

# 2011



## Howard Weil 39th Annual Energy Conference

CEO Alf C Thorkildsen

New Orleans, March 30, 2011



## Forward-looking statements

The statements described in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which could be made include, but are not limited to, statements involving prospects for the company, expected revenues, capital expenditures, costs and results of operations and contingencies and other factors discussed in the company's most recent annual report on the Form 20-F for the year ended December 31, 2009 and in the company's other filings with the SEC, which are available free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to the company or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements. All non-GAAP financial measure reconciliations to the most comparative GAAP measure are displayed in quantitative schedules on the company's web site at [www.seadrill.com](http://www.seadrill.com).



# Contents

- Company profile
- Rig fleet
- Market view
- Recent investments
- Financial strategy
- Dividend policy
- Summary



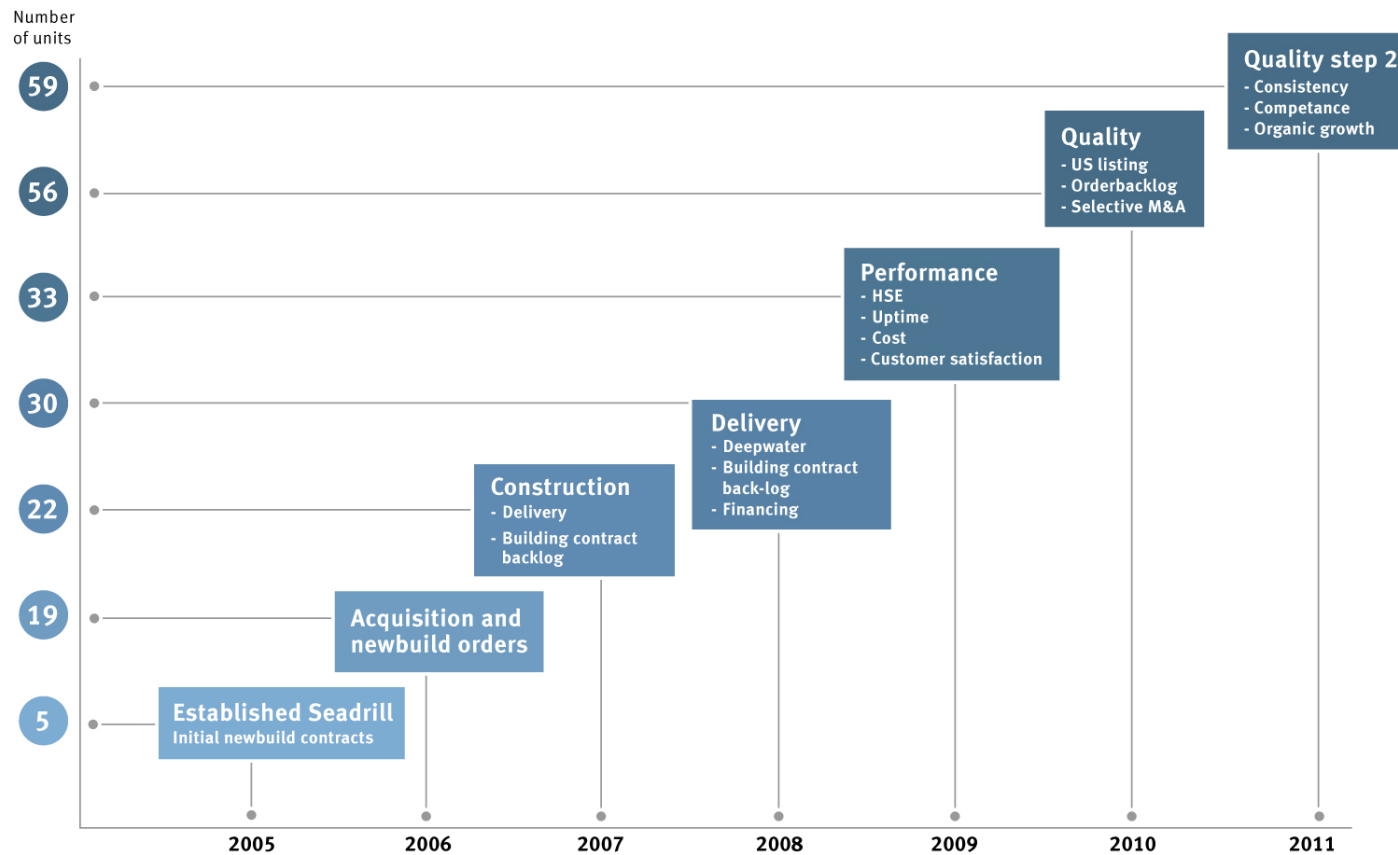
## Company profile

- 2<sup>nd</sup> largest offshore driller based on EV
- 2<sup>nd</sup> largest ultra-deepwater fleet
- Largest fleet of modern jack-ups and tender rigs
- 2010 EBITDA ~ US\$2.1 billion
- Contract backlog ~ US\$12.3 billion
- Quarterly dividend annualized ~ US\$1.2 billion
- Current market capitalization ~ US\$16.2 billion
- Strong shareholder involvement
- Listed on the Oslo and New York stock exchanges

