



**First quarter results 2007**  
**Conference call**



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## Contents

- 1Q results 2007
- Current operations
- Newbuilding program
- Contract status
- Market development and outlook
- Human resources
- Summary



## Highlights 1Q 2007

- Net income of US\$168.2 million and EPS of US\$0.44
- All drilling units in operations with the exception of West Titania
- Jack-up sale and leaseback with Ship Finance for West Prospero at US\$210 million
- Disposal of FPSOs Crystal Ocean and Crystal Sea with gains of US\$123.3 million
- New assignments secured for the jack-ups West Janus and West Larissa as well as the newbuild jack-up West Triton (currently under construction)
- Mandatory offer for remaining outstanding shares in Eastern Drilling ASA
- Order of a third deepwater semi-submersible rig at Jurong for US\$532 million with delivery April 2010
- Letter of intent for deepwater unit for 5-year contract at dayrate US\$518,000





# Condensed Income Statement 1Q 2007

<i>Unaudited accounts in USD million</i>	<b>Actual 1Q07</b>	<b>Actual 4Q06</b>
<b>Revenues</b>		
Operating revenues	305.9	309.9
Reimbursables	28.2	48.8
Other revenues	145.1	28.4
<b>Total revenues</b>	<b>479.2</b>	<b>387.1</b>
<b>Operating expenses</b>		
Vessel and rig operating expenses	178.3	197.1
Reimbursable expenses	26.9	46.7
Depreciation and amortisation	43.1	42.4
General and administrative expenses	25.4	22.0
<b>Total operating expenses</b>	<b>273.7</b>	<b>308.2</b>
<b>Operating profit</b>	<b>205.5</b>	<b>78.9</b>
Interest income	2.5	5.0
Interest expense	(23.0)	(26.0)
Share of results from associated companies	6.9	2.7
Other financial items	(8.2)	(3.1)
<b>Net financial items</b>	<b>(21.8)</b>	<b>(21.4)</b>
<b>Income before income taxes and minority interest</b>	<b>183.7</b>	<b>57.5</b>
Income taxes	(13.7)	(0.3)
Minority interest	(1.8)	(2.1)
<b>Net income</b>	<b>168.2</b>	<b>55.1</b>
Earnings per share ( <i>in USD</i> )	0.44	0.14



# Condensed Consolidated Segment Information

## Mobile Units \*

<i>Unaudited accounts in USD million</i>	<b>Actual 1Q07</b>	<b>Actual 4Q06</b>
Operating revenues	174.1	178.3
Reimbursables	5.1	15.5
Other revenues	18.7	24.3
<b>Total revenues</b>	<b>197.9</b>	<b>218.1</b>
Vessel and rig operating expenses	92.1	106.1
Reimbursable expenses	4.4	14.0
Depreciation and amortisation	31.4	33.6
General and administrative expenses	18.2	16.8
<b>Total operating expenses</b>	<b>146.1</b>	<b>170.5</b>
<b>Operating profit</b>	<b>51.8</b>	<b>47.6</b>
Utilization	83%	97%
Average dayrate US\$	176,988	182,270

\* Excluding gains from sale of Crystal Ocean and Crystal Sea.



## Condensed Consolidated Segment Information

<b>Tender Rigs</b>	<b>Actual</b>	<b>Actual</b>
<i>Unaudited accounts in USD million</i>	<b>1Q07</b>	<b>4Q06</b>
Operating revenues	52.9	44.9
Reimbursables	4.0	4.4
Other revenues	3.0	4.1
<b>Total revenues</b>	<b>59.9</b>	<b>53.4</b>
Vessel and rig operating expenses	20.4	19.3
Reimbursable expenses	3.8	4.2
Depreciation and amortisation	9.8	7.1
General and administrative expenses	3.3	2.0
<b>Total operating expenses</b>	<b>37.3</b>	<b>32.6</b>
<b>Operating profit</b>	<b>22.6</b>	<b>20.8</b>
Utilization	100%	92%
Average dayrate US\$	73,854	68,670



## Condensed Consolidated Segment Information

<b>Well Services</b>	<b>Actual</b>	<b>Actual</b>
<i>Unaudited accounts in USD million</i>	<b>1Q07</b>	<b>4Q06</b>
Operating revenues	<b>78.9</b>	86.7
Reimbursables	<b>19.2</b>	28.9
<b>Total revenues</b>	<b>98.1</b>	115.6
Vessel and rig operating expenses	<b>65.7</b>	71.7
Reimbursable expenses	<b>18.8</b>	28.4
Depreciation and amortisation	<b>1.9</b>	1.8
General and administrative expenses	<b>3.9</b>	3.2
<b>Total operating expenses</b>	<b>90.3</b>	105.1
<b>Operating profit</b>	<b>7.8</b>	10.5





