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Africa-Middle East

Asia Pacific

North Atlantic

Americas

Q2 2011

Conference call – Q2 2011 results

August 25, 2011

Seadrill



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Highlights – Second quarter 2011

- EBITDA of US\$579m compared to US\$573m in the preceding quarter
- Net income of US\$645m, including US\$416m in accounting gain on realization of Pride shares, and earnings per share of US\$1.34
- Cash dividend of US\$0.75 per share
- Seadrill calls the US\$750m 2012 convertible bonds of which US\$721m is converted into new shares
- Seadrill orders three newbuilds; 1 ultra-deepwater drillship@US\$600m, 1 tender rig@US\$115m and 1 semi-tender@US\$200m
- Seadrill agrees to sell two jack-up rigs West Juno and West Janus for US\$248.5m and US\$73m, respectively



Subsequent events

- Seadrill acquired a 33.75 percent ownership stake in Asia Offshore Drilling Ltd through a private placement
- Seadrill's majority owned subsidiary, North Atlantic Drilling Ltd, takes delivery of the harsh environment jack-up rig West Elara
- Seadrill completed the divestment of the jack-up rig West Juno in early July
- Seadrill secures two three-year contracts for two jack-ups with a US\$348 million revenue potential
- Seadrill commences its first ever operation in Mexico with the 6th gen. semi-submersible rig West Pegasus

Financial performance highlights

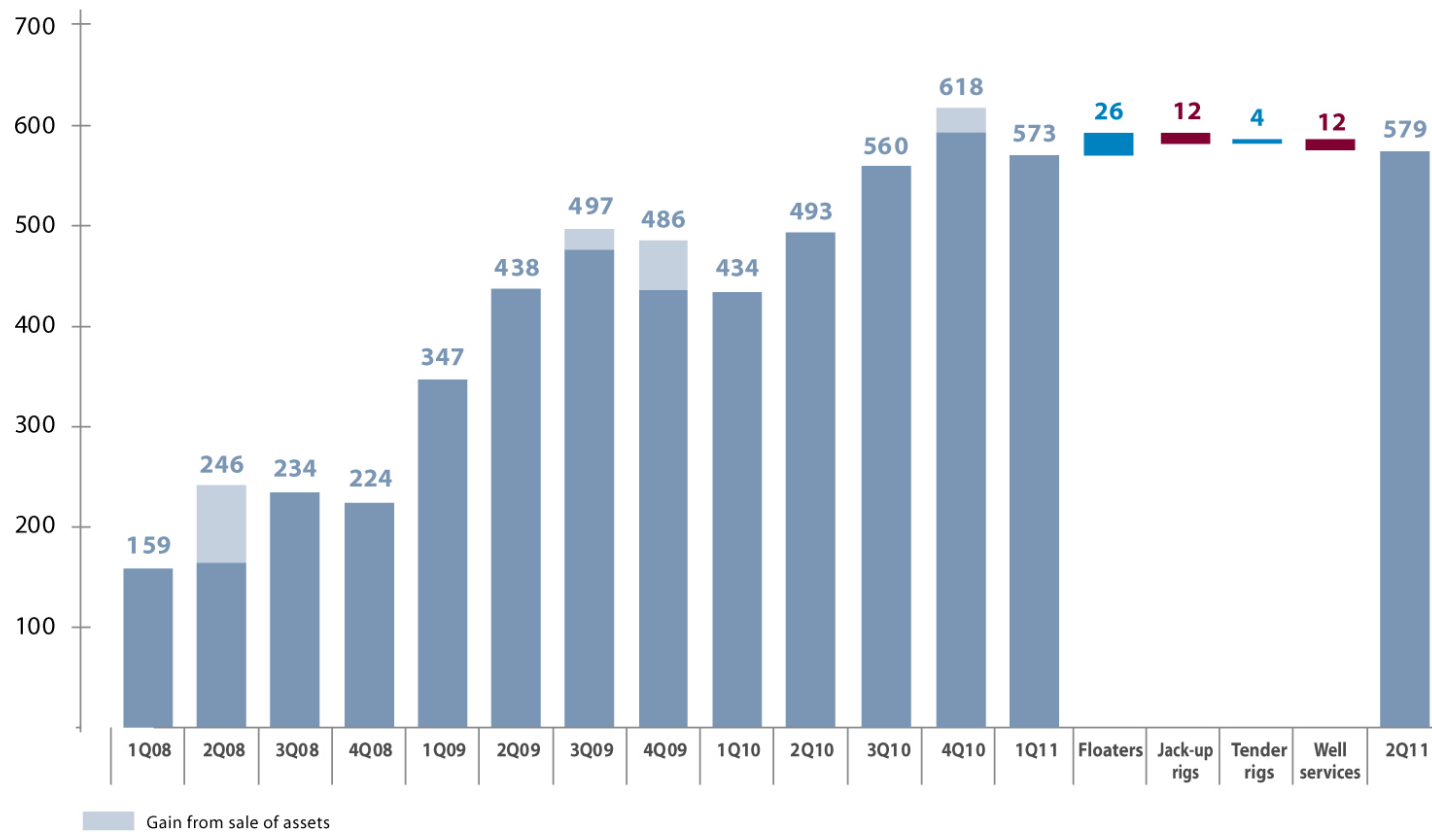
	This quarter	Previous quarter
EBITDA	US\$579m	US\$573m
Earnings per share	US\$1.34	US\$1.84
Operating profit	US\$430m	US\$430m
Financial items	US\$264m*	US\$441m**
Cash flow from operating activities	US\$253m	US\$509m
Dividend declared per share	US\$0.75	US\$0.75