**Focus on quality operations & shareholder value**

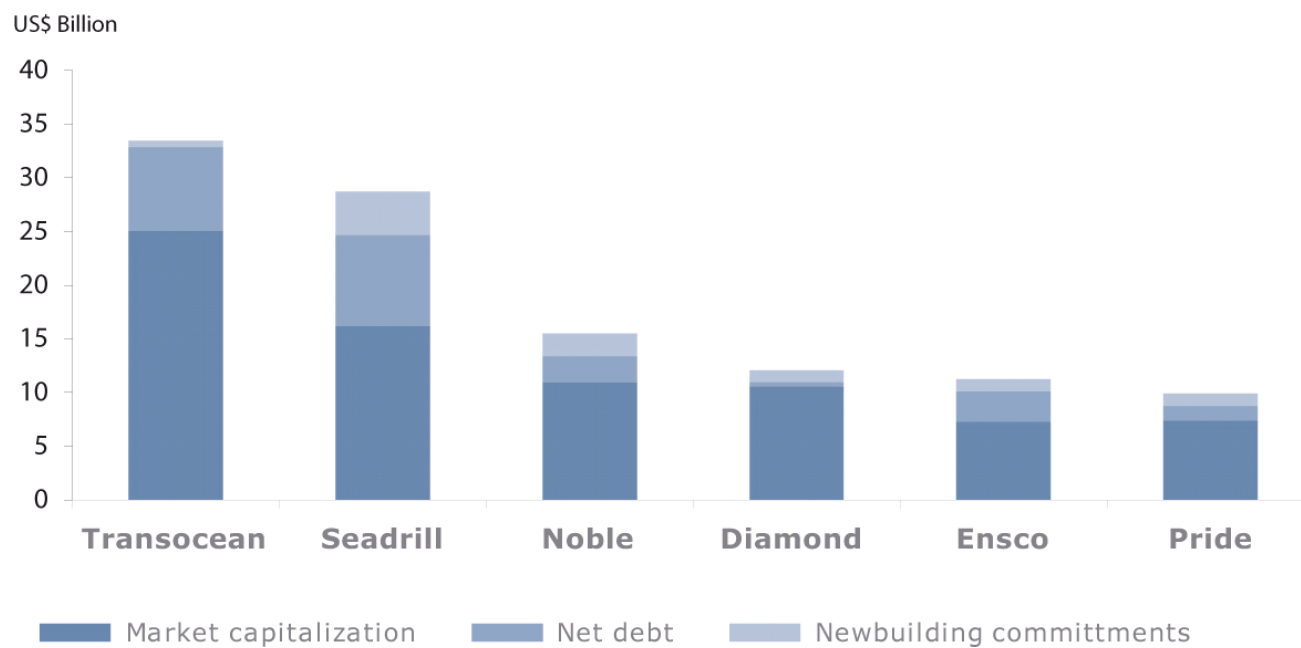


# Seadrill growth story continues



Rapid growth through strong business performance

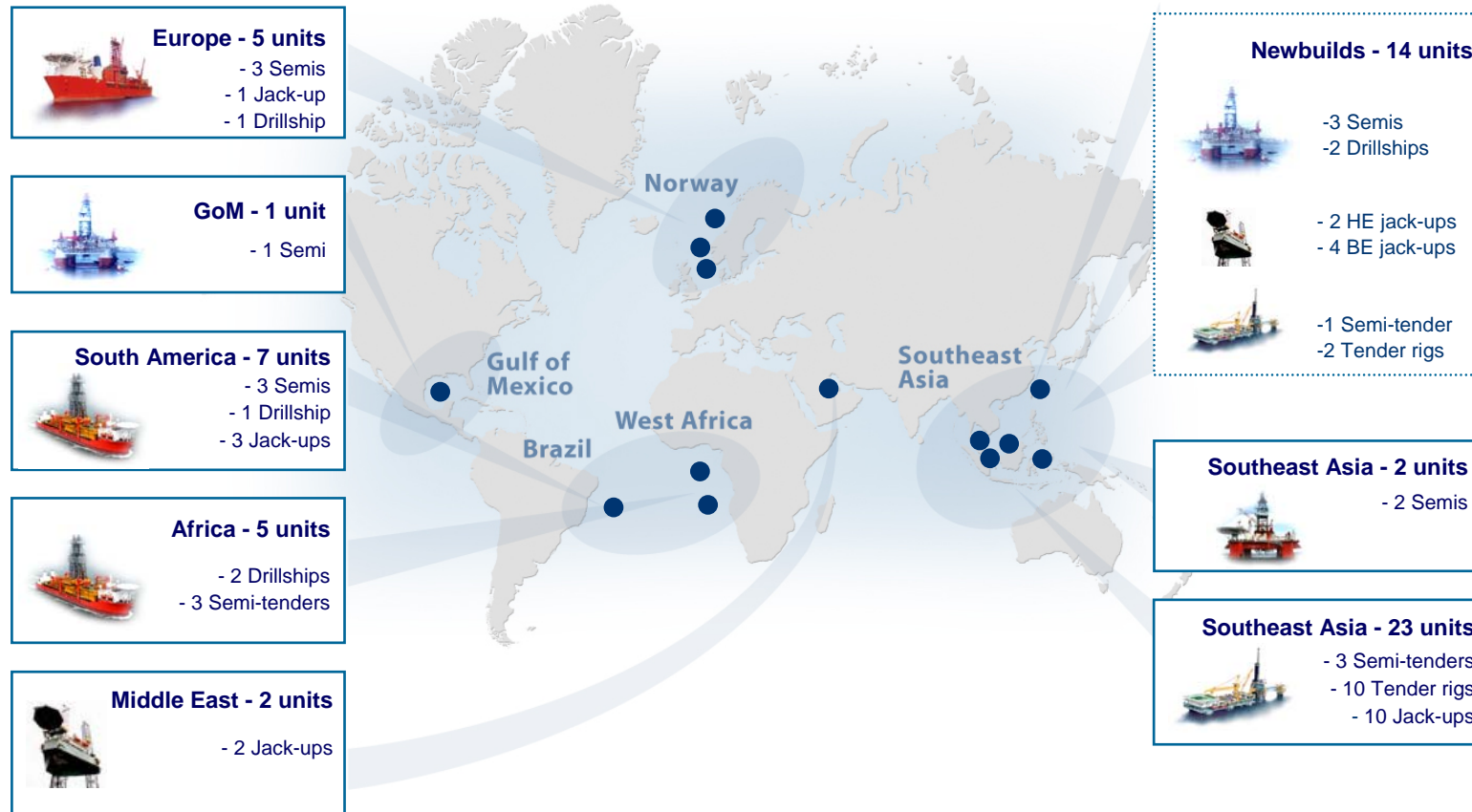
# Enterprise value comparison



**A top tier offshore drilling company**



# Worldwide