



4Q and preliminary results 2006
Conference call

Seadrill

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Contents

- 4Q results 2006 and preliminary results 2006
- Current operations
- Newbuilding program
- Contract status
- Market development and outlook
- Human resources
- Eastern Drilling ASA
- Summary



Highlights 4Q 2006

- Net income of US\$55.1 million and EPS of US\$0.14
- All units in operations with the exception of Crystal Sea
- Secured two assignments for deepwater newbuilds West Polaris and West Hercules at dayrates US\$520,000 and US\$525,000
- Secured assignments for the jack-ups West Prospero and West Triton at dayrates of US\$204,000 and US\$274,000
- Three-year assignment for West Berani/West Setia in Indonesia at dayrate of US\$163,000
- Successful start-up of operations for the deepwater drillship Chikyu
- Second jack-up sale and leaseback with Ship Finance International Ltd. (January 2007)
- Disposal of FPSOs Crystal Ocean and Crystal Sea (January 2007)



Condensed Income Statement 4Q 2006

<i>Unaudited accounts in USD millions</i>	4Q06	3Q06
Revenues		
Operating revenues	309.9	247.2
Reimbursables	48.8	21.6
Other revenues	28.4	31.5
Total revenues	387.1	300.3
Operating expenses		
Vessel and rig operating expenses	197.1	149.6
Reimbursable expenses	46.7	20.3
Depreciation and amortisation	42.4	47.0
General and administrative expenses	22.0	19.1
Total operating expenses	308.2	236.0
Operating profit	78.9	64.3
Interest income	5.0	2.8
Interest expense	(26.0)	(17.2)
Share of results from associated companies	2.7	11.7
Other financial items	(3.1)	3.1
Net financial items	(21.4)	0.4
Income before income taxes and minority interest	57.5	64.7
Income taxes	(0.3)	(6.7)
Minority interest	(2.1)	(1.9)
Net income	55.1	56.1
Earnings per share (<i>in USD</i>)	0.14	0.15



Condensed Consolidated Segment Information Mobile Units

Mobile Units	Actual	Actual
<i>Unaudited accounts in USD millions</i>	4Q06	3Q06
Operating revenues	178.3	134.0
Reimbursables	15.5	12.7
Other revenues	24.3	27.4
Total revenues	218.1	174.1
Vessel and rig operating expenses	106.1	70.0
Reimbursable expenses	14.0	11.7
Depreciation and amortisation	33.6	36.2
General and administrative expenses	16.8	11.1
Total operating expenses	170.5	129.0
Operating profit	47.6	45.1
Utilization	97%	94%
Average dayrate US\$	182,270	165,525



Condensed Consolidated Segment Information Tender Rigs

Tender Rigs

	Actual 4Q06	Actual 3Q06
<i>Unaudited accounts in USD millions</i>		
Operating revenues	44.9	37.3
Reimbursables	4.4	1.8
Other revenues	4.1	4.1
Total revenues	53.4	43.2
Vessel and rig operating expenses	19.3	16.5
Reimbursable expenses	4.2	1.7
Depreciation and amortisation	7.1	9.1
General and administrative expenses	2.0	3.4
Total operating expenses	32.6	30.7
Operating profit	20.8	12.5
Utilization	92%	95%
Average dayrate US\$	68,670	60,429



Condensed Consolidated Segment Information Well Services

Well Services

<i>Unaudited accounts in USD millions</i>	Actual 4Q06	Actual 3Q06
Operating revenues	86.7	75.8
Reimbursables	28.9	7.2
Total revenues	115.6	83.0
Vessel and rig operating expenses	71.7	63.1
Reimbursable expenses	28.4	7.0
Depreciation and amortisation	1.8	1.8
General and administrative expenses	3.2	4.4
Total operating expenses	105.1	76.3
Operating profit	10.5	6.7



Condensed Income Statement

Full Year 2006

<i>Unaudited accounts in USD millions</i>	Actual 2006	Pro forma 2005
Revenues		
Operating revenues	942.3	658.1
Reimbursables	109.0	54.1
Other revenues	103.3	122.1
Total revenues	1,154.6	834.3
Operating expenses		
Vessel and rig operating expenses	587.8	446.0
Reimbursable expenses	103.4	51.7
Depreciation and amortisation	167.6	170.2
General and administrative expenses	69.7	49.5
Total operating expenses	928.5	717.4
Operating profit	226.1	116.9
Interest income	14.0	7.0
Interest expense	(79.8)	(104.7)
Share of results from associated companies	26.6	8.4
Other financial items	80.0	(9.4)
Net financial items	40.8	(98.7)
Income before income taxes and minority interest	266.9	18.2
Income taxes	(22.4)	(19.0)
Minority interest	(30.5)	-
Net income (loss)	214.0	(0.8)
Earnings (loss) per share <i>(in USD)</i>	0.61	(0.04)