## Condensed Consolidated Balance Sheet

Unaudited accounts in USD million

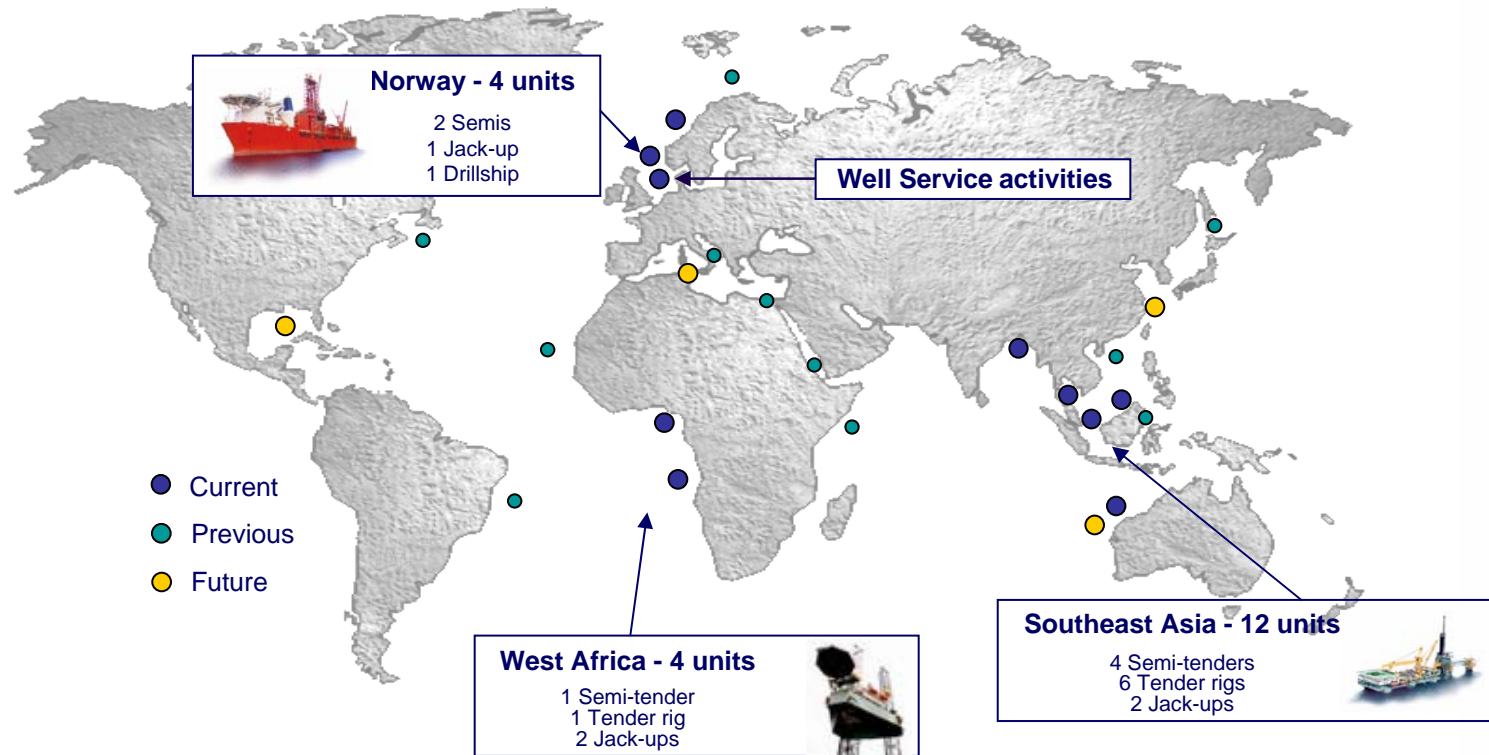
	31.03.07	31.12.06
<i>Current assets</i>		
Cash and cash equivalents	471.6	210.4
Receivables	408.8	463.5
Other investments	122.6	105.9
<b>Total current assets</b>	<b>1,003.0</b>	<b>779.8</b>
<i>Non-current assets</i>		
Investment in associated companies	161.9	238.1
Other non-current assets	68.3	46.1
Newbuildings	2,342.6	2,027.4
Drilling units	2,232.5	2,293.3
Goodwill	1,284.2	1,284.2
<b>Total non-current assets</b>	<b>6,089.5</b>	<b>5,889.1</b>
<b>Total assets</b>	<b>7,092.5</b>	<b>6,668.9</b>

Unaudited accounts in USD million

	31.03.07	31.12.06
<i>Current liabilities</i>		
Short-term interest bearing debt	1,015.5	255.4
Other current liabilities	404.4	465.3
<b>Total current liabilities</b>	<b>1,419.9</b>	<b>720.7</b>
<i>Non-current liabilities</i>		
Deferred taxes	234.0	227.8
Long-term interest bearing debt	2,033.6	2,559.3
Other non-current liabilities	183.3	195.4
<b>Total non-current liabilities</b>	<b>2,450.9</b>	<b>2,982.5</b>
Minority interest	257.2	208.0
<i>Shareholders' equity</i>		
Paid-in capital	2,449.8	2,449.8
Retained earnings	514.7	307.9
<b>Total shareholders' equity</b>	<b>2,964.5</b>	<b>2,757.7</b>
<b>Total shareholders' equity and liabilities</b>	<b>7,092.5</b>	<b>6,668.9</b>