operations

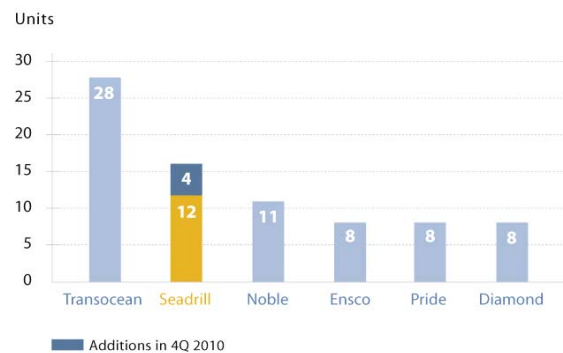


**Increased presence in all important oil and gas regions**

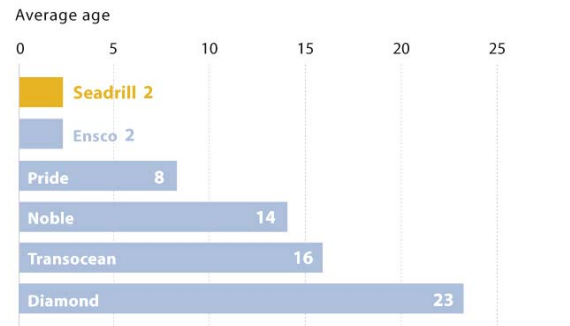


# Second largest in deepwater - most modern fleet in the industry

Ultra-deepwater units



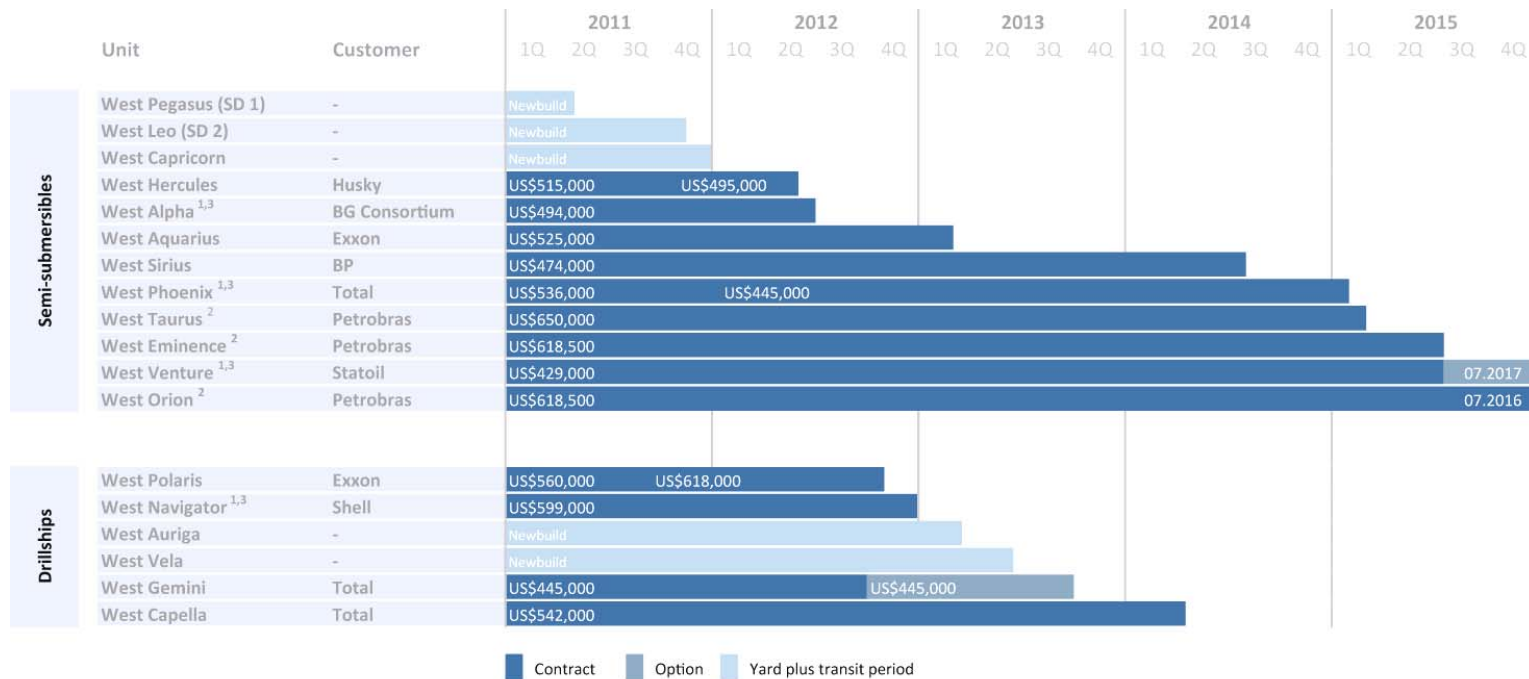
Average age - Deepwater units



Age related issues underestimated



# US\$7.9 billion contract backlog - Floaters



<sup>1</sup> Dayrate is partly in Norwegian kroner, (USD /NOK 5.80)

<sup>2</sup> Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax.

Dayrate will in the accounts be booked partly net of service tax.