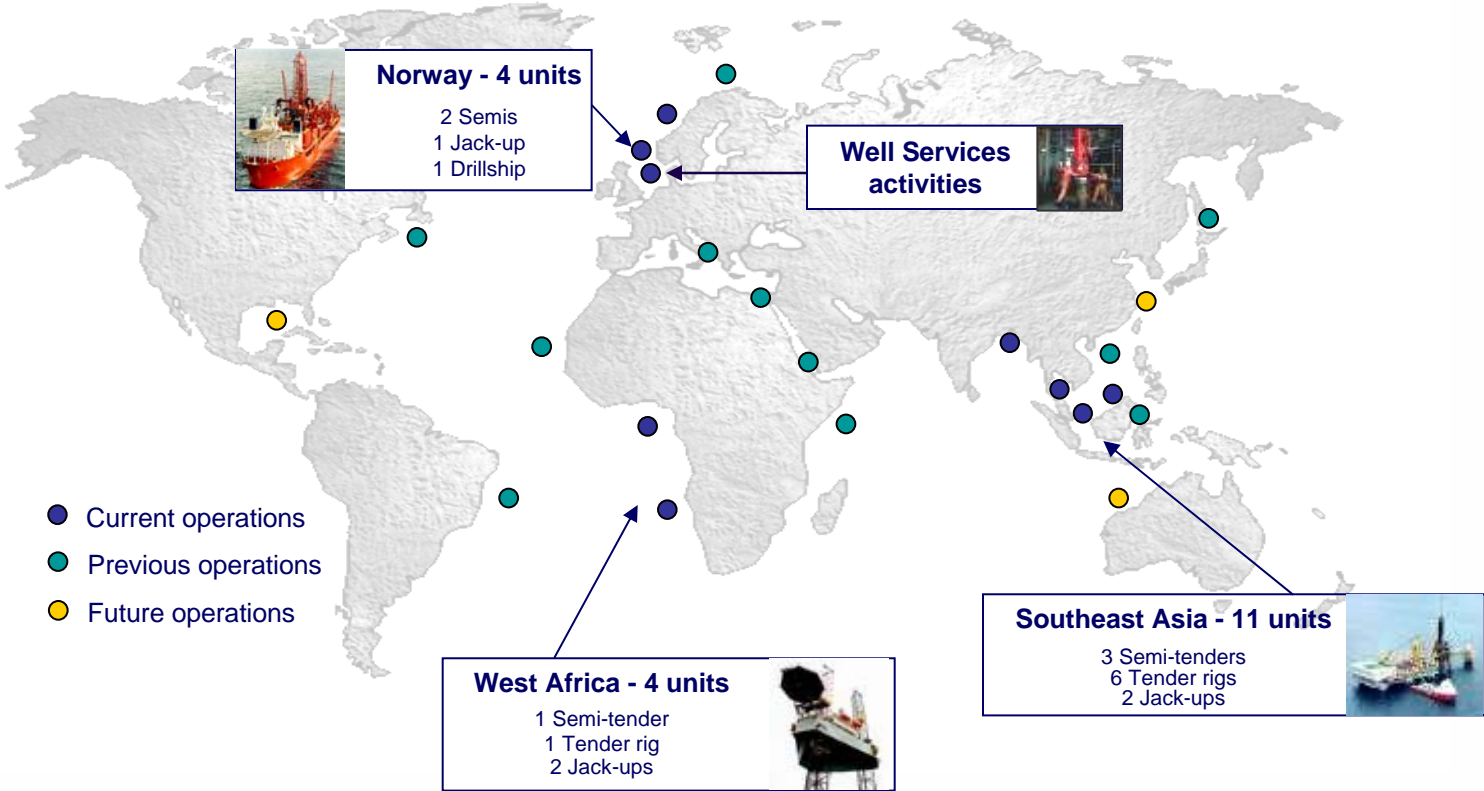
Condensed Consolidated Balance Sheets

Unaudited accounts in USD millions

	Actual 31.12.06	Actual 30.09.06	Pro Forma 31.12.05
<i>Current assets</i>			
Cash and cash equivalents	210.4	502.7	529.8
Receivables	463.5	290.5	154.1
Other investments	105.9	17.7	302.2
Total current assets	779.8	810.9	986.1
<i>Non-current assets</i>			
Investment in associated companies	238.1	233.4	250.1
Other non-current assets	46.1	41.6	57.6
Newbuildings	2,027.4	1,622.1	832.3
Drilling units	2,293.3	2,274.7	2,143.5
Goodwill	1,284.2	1,179.1	1,284.3
Total non-current assets	5,889.1	5,350.9	4,567.8
Total assets	6,668.9	6,161.8	5,553.9
<i>Current liabilities</i>			
Short-term interest bearing debt	255.4	218.6	617.2
Other current liabilities	465.3	311.0	314.2
Total current liabilities	720.7	529.6	931.4
<i>Non-current liabilities</i>			
Deferred taxes	227.8	246.9	213.9
Long-term interest bearing debt	2,559.3	2,346.3	1,761.6
Other non-current liabilities	195.4	160.0	264.9
Total non-current liabilities	2,982.5	2,753.2	2,240.4
Minority interest	208.0	207.9	83.4
<i>Shareholders' equity</i>			
Paid-in capital	2,449.8	2,449.8	2,403.1
Retained earnings/other equity	307.9	221.3	-104.4
Total shareholders' equity	2,757.7	2,671.1	2,298.7
Total shareholders' equity and liabilities	6,668.9	6,161.8	5,553.9



