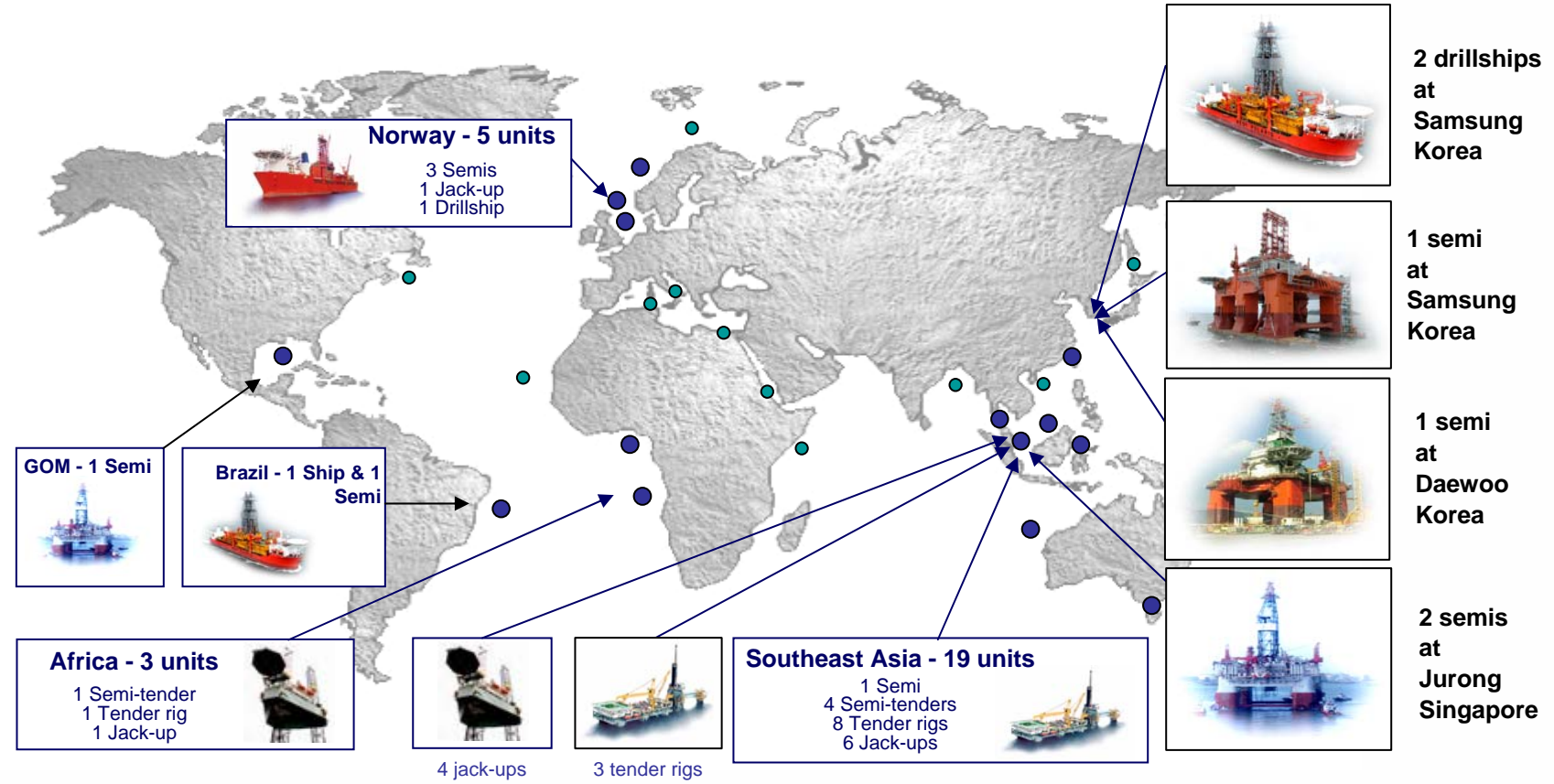
Newbuild installments vs. contracted revenues