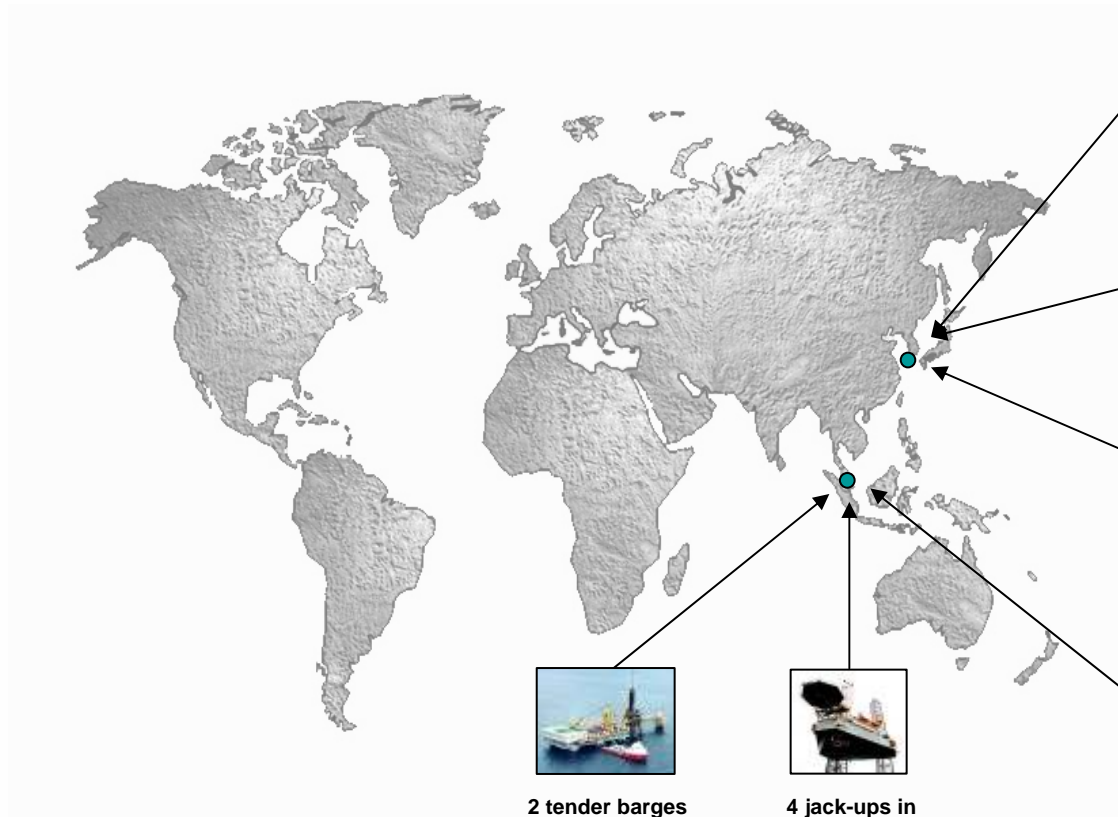
# Offshore drilling operations



**Presence in key offshore drilling markets**



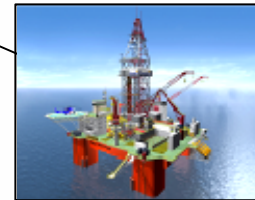
# 15 newbuild projects



2 drillships at Samsung Korea



2 semis at Samsung Korea



2 semis at Daewoo Korea



2 tender barges in Malaysia



4 jack-ups in Singapore



3 semis at Jurong Singapore

**Building the most modern fleet at quality yards**



## Third ultra-deepwater unit ordered at Jurong

- Fixed price turnkey US\$532 million contract
- Copy of existing units under construction
- Delivery scheduled in April 2010
- Favorable installment schedule
  - ☺ 15% at signing, 20% end 2007, 15% end 2008 and 50% at delivery



Creating significant shareholder value





# West E-drill







# West Sirius





# West Hercules





**West Polaris**

## Seadrill newbuild characteristics

- Copies of existing units
- Proven technology
- Quality yards
- Delivery time reflects previous experience
- First units to be ordered
- Main yard installments to be paid on delivery
- Fixed price turnkey contracts



# Newbuild deepwater program

	Project phases			% complete *
	Engineering	Construction	Commissioning	
West E-drill	----->			86%
West Eminence	----->	----->		47%
West Sirius (J1)	----->	----->		81%
West Taurus (J2)	----->	----->		58%
West Hercules (D1)	----->	----->		52%
West Aquarius (D2)	----->			23%
West Polaris (M1)	----->	----->		52%
West Capella (M1)	----->			NA

**Main milestones reached according to plan**

\* May 15, 2007



## Newbuild deepwater projects

- Progress to date generally as planned
- Equipment component sub-contractors under severe workload pressure
- Individual component delays observed
- Focus on eliminating/mitigating critical line effects

**First in line ... a clear advantage**



# Deepwater newbuild program

## West E- drill and West Eminence

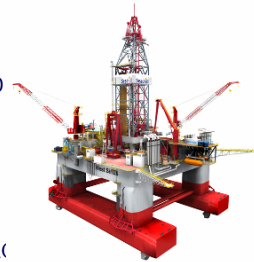
- Two semi-submersible rigs
- Builder: Samsung
- Delivery: 1Q/3Q 2008
- Design: DP Drilling Vessel
- Rated water depth: 10,000ft
- Rated drilling dept: 30,000ft
- Dual Derrick
- Risers: 4,100ft
- Contract price: US\$502/520 million \*



\* Excluding spares, construction supervision, capitalized preparation preparations and mobilization

## West Sirius, West Taurus and West TBA

- Three semi-submersible rigs
- Builder: Jurong
- Delivery: 2Q/4Q 2008 & 2Q 2010
- Design: Friede Goldman ExD
- Rated water depth: 10,000ft
- Rated drilling dept: 35,000ft
- Risers: 10,000ft
- Top Drive: MH DDM 750/1,000 AC
- Contract price: US\$443/451/532 million \*



\* Excluding spares, construction supervision, capitalized preparation preparations and mobilization

## West Hercules and West Aquarius

- Two semi-submersible rigs
- Builder: Daewoo
- Delivery: 2Q/3Q 2008
- Design: GVA 7500
- Rated water depth: 10,000ft
- Rated drilling depth: 35,000ft
- Risers: 10,000ft
- Top Drive: MH DDM 750/1,000 AC
- Contract price: US\$512/526 million \*



