



**Second quarter results 2007**  
**Conference call**



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## Contents

- 2Q results 2007
- Current operations
- Newbuilding program
- Contract status
- Human resources
- Summary



## Highlights 2Q 2007

- Net income of US\$42.0 million and EPS of US\$0.11
- All drilling units in operations with the exception of three jack-ups
- Two new harsh environment contracts
  - Semi-submersible West Alpha – 3Y at US\$460,000
  - UDW drillship West Navigator – 4Y at US\$561,500
- Two new contracts for units under construction
  - UDW semi West Aquarius – 3Y at dayrate US\$520,000
  - UDW drillship West Capella – 5Y at dayrate US\$518,000



## Highlights 2Q 2007 – cont'd

- On track with delivery of the newbuild program
  - Jack-up West Prospero delivered end of June
  - Tender rig T10 delivered in August
  - All remaining projects in the main progressing as planned
- Increased exposure to drilling cycle through the orders of three units
  - One new semi-submersible rig in Singapore
  - One UDW semi-tender in Singapore
  - One new UDW deepwater drillship in Korea
- Divestment of the 1981-built jack-up West Titania for US\$146.5 million (to be completed in 4Q07)



# Condensed Income Statement

## 2Q 2007

	Actual 2Q07	Actual 1Q07
<i>Unaudited accounts in USD million</i>		
<b>Revenues</b>		
Operating revenues	307.9	305.9
Reimbursables	44.3	28.2
Other revenues	21.8	145.1
<b>Total revenues</b>	<b>374.0</b>	<b>479.2</b>
<b>Operating expenses</b>		
Vessel and rig operating expenses	180.9	178.3
Reimbursable expenses	42.8	26.9
Depreciation and amortisation	43.6	43.1
General and administrative expenses	29.8	25.4
<b>Total operating expenses</b>	<b>297.1</b>	<b>273.7</b>
<b>Operating profit</b>	<b>76.9</b>	<b>205.5</b>
Interest income	4.8	2.5
Interest expense	(20.9)	(23.0)
Share of results from associated companies	4.6	6.9
Other financial items	(10.3)	(8.2)
<b>Net financial items</b>	<b>(21.8)</b>	<b>(21.8)</b>
<b>Income before income taxes and minority interest</b>	<b>55.1</b>	<b>183.7</b>
Income taxes	(11.2)	(13.7)
Minority interest	(1.9)	(1.8)
<b>Net income</b>	<b>42.0</b>	<b>168.2</b>
Earnings per share ( <i>in USD</i> )	0.11	0.44



# Condensed Consolidated Segment Information

<b>Mobile Units*</b>	<b>Actual</b>	<b>Actual</b>
<i>Unaudited accounts in USD million</i>	<b>2Q07</b>	<b>1Q07</b>
Operating revenues	<b>166.7</b>	174.1
Reimbursables	<b>11.9</b>	5.1
Other revenues	<b>18.7</b>	18.7
<b>Total revenues</b>	<b>197.3</b>	197.9
Vessel and rig operating expenses	<b>88.8</b>	92.1
Reimbursable expenses	<b>11.0</b>	4.4
Depreciation and amortisation	<b>31.8</b>	31.4
General and administrative expenses	<b>22.4</b>	18.2
<b>Total operating expenses</b>	<b>154.0</b>	146.1
<b>Operating profit</b>	<b>43.3</b>	51.8
Utilization	<b>84%</b>	83%
Average dayrate US\$	<b>172,785</b>	176,988

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



# Condensed Consolidated Segment Information

## Tender Rigs

	<b>Actual</b> 2Q07	<b>Actual</b> 1Q07
<i>Unaudited accounts in USD million</i>		
Operating revenues	55.9	52.9
Reimbursables	4.4	4.0
Other revenues	3.1	3.0
<b>Total revenues</b>	<b>63.4</b>	<b>59.9</b>
Vessel and rig operating expenses	23.8	20.4
Reimbursable expenses	4.2	3.8
Depreciation and amortisation	9.6	9.8
General and administrative expenses	3.6	3.3
<b>Total operating expenses</b>	<b>41.2</b>	<b>37.3</b>
<b>Operating profit</b>	<b>22.2</b>	<b>22.6</b>
Utilization	100%	100%
Average dayrate US\$	76,048	73,854