Investment program tailing off ... cash flow building up



Operations and newbuild projects



43 units including 13 under construction

- Current
- Previous
- Future



West Sirius

Update

- Arrived the Gulf Of Mexico July 1
- Commenced drilling operations July 24
- Farmed out to APT from July to October
- Are currently working for Devon
- Utilization in line with expectations
- Six year contract at dayrate US\$475,000



West Taurus

Update

- Delivered on November 7 ahead of schedule
- En route to Brazil
- Start-up of operations for Petrobras expected in February next year
- Six year contract at dayrate US\$640,000



In transit



West Phoenix

Update

- The unit is in Norway doing the final integration testing
- Commencement of operations is expected next week
- The rig has a three year contract with Total at dayrate US\$493,000



West Eminence

Progress

- 99% complete
- Delivery scheduled year-end 2008

Challenges

- Commissioning

Cost - On budget



West Polaris

Update

- Delivered on July 10
- On time and budget
- Started operations in Brazil for Exxon early October
- The unit has four years of contract at dayrate US\$556,000 to US\$615,000



In operation



West Capella

Progress

- 99% complete
- Delivery planned in December 2008
- Commencement of operations in Nigeria for Total expected in March 2009

Challenges

- Final commissioning

Cost - On budget



West Hercules

Progress

- Delivered on October 10
- Commenced operations in China for Husky on November 3
- The unit has three year contract at dayrate US\$537,000



In operation



West Aquarius

Progress

- 99% complete
- Delivery planned late December this year
- Commencement of operations in Indonesia late January

Challenges

- Final commissioning

Cost - On budget



Ultra-deepwater projects 2010-11

- Three more deepwater units on order
 - 1 drillship
 - 2 semis
- All three are copies of existing units
- To be built at the Samsung and Jurong yards
- Sister vessels have been delivered on time and cost



Low construction risk high contract probability



Status shallow water newbuild projects

Jack-ups

Unit	Delivery	
West Ceres	May 2006	✓
West Prospero	June 2007	✓
West Atlas	September 2007	✓
West Triton	January 2008	✓
West Ariel	May 2008	✓
West Leda	On schedule	1Q10
West Callisto	On schedule	2Q10
West Elara	On schedule	4Q10
West Juno	On schedule	4Q10

Tender rigs

Unit	Delivery	
West Berani	December 2006	✓
T10	August 2007	✓
T11	April 2008	✓
T12	On schedule	1Q10
West Berani II	On schedule	1Q10
West Berani III	On schedule	1Q11

Deliveries on time and budget



Human resources recruitment

Units	Core crew recruitment % complete
-------	-------------------------------------

West Phoenix	100%
West Sirius	100%
West Hercules	100%
West Polaris	100%
West Aquarius	100%
West Capella	98%
West Eminence	97%
West Taurus	100%



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

85% of non-core crew complete

Recruitment as planned retention future challenge



Market outlook

- Global financial turmoil, falling oil prices and recessions impacting oil and oil services
- The crisis is more widespread than the financial crisis that hit the oil price in 1998
- Uncertainty is causing a wait and see attitude amongst oil companies
- Near term jack-up market is most at risk