\* Excluding spares, construction supervision, capitalized preparation preparations and mobilization

## West Polaris and West Capella

- Two deepwater drillships
- Builder: Samsung
- Delivery: 2Q/4Q 2008
- Design: Samsung 10000
- Rated water depth: 10,000ft
- Rated drilling depth: 35,000ft
- Riser: 10,000ft
- Top Drive: 2 HPS 1,000 short tons (dual motor AC)
- Contract price: US\$478/478 million \*



\* Excluding spares, construction supervision, capitalized preparation preparations and mobilization





## Six shallow water newbuilds

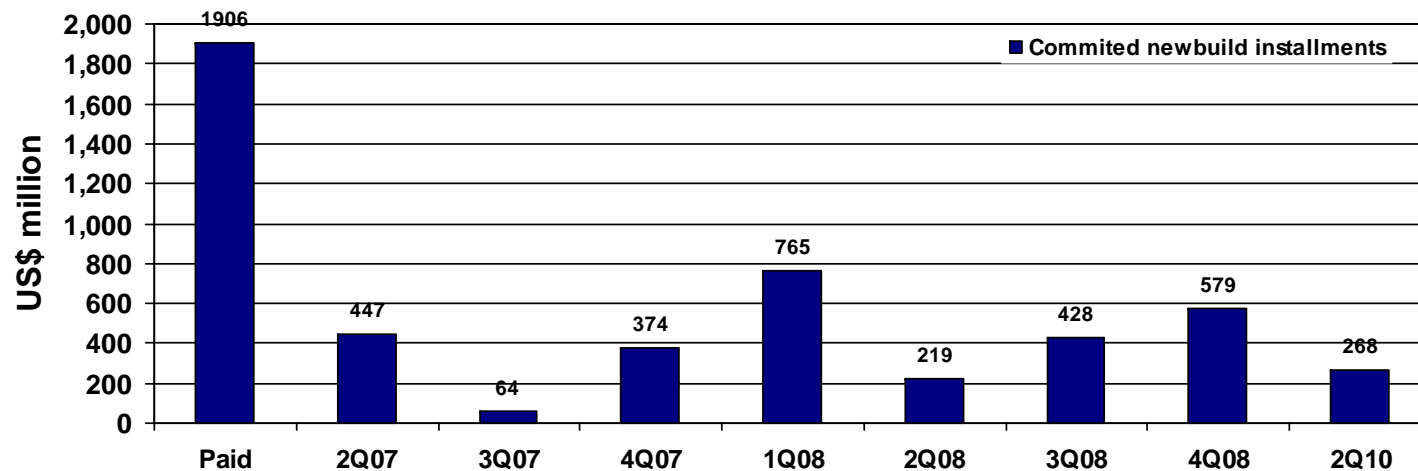
- Three jack-ups at KFELS
  - Two units to be delivered in 3Q07
  - One unit to be delivered in 2Q08
- One jack-up at PPL
  - Delivery scheduled for 1Q08
- Two tender rigs at Malaysia Marine & Heavy Engineering
  - Delivery scheduled for 2Q07 & 2Q08



Assignments secured for five out of six newbuilds



## Committed newbuild installments



- Committed newbuild installment schedule amounts to approximately US\$5.1 billion
- The installments do not include spares, construction supervision, operation preparation and mobilization or capitalized interests
- Covers Daewoo I+II, Eastern I+II, Mosvold I+II, Jurong I+II+III, T11 and 4 newbuild jack-ups

Scheduled delivery incentives through backload payments



# Contract status floaters

Customer	2007				2008				2009				2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Semi-submersibles</b>																				
West Alpha	Statoil																			
West Venture	Norsk Hydro																			
West E-drill <sup>1 &amp; 2</sup>	Total																			
West Eminence <sup>1 &amp; 4</sup>	Husky																			
West Hercules (D1) <sup>1</sup>	Devon																			
West Aquarius (D2) <sup>1 &amp; 4</sup>	Total																			
West Sirius (J1) <sup>1 &amp; 3</sup>	Total																			
West Taurus (J2) <sup>1 &amp; 4</sup>	Total																			
Jurong III (J3) <sup>1</sup>	Total																			
<b>Drillships</b>																				
West Navigator	Shell																			
West Polaris (M1) <sup>1</sup>	Exxon																			
West Capella (M2) <sup>1</sup>	Total																			

■ Yard    ■ Contract    ■ Option

<sup>1</sup> Ex. spares, construction supervision, operation preparation and mobilization or capitalized interests

<sup>2</sup> The contract could be extended by two years at dayrate US\$465,000

<sup>3</sup> The contract could be extended by one or two years reducing the dayrates for the contract period to US\$450,000 or US\$440,000 respectively

<sup>4</sup> Seadrill has secured LOI for 5 year contract at US\$518,000 for one deepwater unit

**Order backlog of approx. US\$3,500 million**



# Contract status jack-ups

Customer	2007				2008				2009				2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Jack-ups</b>																				
West Epsilon	Statoil				US\$305,000				US\$305,000											
West Atlas (S1) <sup>1</sup>	Coogee				Newbuild - US\$129M				US\$257,500											
West Triton (S2) <sup>1</sup>	ADA				Newbuild - US\$129M				US\$275,000											
West Ceres (S3)	Total				US\$166,000				Market rate											
West Prospero (S4) <sup>1</sup>	Exxon				Newbuild - US\$128M				US\$205,000											
West Larissa (S5)	Premier/VietsoPetro				US\$125-195,000				US\$183,500											
West Janus (S6)	Cairn				US\$185,000															
West Titania (S7)					US\$150,000															
West Ariel (S8) <sup>1</sup>					Newbuild - US\$132M															