*including gain of US\$416 related realization of Pride

**including gain of US\$477 related to loss of control in Seawell

EBITDA contribution

USD millions



Operating Income

Total Seadrill

<i>Unaudited accounts in USD millions</i>	2Q11	1Q11	4Q10	3Q10
Operating revenues	968	1 081	1 105	1 022
Reimbursables	24	26	60	60
Other revenues	3	3	4	4
Total operating revenues	995	1 110	1 169	1 086
Gain on sale of assets	0	0	26	0
Vessel and rig operating expenses	352	460	465	425
Reimbursable expenses	22	25	54	56
Depreciation and amortisation	148	143	139	129
General and administrative expenses	43	52	58	45
Total operating expenses	565	680	716	655
Net operating income	430	430	479	431

Net Income

Total Seadrill

<i>Unaudited accounts in USD millions</i>	2Q11	1Q11	4Q10	3Q10
Net operating income	430	430	479	431
Financial items				
Interest income	5	6	6	9
Interest expense	-80	-77	-109	-98
Share in results from associated companies	17	19	10	15
Gain on derivatives	-90	41	77	75
Other financial items	412	452	-160	-34
Total financial items	264	441	-176	-33
Income before income taxes	695	871	303	398
Income taxes	-50	-48	-35	-41
Net income	645	823	268	357
Earnings per share (US dollar)	1.34	1.84	0.61	0.85

Operating Income

Floaters

<i>Unaudited accounts in USD millions</i>	2Q11	1Q11	4Q10	3Q10
Operating revenues	640	624	616	550
Reimbursables	11	17	11	27
Other revenues	10	9	10	10
Total operating revenues	661	650	637	587
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	197	205	191	160
Reimbursable expenses	10	16	9	26
Depreciation and amortisation	86	89	84	79
General and administrative expenses	27	28	31	26
Total operating expenses	320	338	315	291
Net operating income	341	312	322	296

Operating Income

Jack-up rigs

<i>Unaudited accounts in USD millions</i>	2Q11	1Q11	4Q10	3Q10
Operating revenues	191	204	181	192
Reimbursables	7	2	7	10
Other revenues	-6	-6	-6	-6
Total operating revenues	192	200	182	196
Gain on sale of assets	0	0	26	0
Vessel and rig operating expenses	91	89	92	88
Reimbursable expenses	6	2	5	8
Depreciation and amortisation	37	34	33	30
General and administrative expenses	9	11	12	8
Total operating expenses	143	136	142	134
Net operating income	49	64	66	62