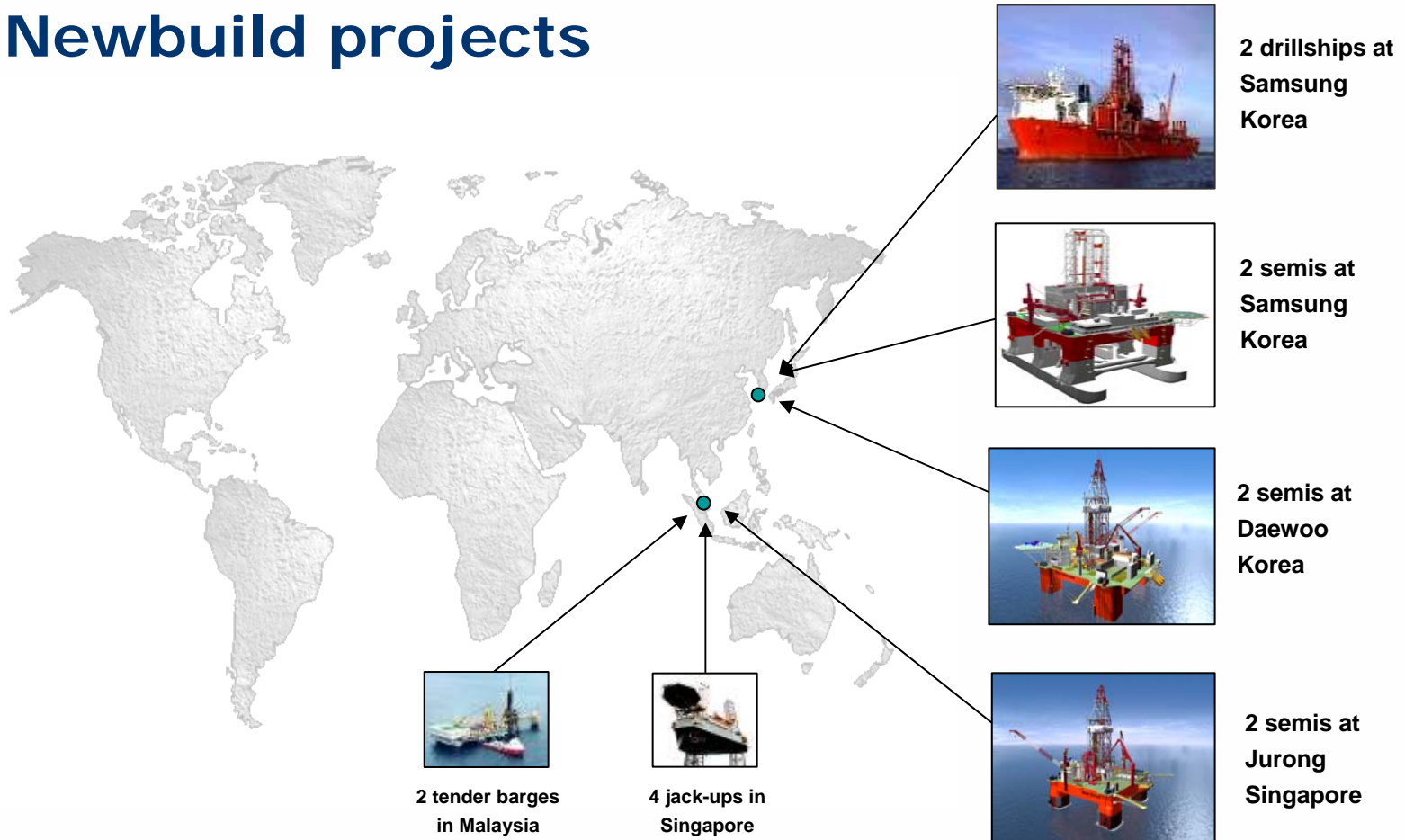
Offshore drilling operations



Presence in key offshore drilling markets



Newbuild projects



Building the most modern fleet at quality yards



Newbuild deepwater 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 interest, operation preparations and mobilization

West Sirius and West Taurus

- Two semi-submersible rigs
- Builder: Jurong
- Delivery: 2Q/4Q 2008
- 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 million *



* Excluding spares, construction supervision, capitalized interest, operation 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 interest, operation preparations and mobilization

West Polaris and West Capella

- Two deepwater drillships
- Builder: Samsung
- Delivery: Q2/4Q 2008
- Design: Samsung 10,000
- 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 interest, operation preparations and mobilization