<sup>3</sup> Ownership 75%

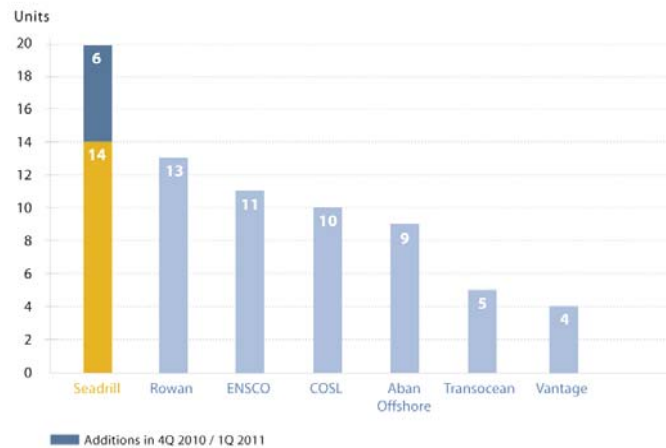
Superb earnings visibility



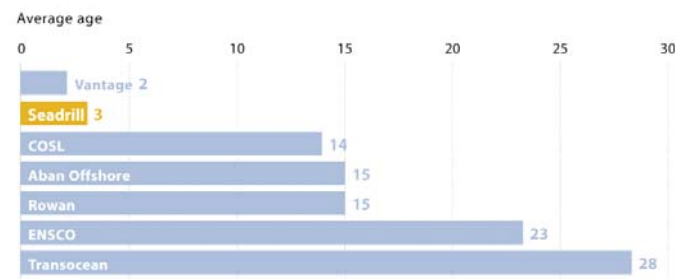


# Largest operator of premium jack-up rigs built after Year 2000

Jack-ups built after year 2000, <= 350 ft rig water depth



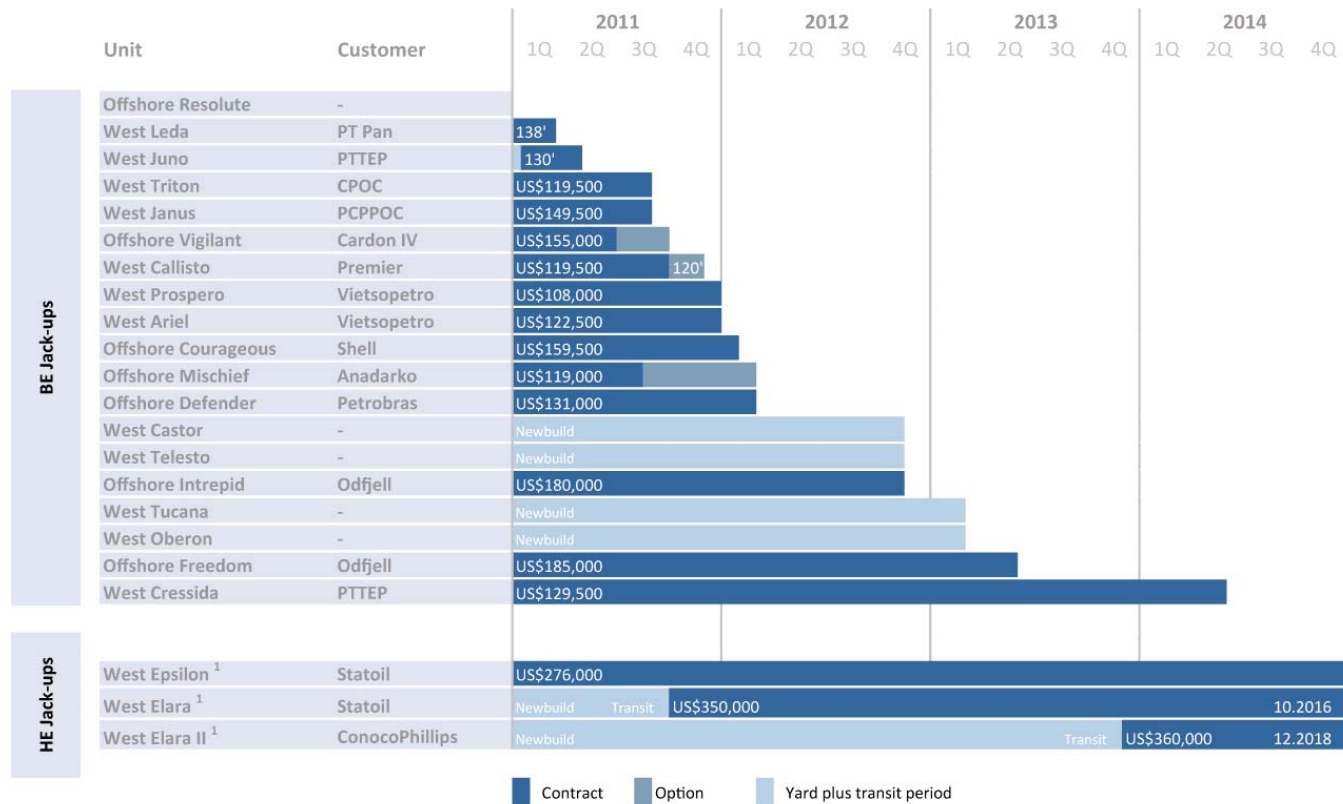
Average age – Jack-ups rig fleet



**Most modern fleet**



# US\$2.5 billion contract backlog - Jack-ups



<sup>1</sup> Ownership 75%

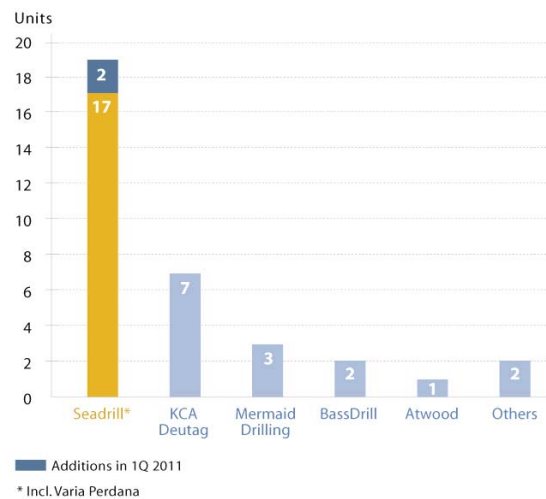
**Sound market outlook for premium rigs**