Operating Income

Tender rigs

<i>Unaudited accounts in USD millions</i>	2Q11	1Q11	4Q10	3Q10
Operating revenues	137	126	136	125
Reimbursables	5	3	2	3
Other revenues	0	0	0	0
Total operating revenues	142	129	138	128
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	66	56	41	48
Reimbursable expenses	4	3	1	2
Depreciation and amortisation	25	13	15	15
General and administrative expenses	7	8	6	5
Total operating expenses	102	80	63	70
Net operating income	40	49	75	58

Seadrill Balance Sheet

Assets

<i>Unaudited accounts in USD millions</i>	30.06.11	31.03.11
Current assets		
Cash (incl restrictive)	658	971
Marketable securities	40	759
Accounts receivable	759	656
Other current assets	508	379
Total current assets	1 965	2 765
Non-current assets		
Investments in associated companies	947	930
Newbuildings	2 519	2 167
Drilling units	10 795	10 912
Goodwill	1 320	1 320
Other non-current assets	577	479
Total non-current assets	16 158	15 808
Total assets	18 123	18 573

Seadrill Balance Sheet

Liabilities and Shareholders Equity

<i>Unaudited accounts in USD millions</i>	30.06.11	31.03.11
Current liabilities		
Current portion of long-term debt	977	987
Other current liabilities	1 089	1 326
Total current assets	2 066	2 313
Non-current liabilities		
Long-term interest bearing debt	8 264	8 838
Long-term debt to related party	435	435
Other non-current liabilities	281	356
Total non-current liabilities	8 980	9 629
Temporary non-controlling interest	0	425
Shareholders' equity	7 077	6 206
Total shareholders' equity	7 077	6 206
Total liabilities and shareholders' equity	18 123	18 573



North Atlantic Drilling Financial reporting highlights

	This quarter	Previous quarter
EBITDA	US\$148m	US\$118m
Earnings per share	US\$0.07	US\$0.08
Operating profit	US\$113m	US\$83m
Financial items	- US\$34m	US\$0m
Cash flow from operating activities	US\$55m	-
Dividend declared per share	US\$0.035	-



North Atlantic Drilling Operating Income

Total North Atlantic

<i>Unaudited accounts in USD millions</i>	2Q11	1Q11
Operating revenues	233	214
Vessel and rig operating expenses	74	82
Reimbursable expenses	6	8
Depreciation and amortisation	35	35
General and administrative expenses	6	6
Total operating expenses	120	131
Net operating income	113	83
Net financial items	-34	0
Income before income taxes	79	83
Income taxes	-9	-6
Net income	70	77



