

A different offshore driller



Pareto Oil & Gas Conference

Oslo - September 10, 2008

Seadrill 

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Contents

- Company profile
- Strategy
- Current operations
- Newbuild program
- Contract status
- Market outlook
- What makes Seadrill different
- Summary



Seadrill facts

	September 2008
▪ Employees	7,000
▪ Rigs in operation	26+2
▪ Newbuild orders	15 (26)
▪ Presence in countries	11
▪ Contract backlog	US\$12.5 bn.
▪ Market capitalization	US\$9 bn.
▪ Enterprise value	US\$14 bn.

Built from scratch since 2005 on newbuilds and M&As



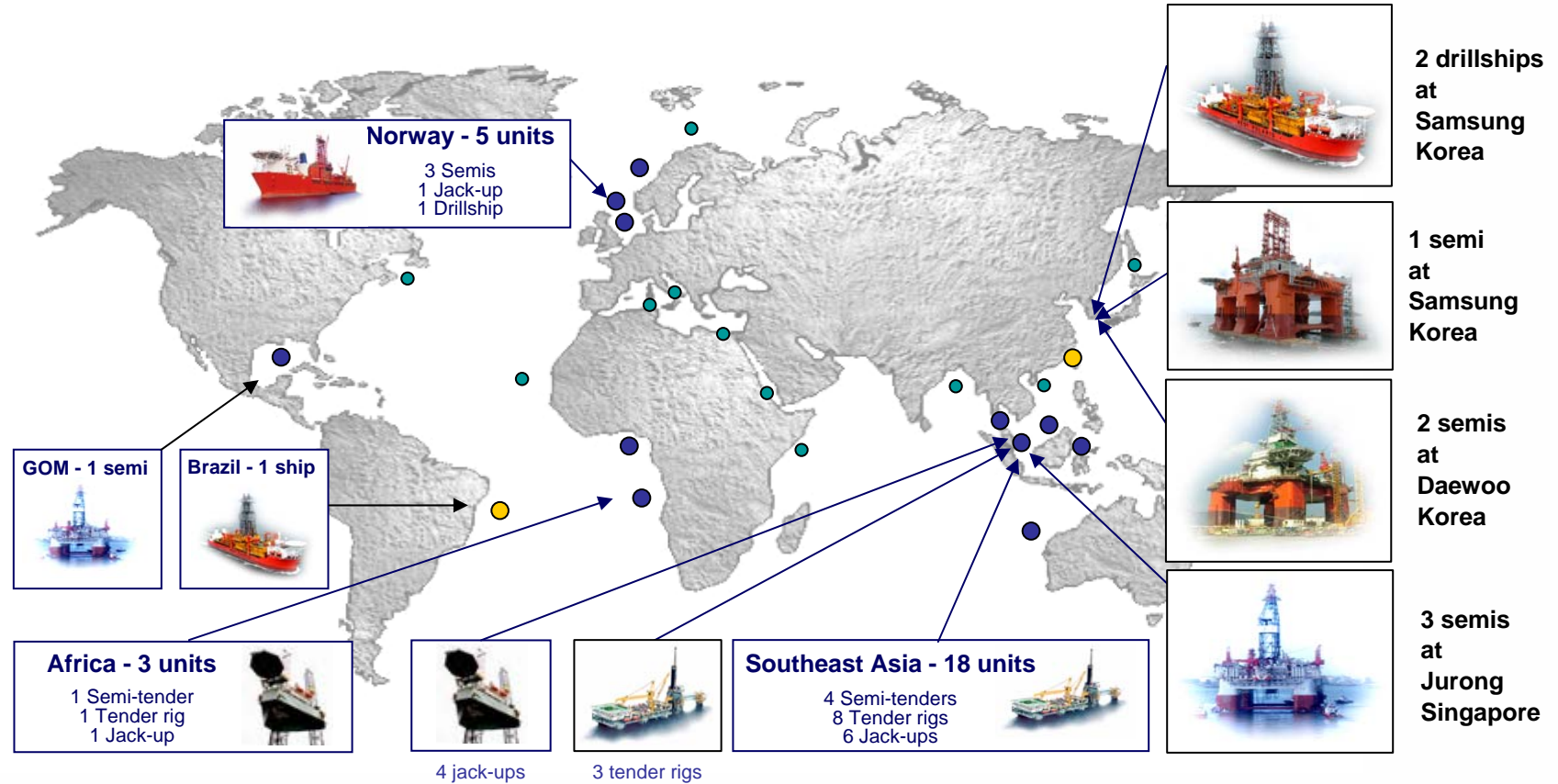
Strategy

- Focus fleet on premium offshore drilling assets
- Secure term contracts at premium dayrates
- Financing structures geared towards capital repayment
- Return early cash to shareholders through dividend
- Continue to look for growth opportunities