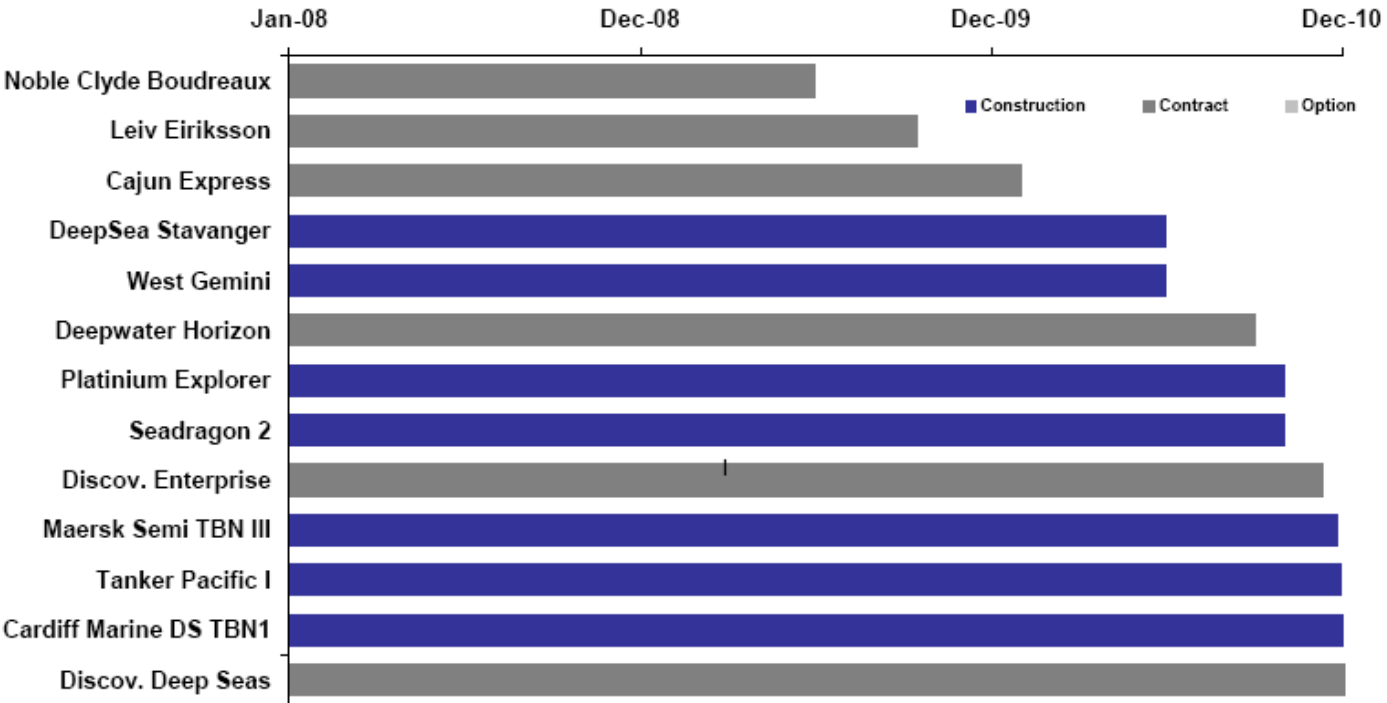


Market status floaters

- Brazil with the sub-salt discoveries is still a game changer
- National Oil Companies have strategic interest that differs from listed companies
- Super majors and majors are still active in securing deepwater capacity
- Availability combined with operation track record is highly valued



Ultra-deepwater projects 2010



Limited availability strong visibility

Source: Pareto



Contract status floaters

Customer	2008				2009				2010				2011				2012				2013				2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Semi-submersibles																												
West Alpha ¹	StatoilHydro				US\$258,000				US\$457,000 ²																			
West Venture ¹	StatoilHydro				US\$248,000				US\$248,000																			
West Phoenix ¹	Total				Newbuild				US\$493,000				US\$478,000															
West Aquarius	Exxon				Newbuild				US\$525,000																			
West Sirius	Devon				Newbuild				US\$475,000																			
West Hercules	Husky				Newbuild				US\$537,000																			
West Eminence ³	Petrobras				Newbuild				US\$610,000																03.2015			
West Taurus ³	Petrobras				Newbuild				US\$640,000																02.2015			
West Orion ³	Petrobras				Newbuild				US\$610,000																07.2016			
West Capricorn	-				Newbuild																							
Drillships																												
West Navigator ¹	Shell				US\$246,000				US\$558,000																			
West Polaris	Exxon				Newbuild				US\$556,000				US\$615,000															
West Capella	Total				Newbuild				US\$544,000																			
West Gemini	-				Newbuild																							

■ Yard plus transit period
 ■ Contract
 ■ Option

¹ Dayrate is partly in Norwegian kroner

² The West Alpha contract could be extended by one or two years reducing the dayrates for the contract period to US\$437,000 or US\$417,000, respectively

³ Dayrates include five percent performance incentive as well as estimated compensation for taxes