North Atlantic Drilling Balance Sheet

Assets

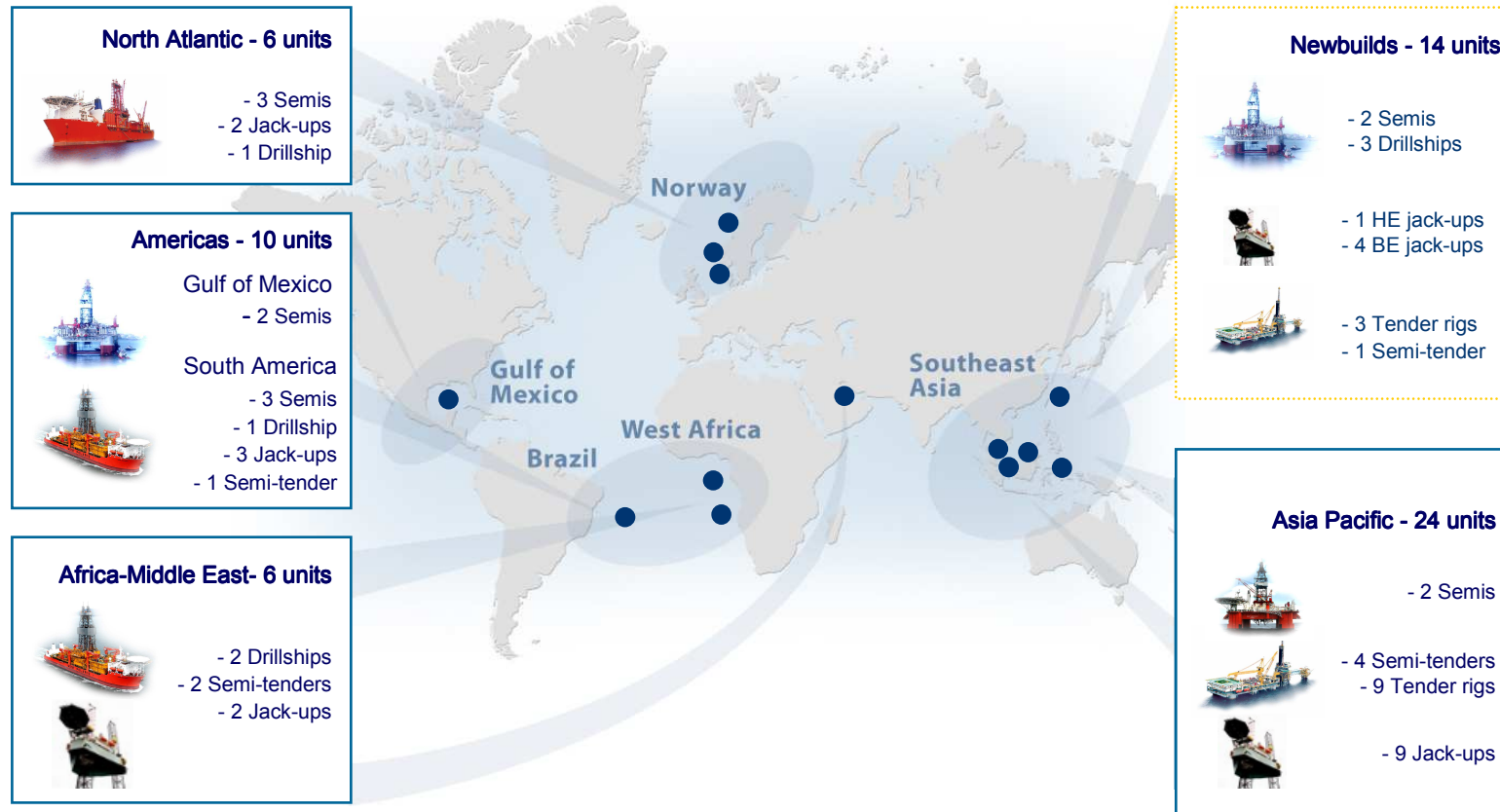
<i>Unaudited accounts in USD millions</i>	30.06.11	01.04.11
Total current assets	568	655
Drilling units and newbuildings	2 257	2 267
Goodwill	500	500
Other non-current assets	209	136
Total non-current assets	2 966	2 903
Total assets	3 534	3 558

Liabilities and shareholders equity

Total current liabilities	580	674
Long-term interest bearing debt	2 117	2 123
Other non-current liabilities	91	84
Total non-current liabilities	2 208	2 207
Total shareholders equity	747	677
Total liabilities and equity	3 534	3 558



Worldwide operations



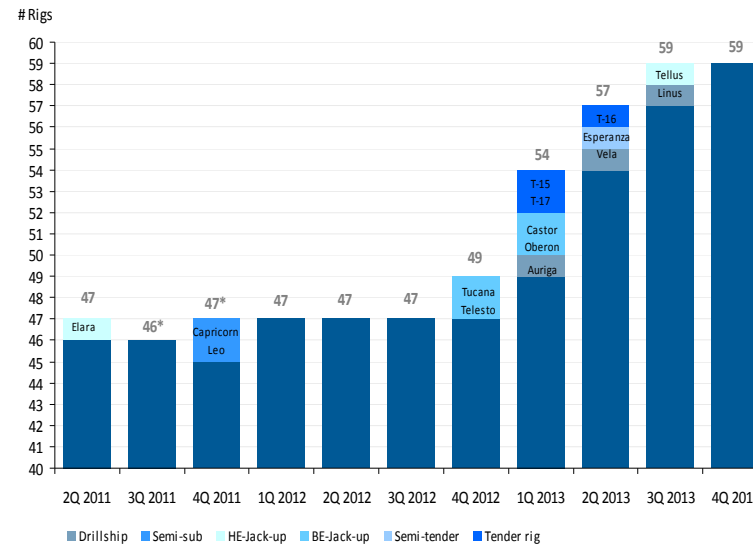
Operations in all important oil and gas regions