Build a leading drilling contractor delivering attractive shareholder return



Operations and newbuild projects



43 units including 15 under construction

- Current
- Previous
- Future



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

Successful deliveries on time and budget



Ultra-deepwater projects 2008

West Sirius

Update

- Arrived the Gulf Of Mexico July 1
- Commenced drilling operations July 24
- Farmed out to APT
- Drilled three top holes
- Utilization in line with expectations
- Contract extended from four to six years



West Polarix

Update

- Delivered on July 10
- On time and budget
- En route to Brazil
- Commencement of operations in Brazil for Exxon anticipated in October 2008



West Taurus

Progress

- 95% complete
- Delivery scheduled in December this year
- Start-up of operations for Petrobras expected in February next year



Challenges

- Final commissioning

Cost - On budget

West Capella

Progress

- 95% complete
- Delivery planned in December 2008
- Commencement of operations in Nigeria for Total expected in February/March 2009



Challenges

- Final commissioning

Cost - On budget



Ultra-deepwater projects 2008

West Phoenix

Update

- Delivery taken end March 2008
- Unit has arrived Norway
- Commencement of operations in Norway is delayed to November 2008
- Activities outstanding are final commissioning and testing of drilling equipment



West Hercules

Progress

- 100% complete
- Delivery scheduled mid September 2008
- Commencement of operations in China for Husky in October 2008

Challenges

- Final commissioning

Cost - On budget



West Eminence

Progress

- 99% complete
- Delivery scheduled year-end 2008

Challenges

- Commissioning

Cost - On budget



West Aquarius

Progress

- 96% complete
- Delivery planned in the November this year
- Commencement of operations in Indonesia December

Challenges

- Yard capacity
- Commissioning risk

Cost - On budget



Human resources recruitment

Units	Core crew recruitment % complete
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West Phoenix	100%
West Sirius	100%
West Hercules	100%
West Polaris	100%
West Aquarius	100%
West Capella	95%
West Eminence	95%
West Taurus	85%



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

65% of non-core crew complete

Recruitment as planned retention future challenge



Deepwater contract awards

Unit	Customer	Dayrate (US\$/d)	Term	Contract value
West Taurus	Petrobras	630,000	6 yrs	US\$1,400 mill.
West Eminence	Petrobras	600,000	6 yrs	US\$1,300 mill.
West Orion	Petrobras	600,000	6 yrs	US\$1,300 mill.
West Sirius	Devon	475,000	6 yrs	US\$1,040 mill.
West Phoenix	Total	530,000	3 yrs	US\$580 mill.
West Polaris	Exxon	556'/615'	3 yrs/ 1yr	US\$835 mill.
West Hercules	Husky	524,000	3 yrs	US\$575 mill.
West Capella	Total	540,000	5 yrs	US\$985 mill.
West Aquarius	Exxon	525,000	4 yrs	US\$765 mill.
West Navigator	Shell	595,000	4yrs	US\$870 mill.

Premium dayrates from premium clients



Floaters - contract status

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	StatoilHydro				US\$274,000				US\$488,000 ²																			
West Venture	StatoilHydro				US\$269,000				US\$269,000																			
West Phoenix ¹	Total				Newbuild				US\$530,000				US\$515,000															
West Aquarius	Exxon				Newbuild				US\$525,000																			
West Sirius	Devon				Newbuild				US\$475,000																			
West Hercules	Husky				Newbuild				US\$524,000																			
West Eminence ³	Petrobras				Newbuild				US\$600,000												02.2015							
West Taurus ³	Petrobras				Newbuild				US\$630,000												02.2015							
West Orion ³	Petrobras				Newbuild				US\$600,000												06.2016							
West Capricorn	-				Newbuild																							
Drillships																												
West Navigator	Shell				US\$267,000				US\$595,000																			
West Polaris	Exxon				Newbuild				US\$556,000				US\$615,000															
West Capella	Total				Newbuild				US\$540,000																			
West Gemini	-				Newbuild																							