# Condensed Consolidated Segment Information

## Well Services

	<b>Actual</b> 2Q07	<b>Actual</b> 1Q07
<i>Unaudited accounts in USD million</i>		
Operating revenues	<b>85.3</b>	78.9
Reimbursables	<b>28.0</b>	19.2
<b>Total revenues</b>	<b>113.3</b>	98.1
Vessel and rig operating expenses	<b>68.3</b>	65.7
Reimbursable expenses	<b>27.6</b>	18.8
Depreciation and amortisation	<b>2.2</b>	1.9
General and administrative expenses	<b>3.8</b>	3.9
<b>Total operating expenses</b>	<b>101.9</b>	90.3
<b>Operating profit</b>	<b>11.4</b>	7.8



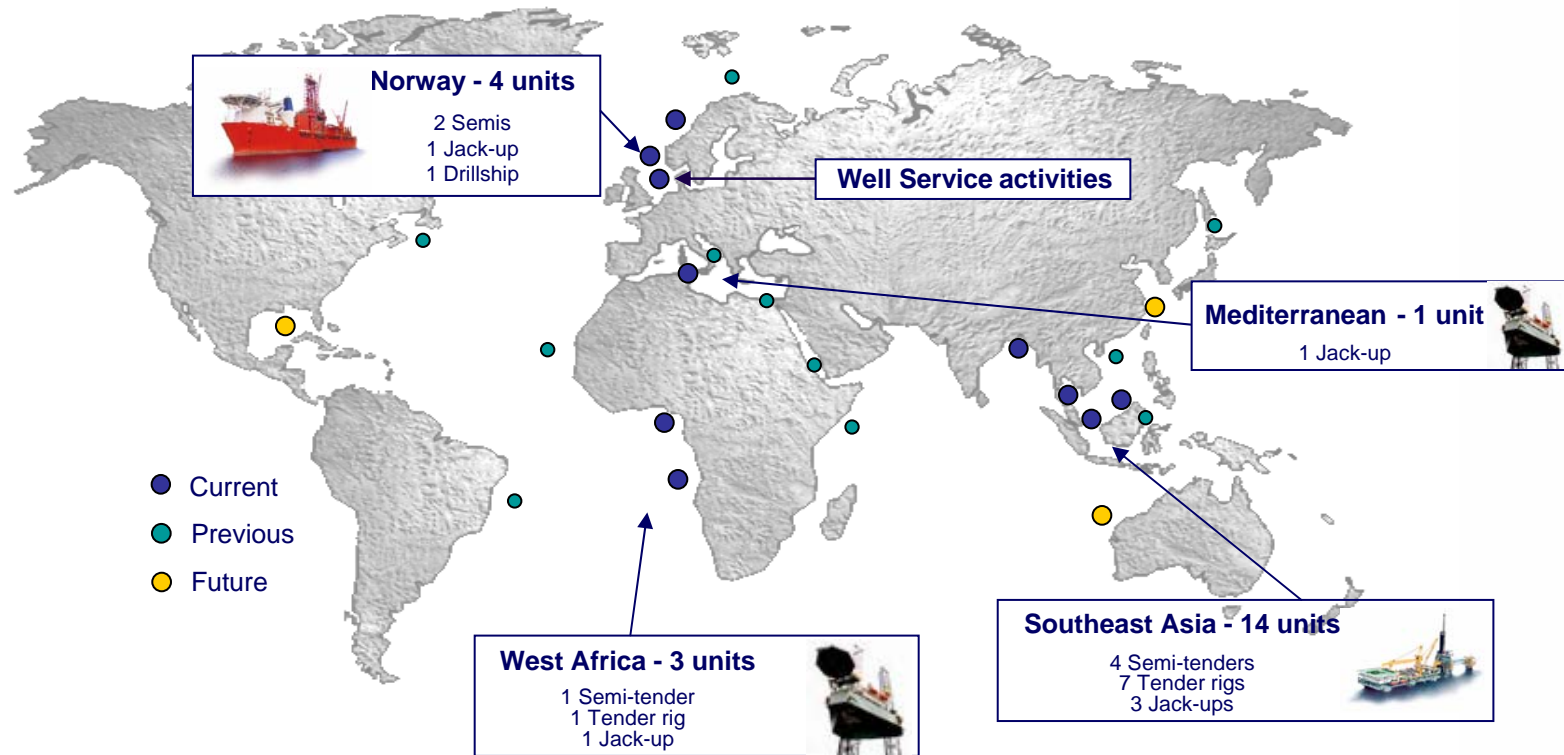
# Condensed Consolidated Balance Sheet

<i>Unaudited accounts in USD million</i>	<b>30.06.07</b>	<b>31.03.07</b>
<i>Current assets</i>		
Cash and cash equivalents	<b>322.1</b>	471.6
Receivables	<b>403.6</b>	408.8
Other investments	<b>197.8</b>	122.6
<b>Total current assets</b>	<b>923.5</b>	1,003.0
<i>Non-current assets</i>		
Investment in associated companies	<b>160.8</b>	161.9
Other non-current assets	<b>78.7</b>	68.3
Newbuildings	<b>2,630.8</b>	2,342.6
Drilling units	<b>2,409.7</b>	2,232.5