Newbuild portfolio increased by 1 unit

- 1 semi-tender ordered from Keppel FELS for US\$200m
- Acquired a 33.75% stake in Asia Offshore Drilling, which has 3 + 1 premium jack-up rigs under construction at Keppel FELS
- Sale of jack-up rigs West Juno completed early July
- Sale of the 1984-built jack-up rig West Janus to be completed early October this year

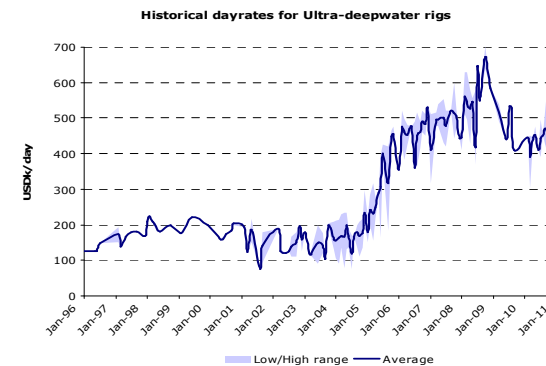
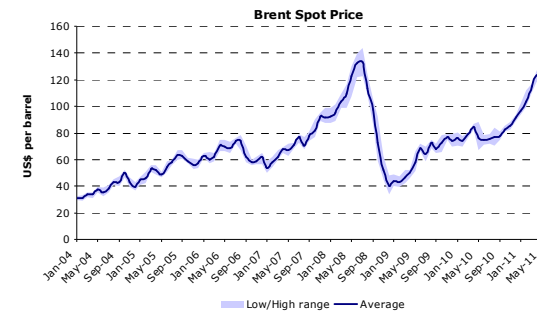
Fleet development