■ Yard   
 ■ Contract   
 ■ Option

<sup>1</sup> Ex. spares, construction supervision, operation preparation and mobilization or capitalized interests

**Order backlog of approx. US\$840 million**



# Contract status tender rigs

Customer	2007				2008				2009				2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Tender barges</b>																				
T3 <sup>1</sup>	PTT	US\$42'	US\$51,000	US\$58,000	US\$70,000															06.2012
T4	Chevron	US\$46,000			US\$85,000															06.2013
T6 <sup>1</sup>	Carigali/CTOC	US\$64,000		US\$85,500																
T7	Chevron	US\$53,000																		
T8	Total	US\$63'	US\$85,000		Market rate															
T9 <sup>1</sup>	Exxon	US\$66,000						Market rate												
T10 <sup>1</sup>	Carigali/Hess	Newb - US\$89M	US\$78,000										US\$78,000							
T11	Cheron	Newbuild - US\$100M			US\$112,000															07.2013
Teknik Berkat <sup>1</sup>	Carigali	US\$57,000	US\$65,000					US\$65,000												
<b>Semi-tenders</b>																				
West Alliance	Shell	US\$72,000			US\$85,000															
West Berani	Newfield/Chevron	US\$120,000						US\$151,000 <sup>2</sup>												03.2012
West Menang	Total	US\$88,000		US\$115,000																
West Pelaut	Shell	US\$61,000						US\$61,000												03.2014
West Setia	Murphy/Conoco	US\$82,000						US\$163,000 <sup>2</sup>												02.2012

■ Yard ■ Contract ■ Option

<sup>1</sup> Ownership 49%

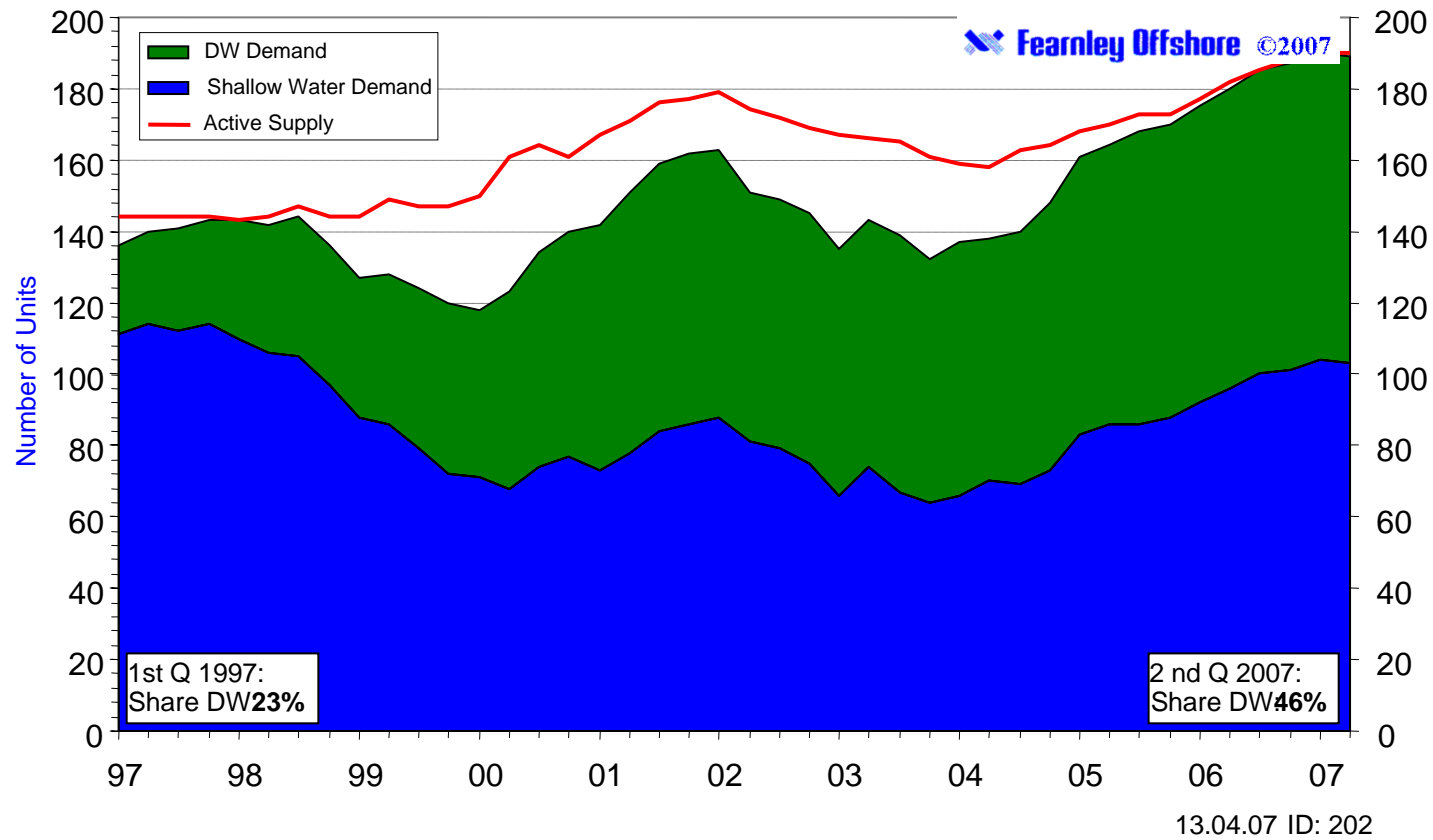
<sup>2</sup> Seadrill has the option to use either West Berani or West Setia depending on rig availability