Order backlog of approx. US\$10.4 billion



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Contract status tender rigs

Customer	2008				2009				2010				2011				2012				2013				2014				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	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\$83,000																									
T4	Chevron	US\$49'		US\$88,000																									
T6 ¹	Carigali/CTOC	US\$101,000																											
T7	Chevron	US\$58,000																											
T8	Total	US\$90'		US\$125,000																									
T9 ¹	Exxon	US\$73,000		US\$135,000																									
T10 ¹	CarigaliHess	US\$86,000		US\$86,000																									
T11	Chevron	Newbuild	US\$118,000																										
T12	-	Newbuild																											
Teknik Berkas ¹	Carigali	US\$72'		US\$121,000																									
Semi-tenders																													
West Alliance	Shell	US\$93,000		US\$170,000		01.2015																							
West Berani	Newfield/Conoco	US\$124,000		US\$165,000																									
West Menang	Total	US\$127,000																											
West Pelaut	Shell	US\$67,000																											
West Setia	Murphy/Chevron	US\$86,000		US\$165'		US\$163'																							
West Berani II	-	Newbuild																											
West Berani III	-	Newbuild																											

■ Yard ■ Contract ■ Option

¹ Ownership 49%

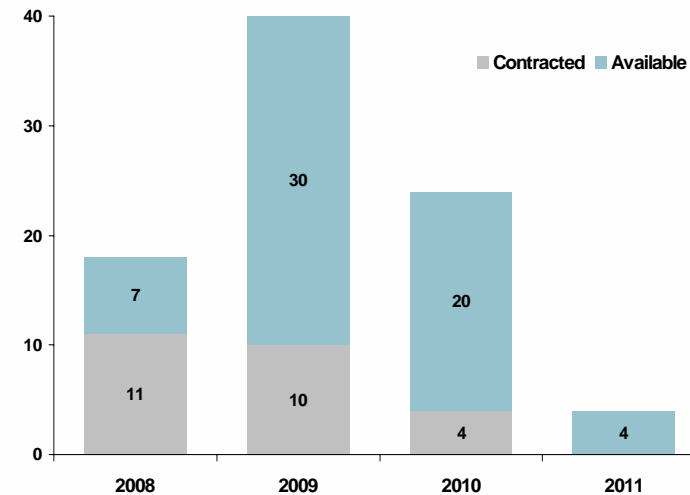
Order backlog of approx. US\$1.5 billion



Market status Jack-ups

- Falling oil prices and the credit crunch are impacting the demand side
- Quality and fleet ageing issues overshadowed by short-term uncertainty
- Longer-term demand will be focused on rigs with higher technical capabilities than the older fleet

Newbuild jack-ups



Uncertainty is dominating the market near term



Contract status jack-ups

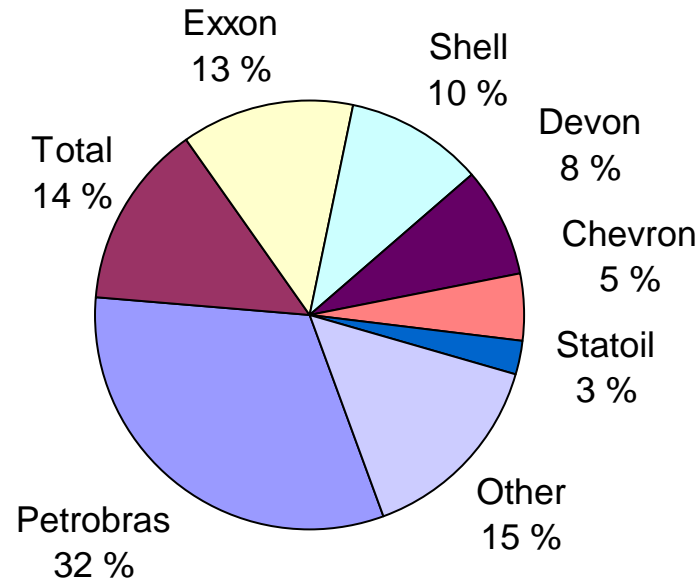
Customer		2008				2009				2010				2011			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Jack-ups																	
West Epsilon	StatoilHydro	US\$306,000															
West Janus	PCPPOC	US\$185,000 US\$150,000															
West Atlas	Coogee	US\$257,500				US\$255,000											
West Triton	ADA	US\$276,000															
West Ceres	Total/Tullow	US\$183'/US\$221'															
West Prospero	Exxon/Talisman	US\$205,000/US\$130'															
West Larissa	VietsoPetro	US\$183,500															
West Ariel	PTT	Newbuild		US\$182'		US\$194,000											
West Callisto	-	Newbuild at KFELS															
West Juno	-	Newbuild at KFELS															
West Leda	-	Newbuild at PPL															
West Elara	-	Newbuild at PPL															