YTD exposure modern rigs up US\$2.9bn QTD US\$250m

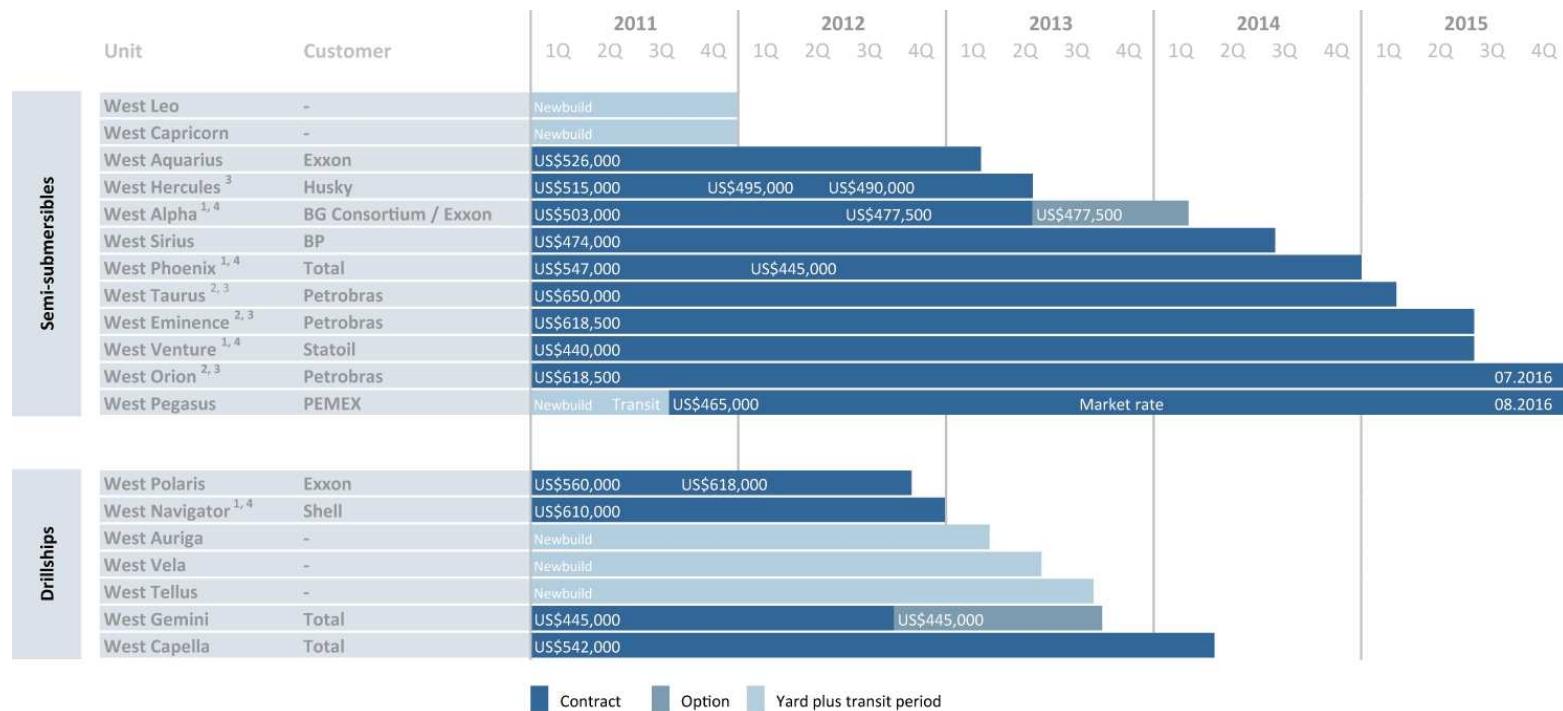
Market development

- Still favorable oil price environment
- Strong growth in E&P spending
- Trend towards more challenging and complex resources continues
- Industry focused on new equipment continues with bifurcation in both jack-up and floater market
- Significant increase in tenders and request from customers
- Recent fixtures suggest tighter market balance



Keeping our finger on the pulse of the market

US\$7.8 billion contract backlog - Floaters



¹ Dayrate is partly in Norwegian kroner (USD /NOK 5.50)

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

³ Dayrate will in the accounts be booked partly net of service tax.