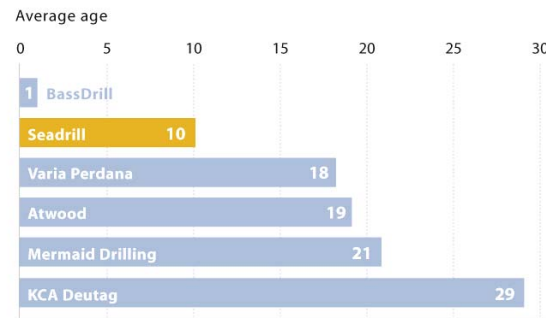


# Largest operator of tender rigs - most modern fleet in the industry

## Tender rigs



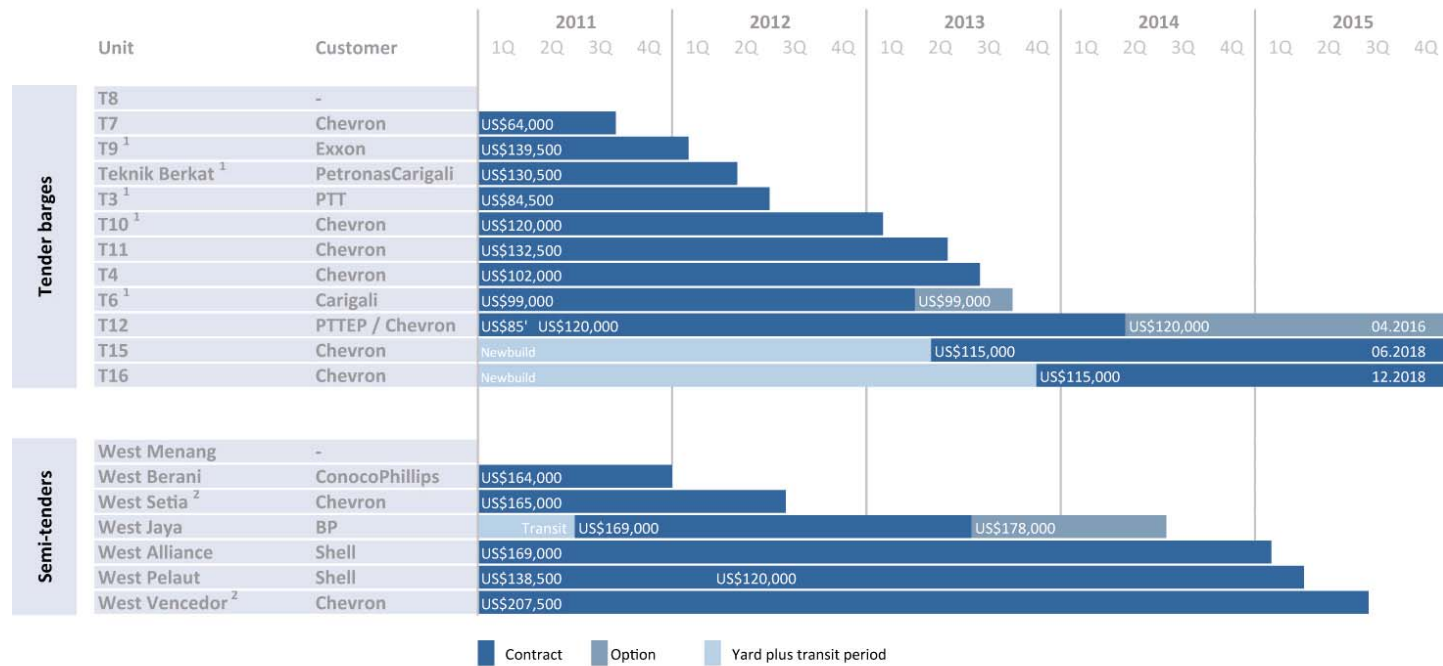
## Average age - Tender rigs



**Maintaining market share**



# US\$2 billion contract backlog - Tender rigs



<sup>1</sup> Ownership 49%

<sup>2</sup> Dayrate is partly in Euros (EUR/USD 1.35)

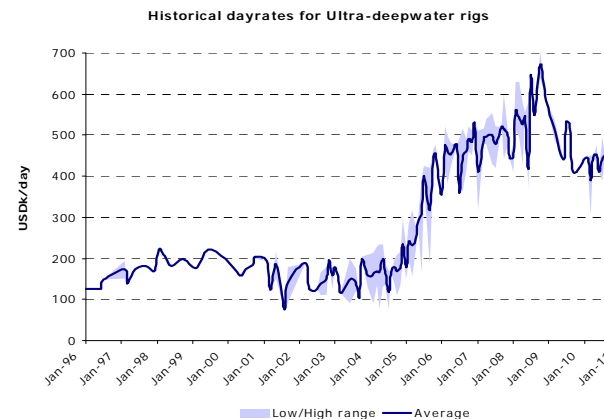
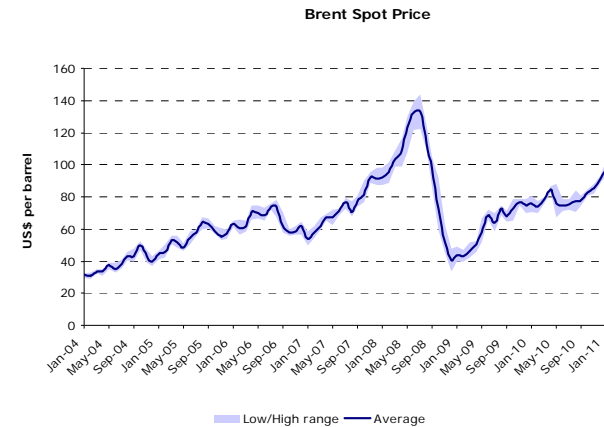
Improved market conditions





# Market development

- Favorable oil price environment
- Improving world economy outlook
- Uncertainty created by political events in North Africa and Middle East
- Strong growth in E&P spending
- Drilling moratorium lifted in the US GoM, but slow progress on drilling permit approvals
- Trend towards more challenging and complex resources
- Industry focused on new equipment, bifurcation in both jack-up and floater market