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	-----▶	-----▶		77%
West Eminence	-----▶			27%
West Sirius (J1)	-----▶	-----▶		69%
West Taurus (J2)	-----▶	-----▶		45%
West Hercules (D1)	-----▶			18%
West Aquarius (D2)	-----▶			NA
West Polaris (M1)	-----▶	-----▶		32%
West Capella (M1)	-----▶			NA

Main milestones reached according to plan

* February 1, 2007



Newbuild deepwater projects

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

First in line ... a clear advantage





Four jack-up 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 rescheduled for 1Q08



Assignments secured for three out of four newbuilds



Tender rig newbuilds

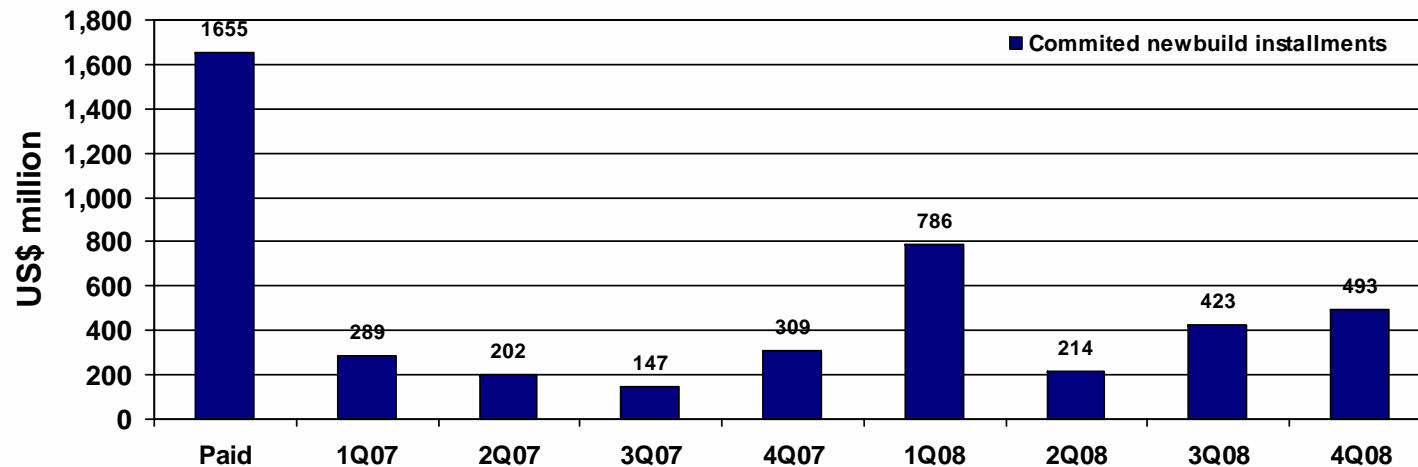
- One semi-tender at KFELS
 - West Berani delivered in December
 - Delivered on time and budget
 - Operations commenced mid-January
- Two tender barges at Malaysia Marine & Heavy Engineering
 - Delivery scheduled for 2Q07 and 2Q08