■ Yard
 ■ Contract
 ■ Option

Order backlog of approx. US\$700 million



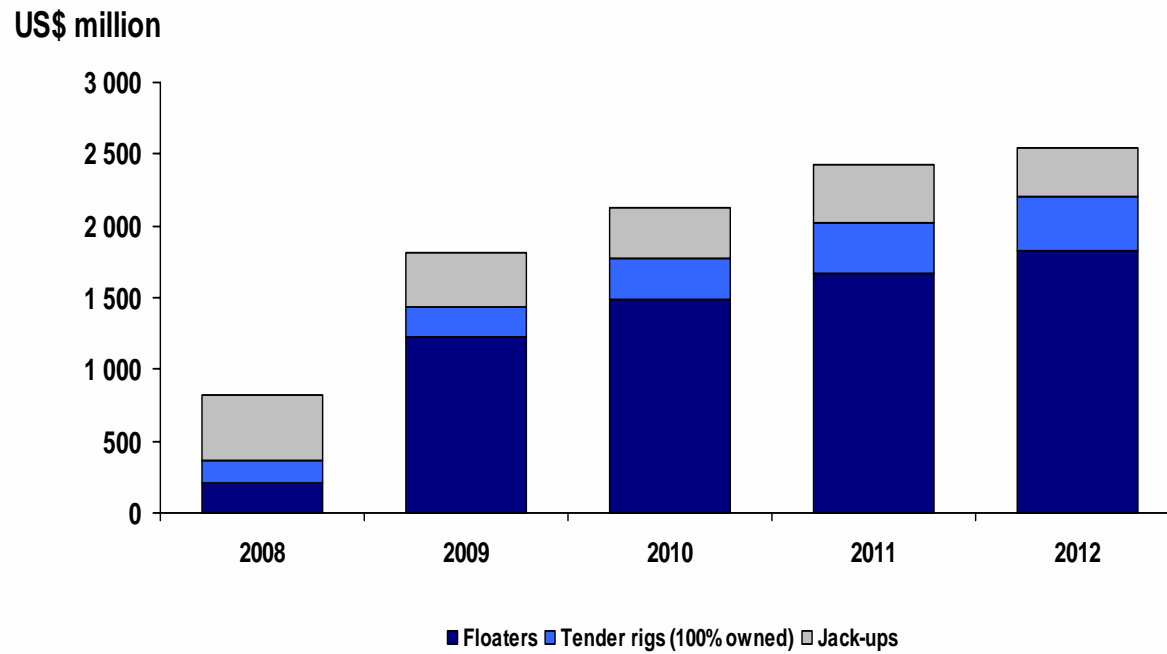
US\$12.5 billion order backlog



Focused on the best credits in the industry



EBITDA expectations



Main exposure is deepwater market

Source: DnBNor



Shareholdings

- Seadrill has a ownership in jack-up company Scorpion Offshore Ltd to 39.7%.
- Seadrill has a ownership in Malaysian oil service company SapuraCrest Bhd of 24.6%
- Seadrill has an ownership in US listed offshore contractor Pride International Inc. of 9.5 percent

Current effect is margin calls of US\$581 million



Summary

- Three deepwater newbuild has commenced operations
- Remaining newbuilding projects are progressing as planned with delivery within January next year
- Market outlook remains favorable for our ultra-deepwater floaters and tender rigs
- Order backlog of some US\$12.5 billion is built on strong credit names
- Newbuilds installments will be financed through operating cash flow and existing credit facilities

Long-term outlook favorable



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