Order backlog of approx. US\$1,450 million



# Active supply and demand worldwide

## FLOATERS



Fearnley Offshore ©2007





## Key current drivers

- Oil prices around US\$70/bbl
- Focus on infill drilling to mitigate production decline
- “Material Oil” strategies
- “Integrated Gas” strategies
- Significant further exploration required
- Long-term exploration drilling contracts



# Deepwater market

## Worldwide Deepwater Market (>3,000ft WD)

- 100% utilization
- Except for a limited number of available months for 2-4 units, the entire ultra deepwater fleet is fully committed through 2008
- 12 deepwater units have about 62 months available in 2008.
- Currently 48 floaters (+ 3 “standard” floaters) on order, up from 44 in January
- 13 ultra deepwater units uncommitted
- Six new UDW units were contracted last quarter



# Deepwater market cont'

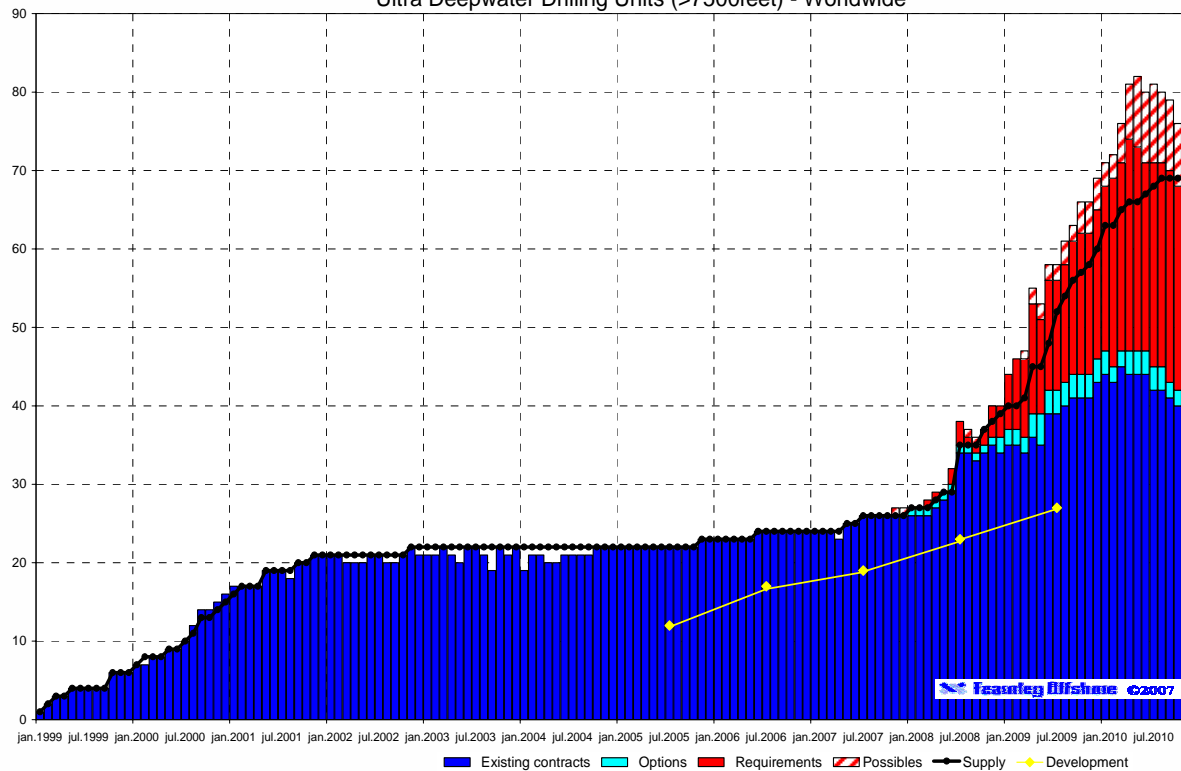
## Worldwide Deepwater Market (>3,000ft WD)

- Eight operators have additional requirements for UDW units. In total these operators need some 10-13 units.
- Dayrate for UDW units has increased slightly during the first quarter of 2007
- Total back-log for the entire deepwater fleet increased this last quarter to 5067 months – 422 rig years – up 2% from last quarter 4953 months. The UDW back-log grew even stronger with a 7% increase from 2467 months to 2629 months – 219 rig years