■ Yard plus transit period
 ■ Contract
 ■ Option

¹ The West Phoenix contract could be extended by two years at dayrate US\$515,000

² The West Alpha contract could be extended by one or two years reducing the dayrates for the contract period to US\$468,000 or US\$448,000, respectively

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

Order backlog of approx. US\$10.7 billion



Tender rigs - contract status

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\$74,000																										
T4	Chevron	US\$49'	US\$88,000																										
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				US\$139,000																							
T10 ¹	Carigali/Hess	US\$85,000								US\$85,000																			
T11	Chevron	Newbuild	US\$116,000																										
T12	-	Newbuild																											
Teknik Berkas ¹	Carigali	US\$72'	US\$125'																										
Semi-tenders																													
West Alliance	Shell	US\$93,000																											
West Berani	Newfield/Conoco	US\$124,000				US\$165,000																							
West Menang	Total	US\$127,000																											
West Pelaut	Shell	US\$67,000								US\$67,000																			
West Setia	Murphy/Chevron	US\$85,000				US\$165'	US\$163'																						
West Berani II	-	Newbuild																											
West Berani III	-	Newbuild																											

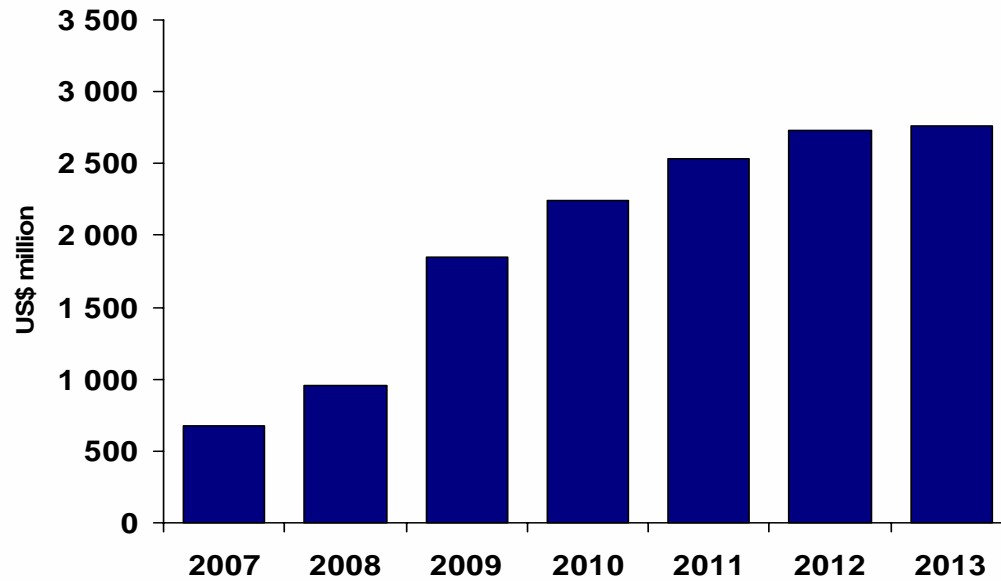
■ Yard ■ Contract ■ Option

¹ Ownership 49%

Order backlog of approx. US\$1.3 billion



EBITDA growth forecast



Growth supported by strong market outlook

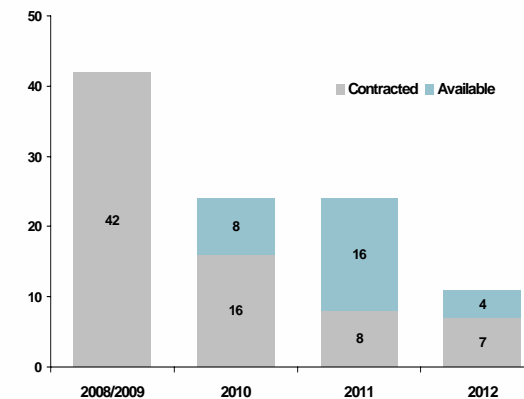
Source: DnBNor estimates



Market status floaters

- Brazil with the sub-salt discoveries is a game changer
- The National Oil Companies and Independents continue to be in the driving seat
- Super majors and majors are being more active in securing deepwater capacity
- Availability combined with operation track record is highly valued