Keeping our finger on the pulse of the market



## M&A and newbuild orders 2010

- 6 newbuilds ordered
  - 2 ultra-deepwater drillship newbuild
  - 4 benign environment jack-ups
- 11 units acquired
  - 2 ultra-deepwater semi-submersible
  - 1 harsh environment jack-up CJ70
  - 8 benign environment jack-ups
- 8 options for further newbuilds
  - 2 deepwater drillships
  - 6 premium jack-rigs



US\$5.8 billion in new exposure to premium rigs



## Seadrill builds two new self-erecting tender barges

- Two tender rig barges ordered from Cosco Shipyard in China
- All in price for two rigs is US\$225 million
- Delivery scheduled for 1Q2013 and 3Q2013
- Five-year contracts with Chevron for operation in Thailand secured
- Dayrate is US\$115,000



**New tender rig investments repaid over initial contract period**





## Investment in new harsh environment jack-up rig (West Elara II)

- Gusto MSC CJ70 X150A design
- 150 meter water depth capacity
- Ultra-large harsh environment jack-up
- Total project price approximately US\$530 million
- Delivery scheduled 3Q 2013
- 5-year contract awarded by ConocoPhillips for operations in Norway
- Dayrate US\$360,000 \*

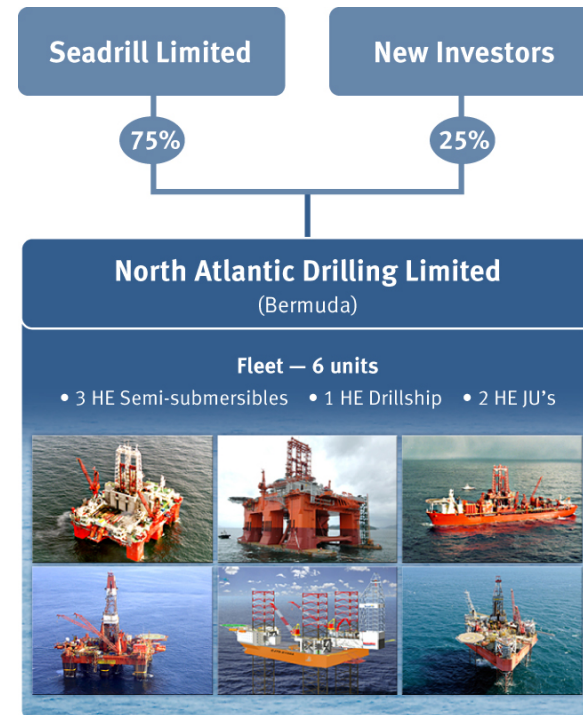


**Investment repaid over seven years**



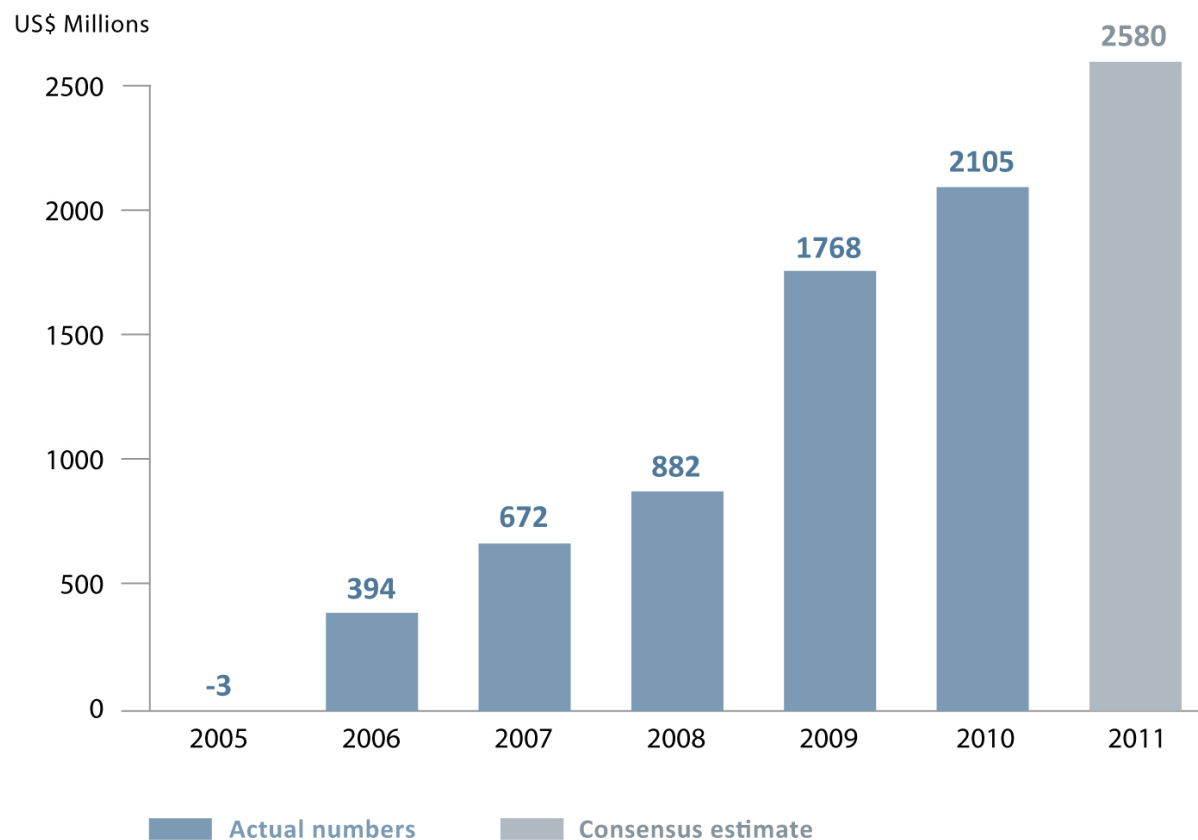
# Seadrill establishes a new drilling company, North Atlantic Drilling Limited (NADL)