Term assignments secured for all newbuilds



Committed newbuild installments



- Committed newbuild installment schedule amounts to approximately US\$4.5 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, T11 and 4 newbuild jack-ups

Scheduled delivery incentives through backload payments



Contract status floaters

Customer	2006				2007				2008				2009				2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Semi-submersibles																				
West Alpha	Statoil	US\$255,000																		
West Venture	Norsk Hydro	US\$230,000																		
West E-drill ^{1 & 2}	Total	Under construction Samsung - US\$502M																		
West Eminence ^{1 & 2}		Under construction Samsung - US\$520M																		
West Hercules (D1) ²	Husky	Under construction Daewoo - US\$512M																		
West Aquarius (D2) ²		Under construction Daewoo - US\$526M																		
West Sirius (J1) ²	Devon	Under construction Jurong - US\$443M																		
West Taurus (J2) ²		Under construction Jurong - US\$451M																		
Drillships																				
West Navigator	Shell	US\$240,000																		
West Polaris (M1) ²	Exxon	Under construction Samsung - US\$478M																		
West Capella (M2) ²		Under construction Samsung - US\$478M																		

■ Yard ■ Contract ■ Option

¹ Ownership 60.43%

² Ex. spares, construction supervision, operation preparation and mobilization or capitalized interests

³ The contract could be extended by two years at dayrate US\$465,000

⁴ 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



Contract status jack-ups

Customer	2006				2007				2008				2009				2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Jack-ups																				
West Epsilon Statoil	US\$147,500				US\$305,000												US\$305,000			
West Atlas (S1) ¹ Coogee	Under construction KFELS - US\$129M				US\$257,500															
West Triton (S2) ¹ ADA	Under construction PPL - US\$129M				US\$274,000															
West Ceres (S3) Total	US\$112,000/166,000				Market rate															
West Prospero (S4) ¹ Exxon	Under construction KFELS - US\$128M				US\$205,000															
West Larissa (S5) Premier etc.	US\$97,000/125,000				US\$195,000															
West Janus (S6) Cairn	US\$112,000				US\$185,000															
West Titania (S7) Afren	US\$118/130																			
West Ariel (S8) ¹	Under construction KFELS - US\$132M																			

■ Yard ■ Contract ■ Option

¹ Ex. spares, construction supervision, operation preparation and mobilization or capitalized interests



Contract status tender rigs

	Customer	2006				2007				2008				2009				2010			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Tender rigs																					
T3 ¹	PTT	US\$40,000			US\$42,000	US\$51,000			US\$58,000	US\$70,000											06.2012
T4	Chevron	US\$43,000							US\$85,000												06.2013
T6 ¹	Carigali/CTOC	US\$64,000							US\$85,500												12.2010
T7	Chevron	US\$40,000						US\$51,000													10.2011
T8	Total		US\$61,000			US\$85,000															
T9 ¹	Exxon	US\$60,000																			
T10 ¹	CTOC	Under construction MM&H - US\$89M				US\$78,000															
T11	Cheron	Under construction MM&H - US\$100M				US\$112,000															07.2013
Teknik Berkat ¹	Carigali	US\$57,000				US\$65,000															
West Alliance	Shell	US\$72,000							US\$87,000												
West Berani ²	Newfield	Under construction US\$105M				US\$120,000								US\$140,000 ²							03.2012
West Menang	Total	US\$85,000							US\$115,000												12.2010
West Pelaut	Shell	US\$58,000																			
West Setia	Murphy/Conoco	US\$68,500			US\$75,000									US\$163,000 ²							02.2012