Ultra-deepwater newbuilds – 2008 and 2009 fully booked



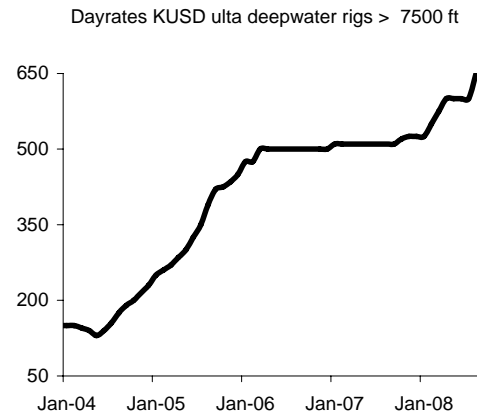
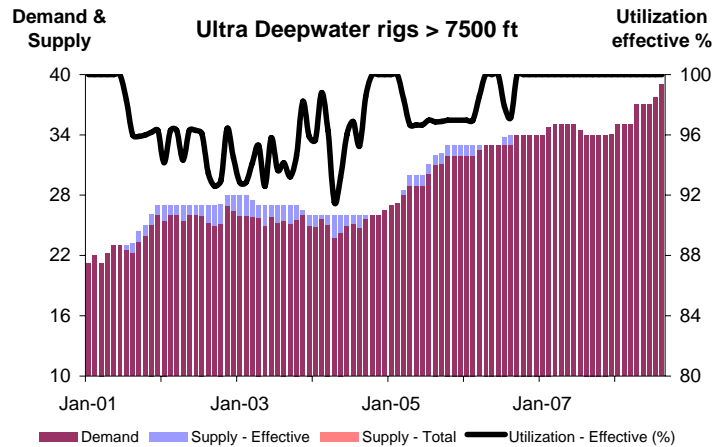
The market is absorbing the newbuilds



Ultra-deepwater rates established above US\$600'/day

Latest fixtures

Date	Company	Rig	Rig type	Operator	Rate \$/day	Old \$/day	Duration	Start-up	Comments
4-Aug	RIG	Deepwater Expedition	5GDS	Petronas	640	375	3Y	Aug-10	
8-Jul	RIG	Deepwater Pathfinder	5GDS	ENI	652	395	5Y	Apr-10	
27-Jun	Seadrill	West Sirius	6GSS	Devon	470	470	2Y	3Q12	Priced option
24-Jun	Noble	Noble Jim Day	6GSS	Marathon	515	NA	2Y	Jan-12	Priced option
23-Jun	Transocean	Petrobras Drsh Tbn1	6GSS	Petrobras	418	NA	10Y	Jul-09	+10%bonus+10Y opt.
19-Jun	RIG	GSF Dev. Driller II	5GSS	BP	580	208	5Y	Nov-08	
2-Jun	Sevan	Sevan Brasil	6GSS	Petrobras	406	NA	6Y	Jun-12	+ 6Y option
2-Jun	Scorpion	Scorpion Semi Tbn1	6GSS	Petrobras	416	NA	6Y	Jun-12	+ 6Y option
2-Jun	Delba	Delba VI	6GSS	Petrobras	382	NA	6Y	Jun-12	+ 6Y option
2-Jun	Delba	Delba V	6GSS	Petrobras	382	NA	6Y	Jun-12	+ 6Y option



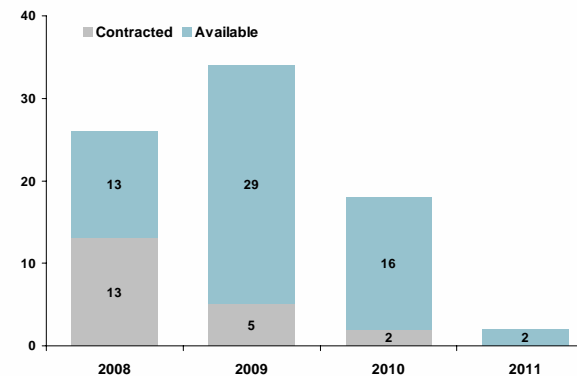
Source: Pareto



Market status Jack-ups

- Substantial oil and gas resources remain in many shallow areas
- Increasing focus on quality and fleet ageing issues
- Focus on operational track record
- A modern brand new fleet of rigs a major advantage