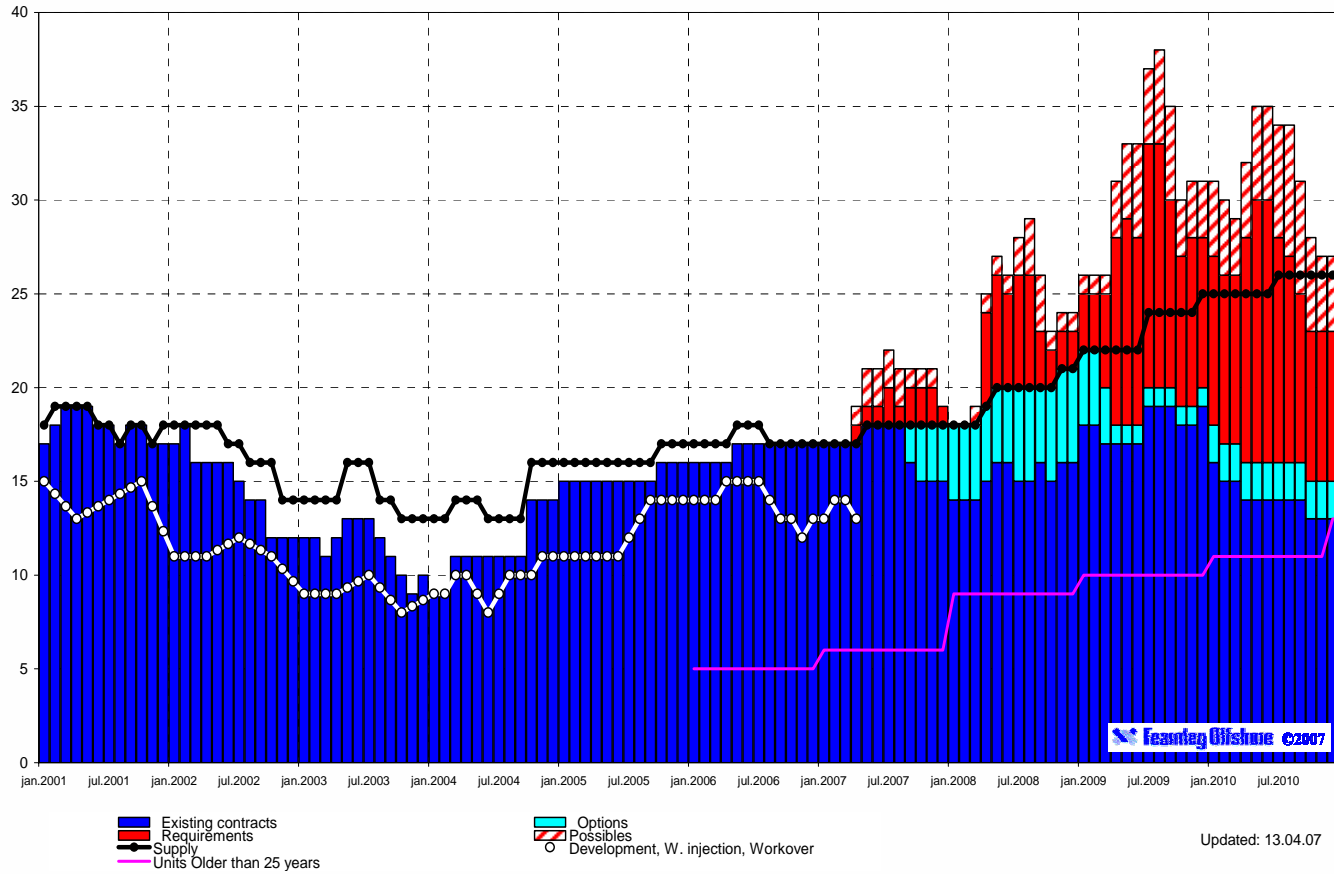
# Ultra-deepwater demand supply 1999-2010