Goodwill	<b>1,497.8</b>	1,284.2
<b>Total non-current assets</b>	<b>6,777.8</b>	6,089.5
<b>Total assets</b>	<b>7,701.3</b>	<b>7,092.5</b>

<i>Unaudited accounts in USD million</i>	<b>30.06.07</b>	<b>31.03.07</b>
<i>Current assets</i>		
<i>Current liabilities</i>		
Short-term interest bearing debt	<b>678.7</b>	1,015.5
Other current liabilities	<b>467.2</b>	404.4
<b>Total current liabilities</b>	<b>1,145.9</b>	1,419.9
<i>Non-current liabilities</i>		
Deferred taxes	<b>227.0</b>	234.0
Long-term interest bearing debt	<b>2,869.5</b>	2,033.6
Other non-current liabilities	<b>196.7</b>	183.3
<b>Total non-current liabilities</b>	<b>3,293.2</b>	2,450.9
Minority interest	<b>86.5</b>	257.2
<i>Shareholders' equity</i>		
Paid-in capital	<b>2,601.0</b>	2,449.8
Retained earnings	<b>574.7</b>	514.7
<b>Total shareholders' equity</b>	<b>3,175.7</b>	2,964.5
<b>Total shareholders' equity and liabilities</b>	<b>7,701.3</b>	<b>7,092.5</b>



# Offshore drilling operations



Two new units successfully put into operations



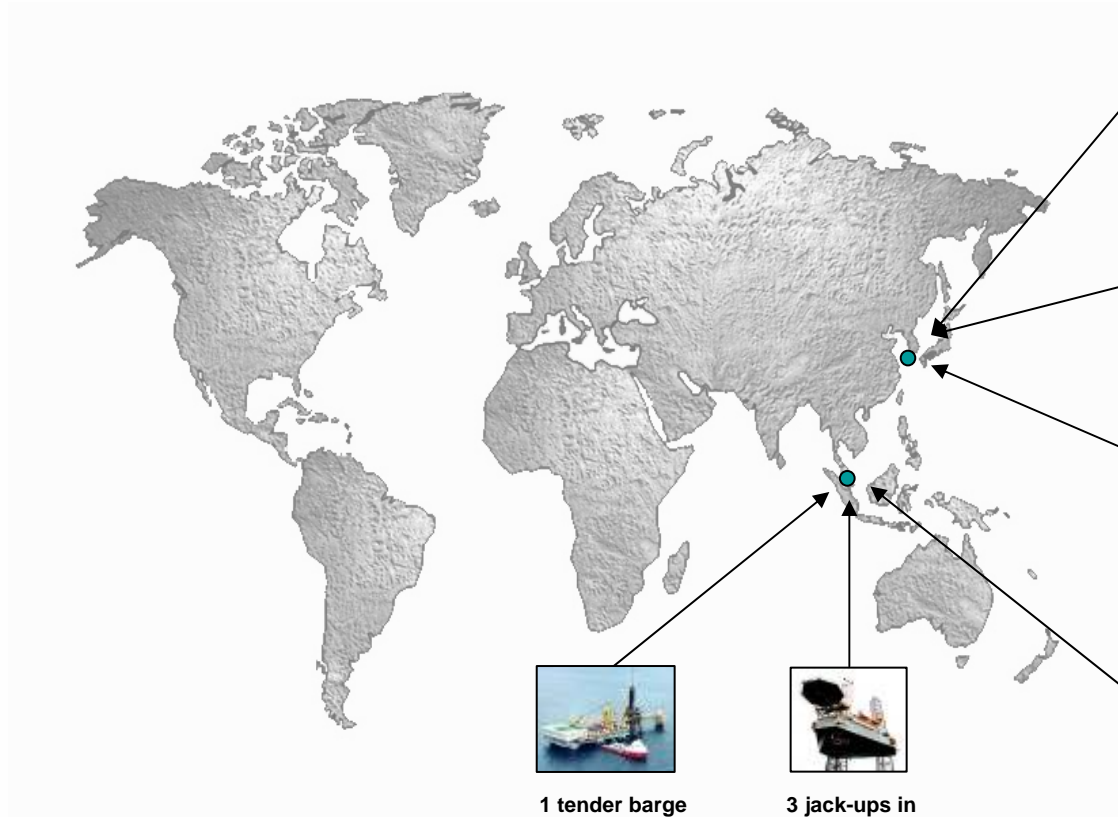
## Three newbuild ordered at quality yards