Newbuild jack-ups



Favorable outlook for modern premium jack-ups



What makes Seadrill different

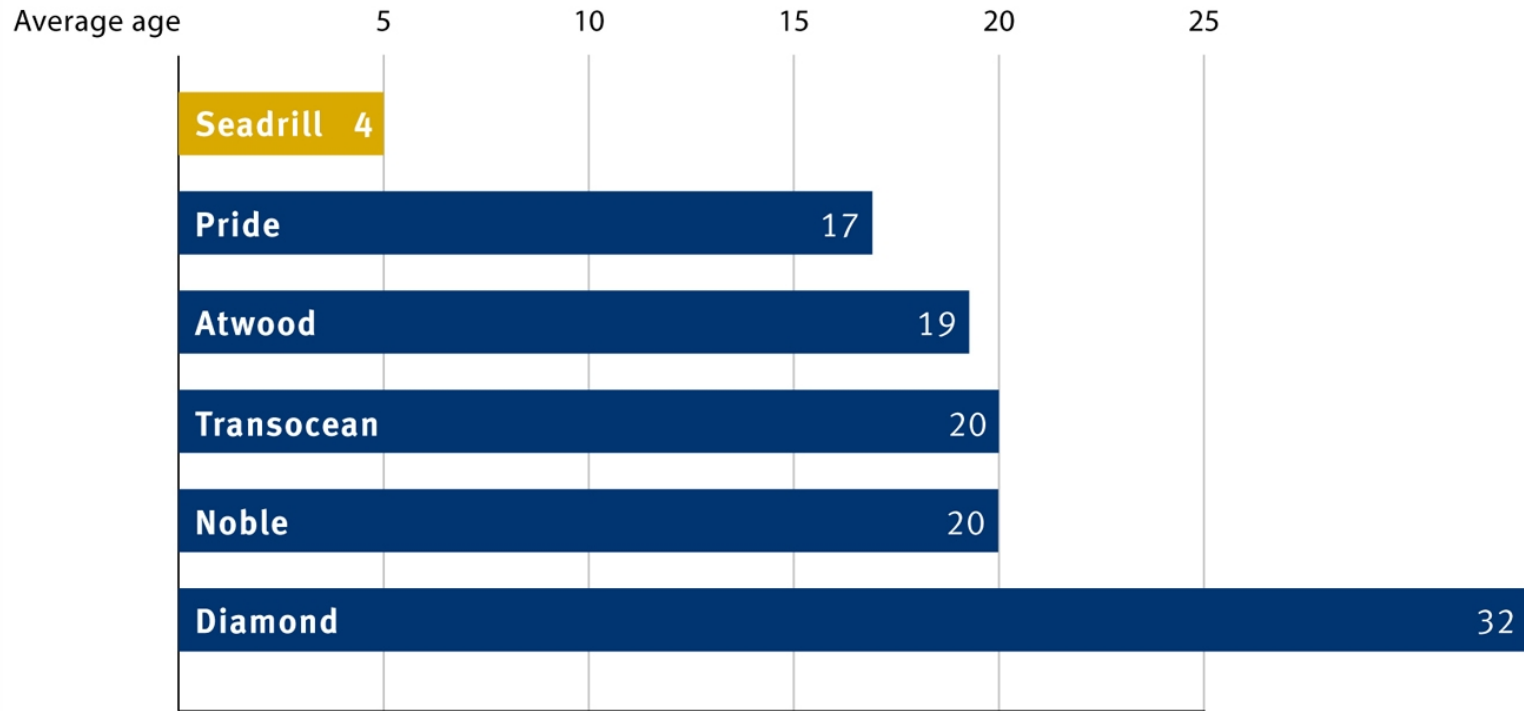
- Fleet focused on brand new assets
- Ultra-deepwater is key exposure
- Contracting strategy based on opportunistic market view
- Leverage structures are applied to maximized exposure to the offshore drilling market
- Shareholders are dominating at Board level
- Returning excess cash to shareholders is high priority