**Contract Status & Expected Demand 1999-2010:**  
Ultra Deepwater Drilling Units (>7500feet) - Worldwide



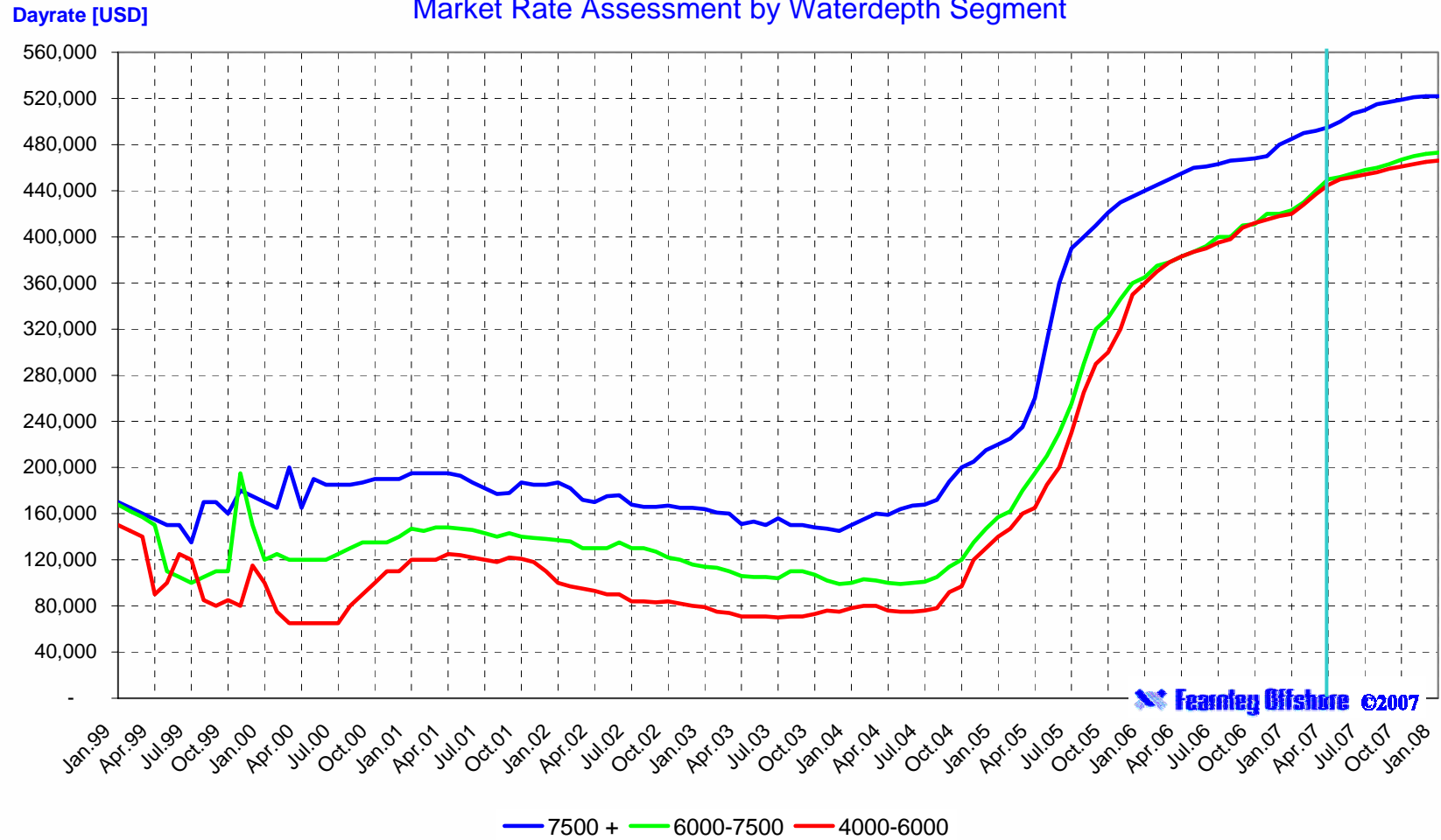
# Demand supply Norway

Norway/Russia 2001 - 2011: Floaters



# Deepwater dayrates

**Worldwide Deepwater Drilling Units**  
Market Rate Assessment by Waterdepth Segment



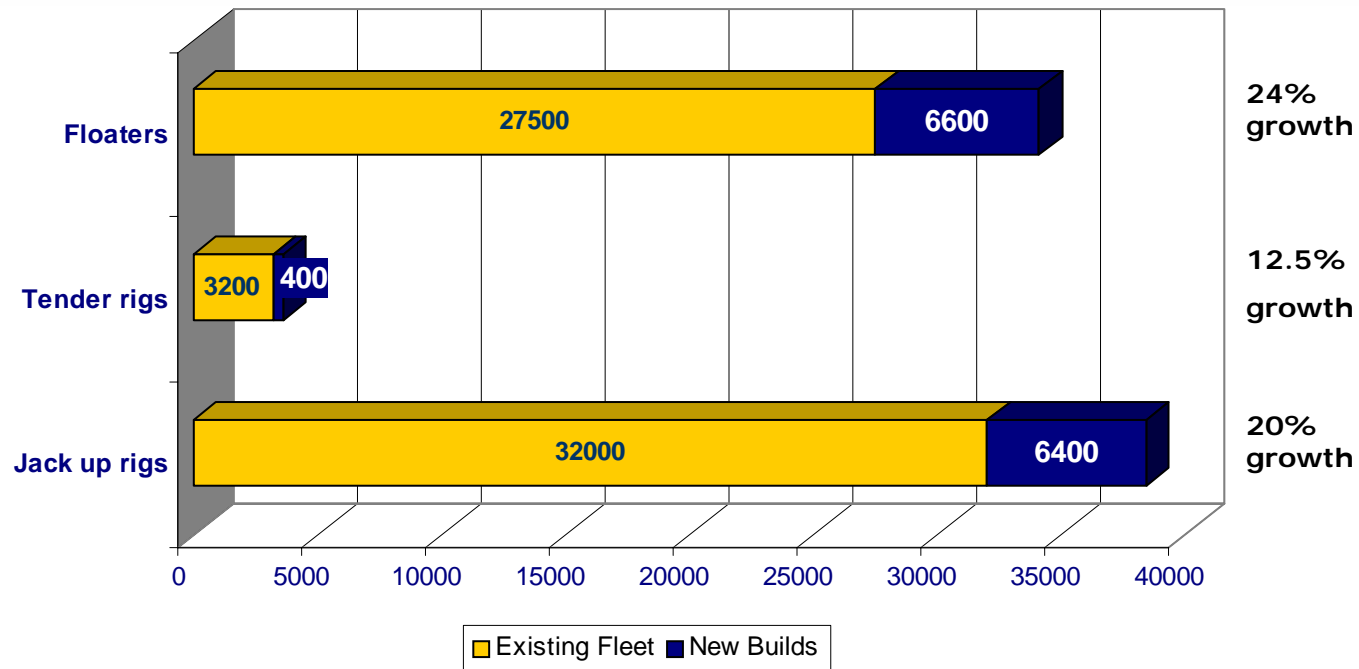
Fearnley Offshore ©2007

Source: Fearnley Offshore





## Expected global crew needs 2007 - 2010



**Total industry requirement is approximately 13,400 people representing 21% growth**



## Human resources

- Currently a pool of 5,200 employees as a basis
- More than 25 different nationalities
- Significant organic growth capacity
- Some 2,000 people to be hired over the next two years
- State of the art rig fleet



**An attractive employer long term**



## Financial strategy

- Secure term contracts
- Maintain high financial leverage
- Employ various leverage structures such as sale/leaseback, MLPs etc. in addition to traditional bank debt

**High leverage to accompany high equity return**



## Summary

- Newbuilding projects are in the main progressing as planned
- Acceptable term assignments secured for five out of nine deepwater newbuilds
- Strong market outlook in all segments builds the order backlog
- Existing operations are running according to plan
- Actively pursuing leveraged financing structures for existing as well as new assets
- Continue to explore consolidation opportunities but equity return is main focus

**Creating a world leading drilling contractor**





Seadrill 