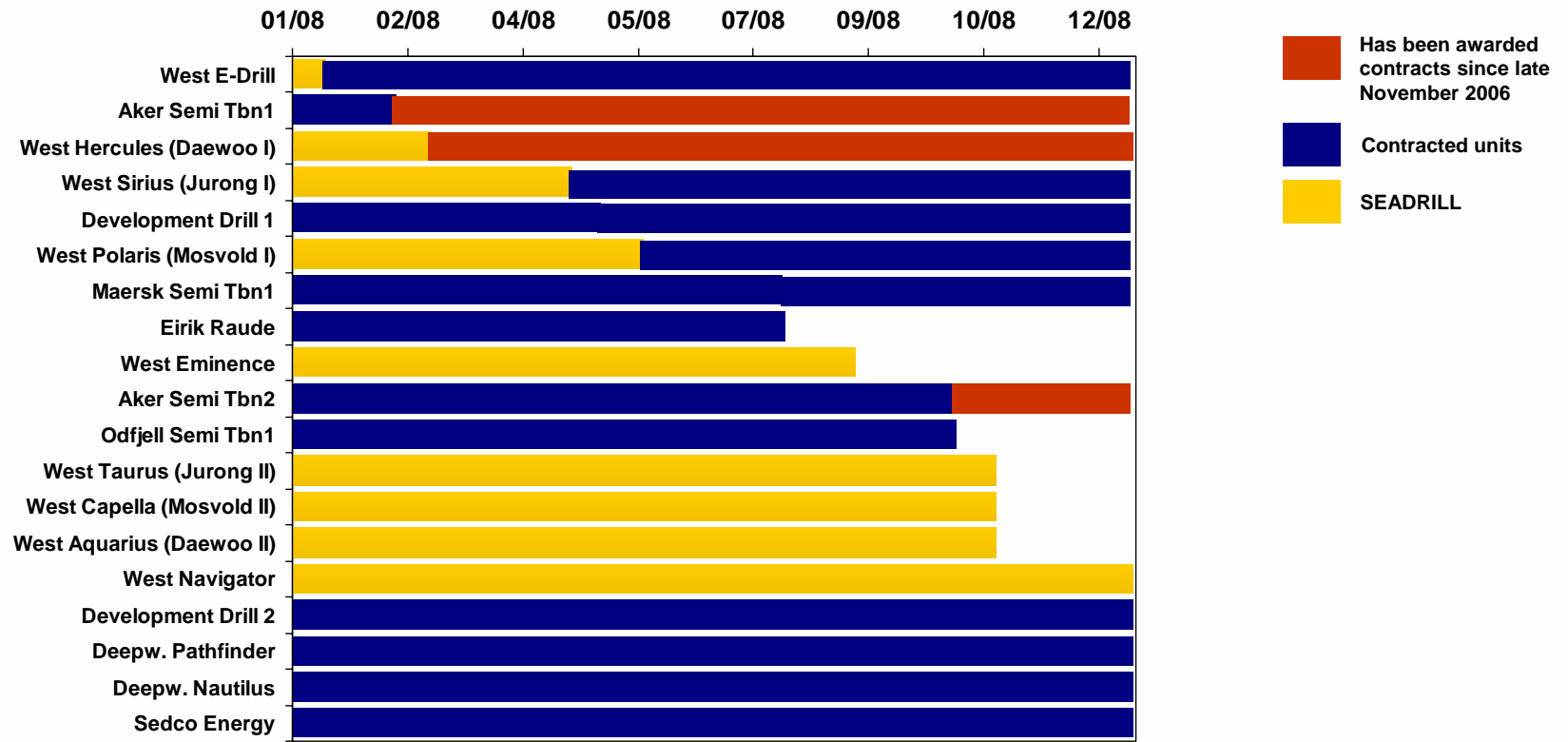
■ Yard ■ Contract ■ Option

¹ Ownership 49%

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



Ultra deepwater rigs available before year-end 2008



Seadrill is the main supplier of available capacity

Newbuilds by scheduled delivery date



Human resources

- Currently a pool of 5,000 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



Eastern Drilling ASA ownership

- Ownership increased to 60.4 percent in 3Q 2006
- Approval of mandatory offer at NOK92 per share withdrawn by the Oslo Stock Exchange
- Oslo Stock Exchange Appeal committee has decided that Seadrill must make a new offer at a higher price
- Oslo Stock Exchange will establish the offer price
- Seadrill is reviewing all its options and is determined to bring the legal issues before the courts by commencing litigation shortly



Summary

- Newbuilding projects are in the main progressing as planned
- Acceptable term assignments secured for four out of eight 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 