Unit	Yard	Type	Turnkey price	Delivery
<b>West Orion</b>	<b>Jurong</b>	<b>UDW semi-sub.</b>	<b>US\$532 mill.</b>	<b>2Q2010</b>
<b>West Gemini</b>	<b>Samsung</b>	<b>UDW drillship</b>	<b>US\$598 mill.</b>	<b>2Q2010</b>
<b>West Berani II</b>	<b>KFELS</b>	<b>Semi-tender</b>	<b>US\$180 mill.</b>	<b>1Q2010</b>

**Increased exposure to the drilling market**



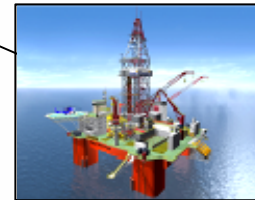
# 15 newbuild projects



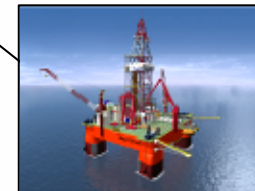
3 drillships at Samsung Korea



2 semis at Samsung Korea



2 semis at Daewoo Korea



3 semis at Jurong Singapore



1 tender barge in Malaysia and 1 semi-tender



3 jack-ups in Singapore

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



## Status shallow water newbuild projects

Unit	Delivery
<b>West Ceres</b>	May 2006
<b>West Berani</b>	December 2006
<b>West Prospero</b>	June 2007
<b>T10</b>	August 2007
<b>West Atlas</b>	September 2007
<b>West Triton</b>	On schedule
<b>West Ariel</b>	On schedule
<b>T11</b>	On schedule
<b>West Berani II</b>	On schedule



**Deliveries on time and budget**





**West Phoenix at Samsung**

# West Sirius at Jurong







# West Hercules at Daewoo



**West Polaris at Samsung**

## Status deepwater newbuild projects

Unit	Order date	% complete	Delivery ahead/ behind	Comments
<b>West Phoenix</b>	2005	91%	- 4%	Start-up Norway – 2Q08 as planned
<b>West Sirius</b>	2005	88%	- 1,5%	Start-up GoM – 3Q08 as planned
<b>West Hercules</b>	2005	73%	- 1,5%	Start-up China – 2Q08 as planned
<b>West Polaris</b>	2005	76%	+ 2%	Start-up as planned – 3Q08
<b>West Aquarius</b>	2006	46%	- 2%	Start-up as planned – 3Q08
<b>West Eminence</b>	2006	62%	- 4%	Delivery 3Q08 – no contract
<b>West Taurus</b>	2006	67%	0%	Delivery 4Q08 – no contract
<b>West Capella</b>	2006	30%	+ 4%	Start-up 4Q08 as planned
<b>West Orion</b>	2007	15%	-	Delivery 2Q10
<b>West Gemini</b>	2007	15%	-	Delivery 2Q10

Percentage of total construction period, 1% ≈ 10 days

**Delivery overall progressing as planned**



## Remaining risks

- Major component delays and/or failures
- Commissioning/testing
- Knock-on effects from other yard activities

**Risk mitigation and contingency plans in place**



# Major components delays/failures

Example:

DAT-cylinders  
(Direct acting tensioners)