Returning as much cash as possible to shareholders



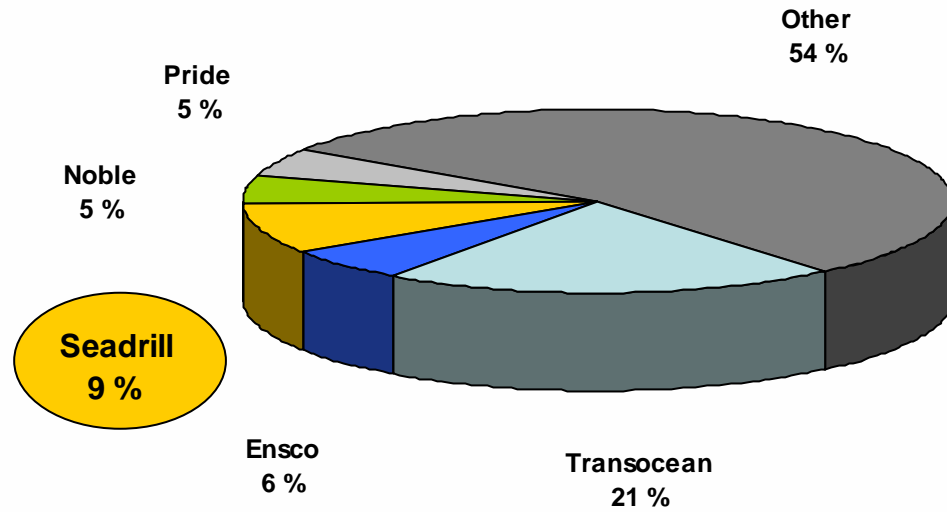
Modern floater fleet



Source: DnBNor Markets
Average age floaters in 2010



Ultra-deepwater players



Seadrill is second largest player in UDW

Source: DnBNor – 7,500ft+



Ultra-deepwater EBITDA contribution

	2008	2010
Diamond Offshore Drilling	9 %	10 %
Pride International	18 %	24 %
Noble Corp.	7 %	22 %
Transocean Inc	22 %	29 %
Seadrill Limited	19 %	63 %

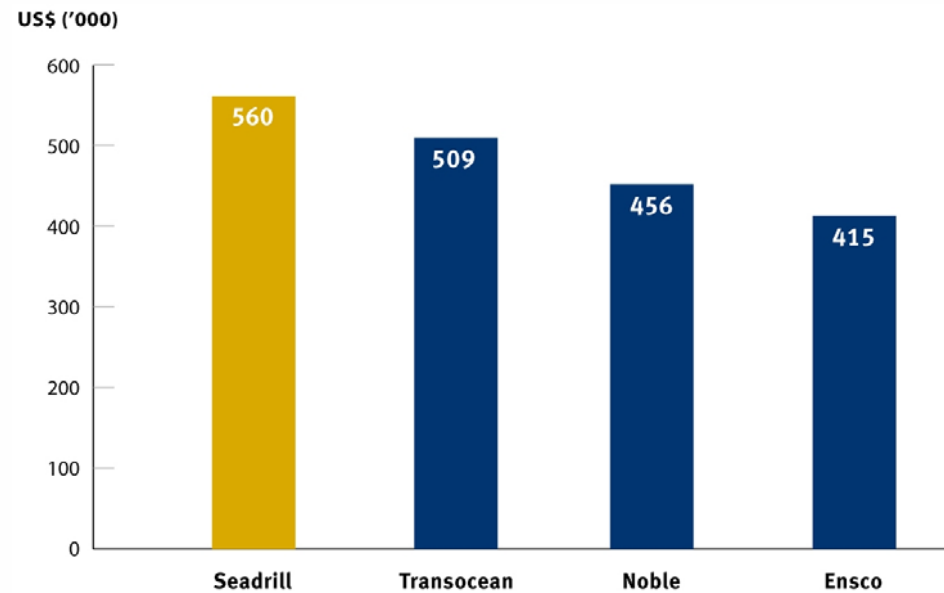
Seadrill gives the most ultra deepwater exposure