- NADL will be 100% focused on harsh environment operations in the North Atlantic Basin
- Agreement with SDRL to acquire:
  - Six harsh environment drilling rigs
  - Final negotiations of yard contract for a harsh environment jack-up (“West Elara II”)
  - All relevant contracts, spares, stores and offshore personnel related to the rigs
- Acquisition cost: US\$4,100 million
  - Targeted Bank debt: US\$2,000 million
  - Bond: US\$500 million
  - Equity: US\$1,700 million (including US\$100 million cash retained in NADL)
- SDRL retains 75% ownership interest
- NADL is N-OTC listed and will have more than 1,200 shareholders



**Equity offering 20x over-subscribed**

# EBITDA\* development

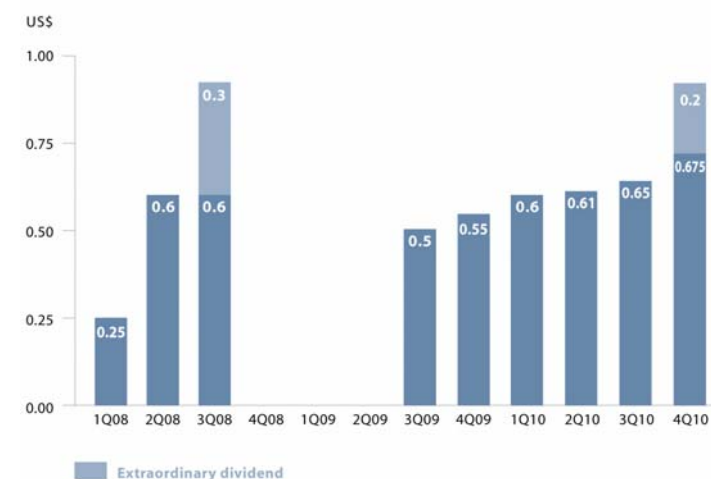


**Unique opportunity to continue growth**

## Dividend distribution and policy

- Regular dividend resolved at US\$0.675 per share + US\$0.2 per share in extra ordinary dividend
- Increase reflects increased free cash flow and improved earnings visibility
- Future dividend depends on:
  - Debt leverage
  - Contract coverage
  - Capital expenditure programs and other investments
  - Business outlook
- Distribution of regular cash dividend is a key objective

Dividend distribution per share



US\$	Regular cash dividend per share	Extraordinary cash dividend per share	EX dividend date	Payable date
4Q 2010	0.67	0.20	Mar 2, 2011	Mar 16, 2011
3Q 2010	0.65		Dec 16, 2010	Dec 30, 2010
2Q 2010	0.61		Sep 8, 2010	Sep 24, 2010
1Q 2010	0.60		Jun 15, 2010	Jul 2, 2010
4Q 2009	0.55		Mar 15, 2010	March 26, 2010
3Q 2009	0.50		Nov 23, 2009	Dec 7, 2009

**Targets further increase in regular dividend**

## Seadrill is uniquely positioned

- Global fleet of brand new rigs
- First mover on newbuild orders
- NADL subsidiary tailor-made for harsh environment developments
- Strong contract backlog and earnings visibility
- Unique bank support caters for active use of leverage
- Track record of accretive investments and M&As

**Using all tools to create profitability & dividend**



# Asset portfolio

**Core fleet – 48 units built after 2000** **11 built before 2000**



16 Ultra-Deepwater Units + 1 Deepwater Unit 1 Mid-water Semi



20 High Specification Jack-ups 2 Jack-ups



11 Tender Rigs 8 Tender Rigs

## Shareholdings



9.4% of Pride (MV - US\$706m)



36.5% of Seawell (MV - US\$760m)



23.6% of Sapura Crest (MV - US\$350m)



9.3% of Seahawk (MV - US\$7m)