Part of the riser  
tensioner  
system



# Commissioning

SUCCESSFUL  
COMMISSIONING



# Commissioning

## THE YARD

- Mechanical completion
- C-docs + plans
- Organization/personnel

**SUCCESSFUL  
COMMISSIONING**



# Commissioning





# Commissioning



# Commissioning



# Commissioning



# Commissioning and testing



Commissioning ---> yard responsibility



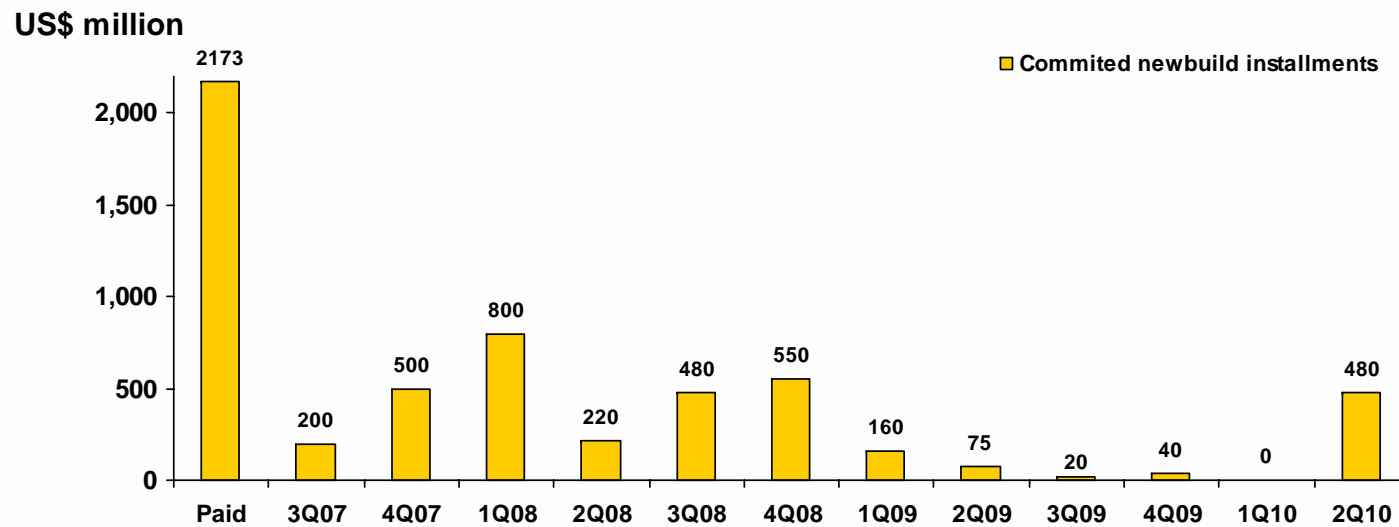
## Newbuild deepwater projects

- Progress to date generally as planned
- So far no catastrophes to report  
(not even the baby brother of a catastrophe.....)
- Still risks remaining

First in line ... a clear advantage



## Committed newbuild installments



- Committed newbuild installment schedule amounts to approximately US\$5.7 billion
- The installments do not include spares, construction supervision, operation preparation and mobilization or capitalized interests
- Covers seven semi-submersibles, three drillships, two tender rigs and three jack-ups

Scheduled delivery incentives through backloaded payments



## Contract backlog of US\$7.6 billion

Deepwater newbuilds



US\$3,940 mill.

Existing deepwater units



US\$1,700 mill.

Jack-up rigs



US\$780 mill.

Tender rigs



US\$1,200 mill.



## Quality contract awards

Unit	Customer	Dayrate (US\$/d)	Term	Contract value
<b>West Sirius</b>	Devon	460,000	4 yrs	<b>US\$672 mill.</b>
<b>West Phoenix</b>	Total	496,500	3 yrs	<b>US\$526 mill.</b>
<b>West Polaris</b>	Exxon	520,000	3 yrs	<b>US\$569 mill.</b>
<b>West Hercules</b>	Husky	525,000	3 yrs	<b>US\$575 mill.</b>
<b>West Capella</b>	TBN	518,000	5 yrs	<b>US\$958 mill.</b>
<b>West Aquarius</b>	Exxon	520,000	3 yrs	<b>US\$575 mill.</b>
<b>West Navigator</b>	Shell/Hydro	561,500	4 yrs	<b>US\$819 mill.</b>
<b>West Alpha</b>	Consortium	460,000	3 yrs	<b>US\$504 mill.</b>