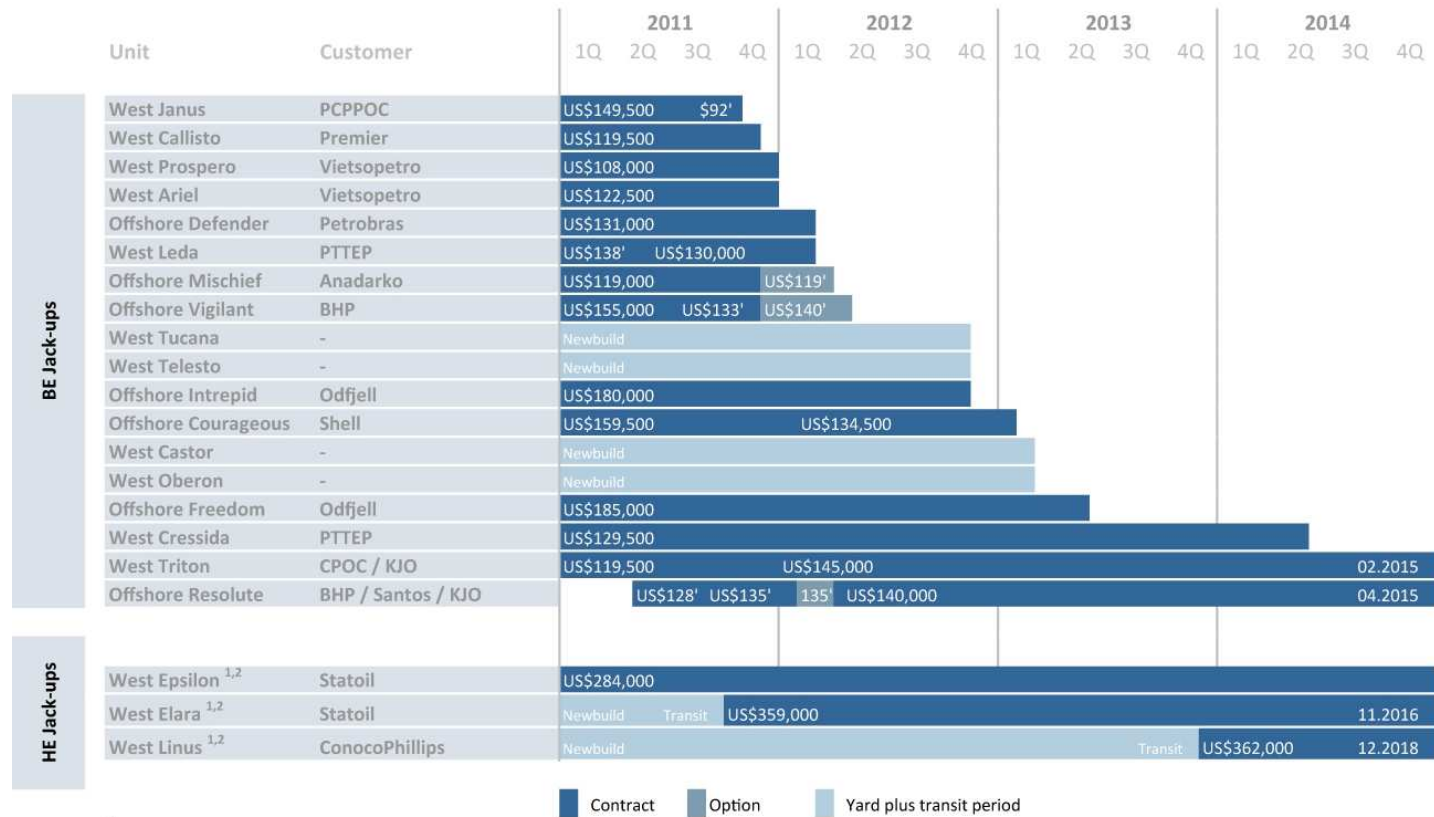
⁴ Ownership 75%

Staggered contract portfolio offers flexibility





US\$2.6 billion contract backlog - Jack-ups



¹ Ownership 75%

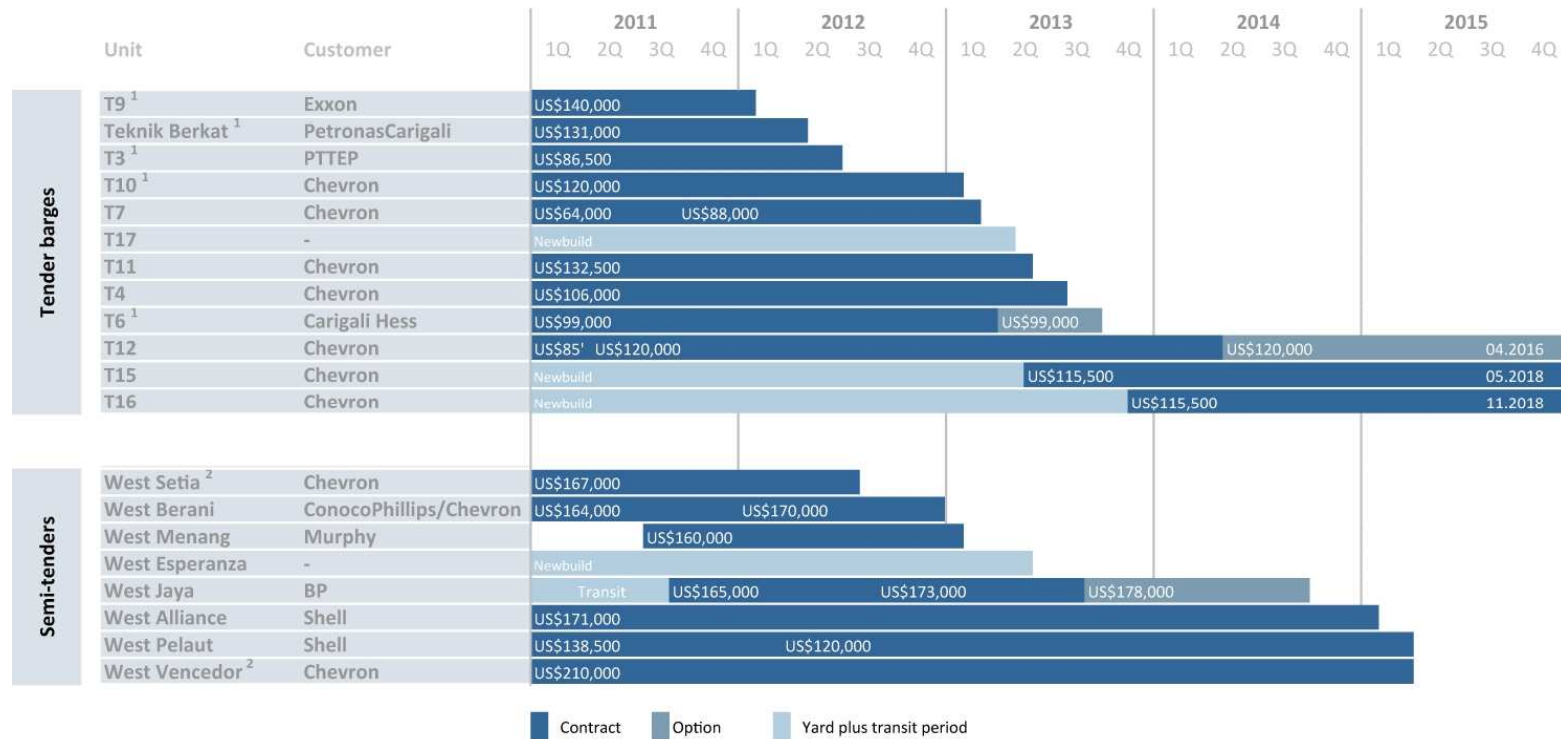
² Dayrate is partly in Norwegian kroner (USD/NOK 5.50)