Source: DnBNor



Seadrill 

Ultra-deepwater fixtures



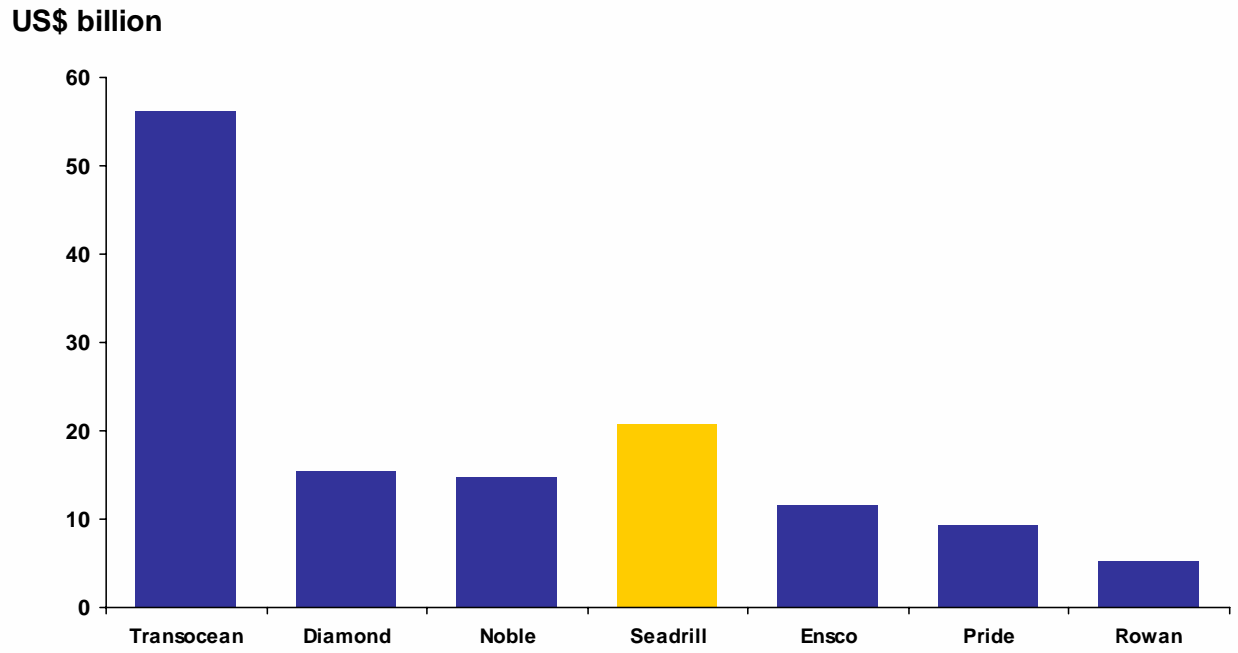
Seadrill delivers on successful contracting strategy

Source: DnBNor Markets
UDW fixtures since 2006



Seadrill 

Fully invested enterprise value



Higher exposure per dollar equity invested

Source: DnBNor, includes market cap, net debt and future newbuild cap. ex.



Further growth opportunities

Opportunities are:

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

What have we done ->



Actions taken in 2008

- One deepwater unit ordered from Jurong Shipyard with option for one additional unit
- Four new jack-ups ordered with delivery in 2010
- Two tender rigs ordered with delivery in 2010 and 2011
- Increased ownership in Scorpion Offshore Ltd to 39%.
- Increased ownership in Malaysian oil service company SapuraCrest Bhd to 22%
- 9.5% ownership stake acquired in Pride Int. Inc.

Investments based on confidence in the offshore drilling market



Summary

- First deepwater newbuild has commenced operations in GoM
- Newbuilding projects in the main progressing as planned
- Ability to attract skilled and experienced people
- Strong order backlog exceeding US\$12 billion
- Favorable market outlook with increasing dayrates in particular for ultra-deepwater rigs
- Remaining debt financing to cover all newbuilds installments is expected to be in place shortly
- Third consecutive cash dividend has been resolved

Creating a world leading drilling contractor



Seadrill 