**US\$5,198 mill.**





## 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	US\$258,500								US\$460,000 <sup>4</sup>								01.2012			
West Venture	Norsk Hydro	US\$235,000								US\$235,000											
West Phoenix <sup>1 &amp; 2</sup>	Total	Newbuild - US\$502M								US\$496,500											
West Eminence <sup>1</sup>	-	Newbuild - US\$520M																			
West Hercules <sup>1</sup>	Husky	Newbuild - US\$512M								US\$525,000											
West Aquarius <sup>1</sup>	-	Newbuild - US\$526M								US\$520,000											
West Sirius <sup>1 &amp; 3</sup>	Devon	Newbuild - US\$443M								US\$473,000								07.2012			
West Taurus <sup>1</sup>	-	Newbuild - US\$451M																			
West Orion <sup>1</sup>	-	Newbuild - US\$532M																			
<b>Drillships</b>																					
West Navigator	Shell	US\$248,000								US\$561,500								01.2013			
West Polaris <sup>1</sup>	Exxon	Newbuild - US\$478M								US\$520,000											
West Capella <sup>1</sup>	-	Newbuild - US\$478M								US\$518,000								12.2013			
West Gemini <sup>1</sup>	-	Newbuild - US\$598M																			

■ 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> The contract could be extended by one or two years reducing the dayrates for the contract period to US\$440,000 or US\$420,000, respectively

Order backlog of approx. US\$5,640 million



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# 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\$308,000												US\$308,000								
West Atlas <sup>1</sup>	Coogee	Newbuild - US\$129M				US\$257,500																
West Triton <sup>1</sup>	ADA	Newbuild - US\$129M				US\$275,000																
West Ceres	Total	US\$166,000								Market rate												
West Prospero <sup>1</sup>	Exxon	Newbuild - US\$128M				US\$205,000																
West Larissa	VietsoPetro	US\$185,000				US\$183,500																
West Janus	PCPPOC	US\$185,000																				
West Titania	Ecumed	US\$150,000																				
West Ariel <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\$780 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\$74,000																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\$90,000			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	Chevron	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
West TBA	-	Newbuild - US\$195M																			

■ 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\$1,580 million



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## Human resources

- Currently a pool of 5,400 employees as a basis
- More than 25 different nationalities
- Significant organic growth capacity
- Some 1,900 people to be hired over the next 18 months of which 240 are core crews
- Recruitment is ahead of plan



**On track in building a great organization**



## Strategy

- Execute current program as planned
- Divest older jack-ups
- Further develop market leader position in the tender rig market
- Further newbuilds not imminent
- Financing structures geared at capital repayment
  - MLP's
  - Sale-leasebacks
  - Gearing
- Open for consolidation

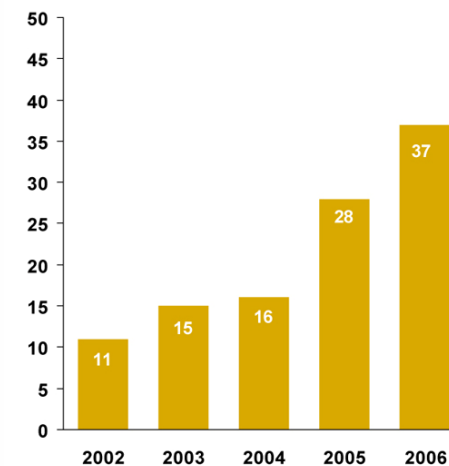
**Focus on shareholder value - equity return**



## Well services strategy

- Consider separate entity for our wellservices division
- Maintain strong operational focus
- Focus on growth - organically and through M&A activities
- Seek OTC listing with the intention to list the company on the Oslo Stock Exchange
- Seadrill determined to remain the main shareholder

Wellservices development  
2002 – 2007  
EBITDA US\$ mill.



**Build a large integrated wellservices company**



## Summary

- Newbuilding projects in the main progressing as planned
- Recruitment progressing as planned
- Acceptable term assignments secured for six out of ten deepwater newbuilds
- Continued strong market outlook
- Increased exposure to the drilling market through order of three new units
- Actively pursuing leveraged financing structures for existing as well as new assets
- Continue to look for consolidation opportunities but main focus equity return

**Creating a world leading drilling contractor**



Seadrill 