■ Contract ■ Option ■ Yard plus transit period

Sound interest for premium rigs



US\$1.9 billion contract backlog - Tender rigs



¹ Ownership 49%

² Dayrate is partly in Euros (EUR/USD 1.40)

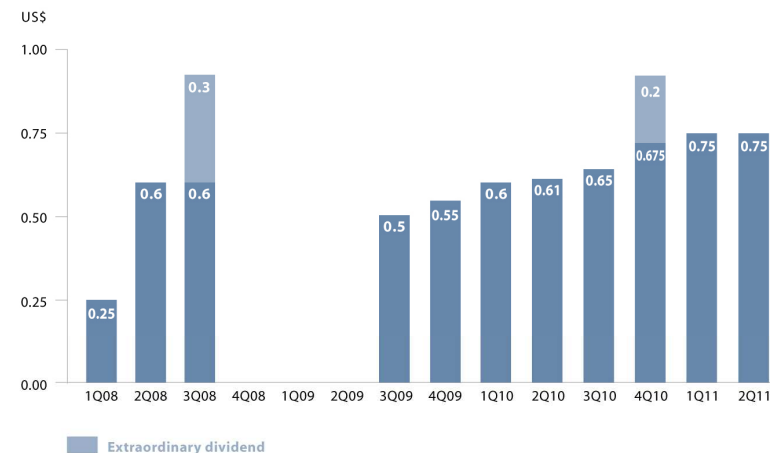
Market support strong EBITDA margins



Dividend distribution and policy

- Cash dividend resolved at US\$0.75 per share
- Increase reflects improved free cash flow and earnings visibility
- Future dividend depends on:
 - Contract coverage
 - Capital expenditure programs and other investments
 - Debt leverage
 - Business outlook
- Distribution of quarterly 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
2Q 2011	0.75		Sep 6, 2011	Sep 20, 2011
1Q 2011	0.75		Jun 6, 2011	Jun 17, 2011
4Q 2010	0.68	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

Key objective is to pay cash dividend

Seadrill is uniquely positioned

- Diverse versatile fleet of brand new rigs
- Improved operational performance
- Encouraging feedback from our customers
- Operations expanded to new geographical regions
- Sound market prospects for all asset classes
- Strong order backlog and earnings visibility
- Opportunity to meet growth in demand through newbuild program and newbuild options

Focus on modern assets provides significant growth potential



Asset portfolio

Core fleet – 51 units built after Y2000 **10 built before Y2000**



17 Ultra-Deepwater Units + 1 Mid-water Semi

1 Mid-water Semi



20 High Specification Jack-up rigs

2 Jack-up rigs



14 Tender Rigs

7 Tender Rigs

Shareholdings



3.5% of EnSCO (MV - US\$339m)



36.5% of Archer (MV - US\$587m)



23.6% of Sapura Crest (MV - US\$433m)



33.75% of AOD (MV - US\$70m)