

A different offshore driller



Howard Weil Energy Conference April 2008

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New Orleans

Seadrill 

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Contents

- Basic facts about Seadrill
- Strategy
- Critical success factors
 - People
 - Operations
 - Newbuild execution
 - Markets and contracts
- How long will the cycle last?
- Financial strategy
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- Summary



West Phoenix



Seadrill facts

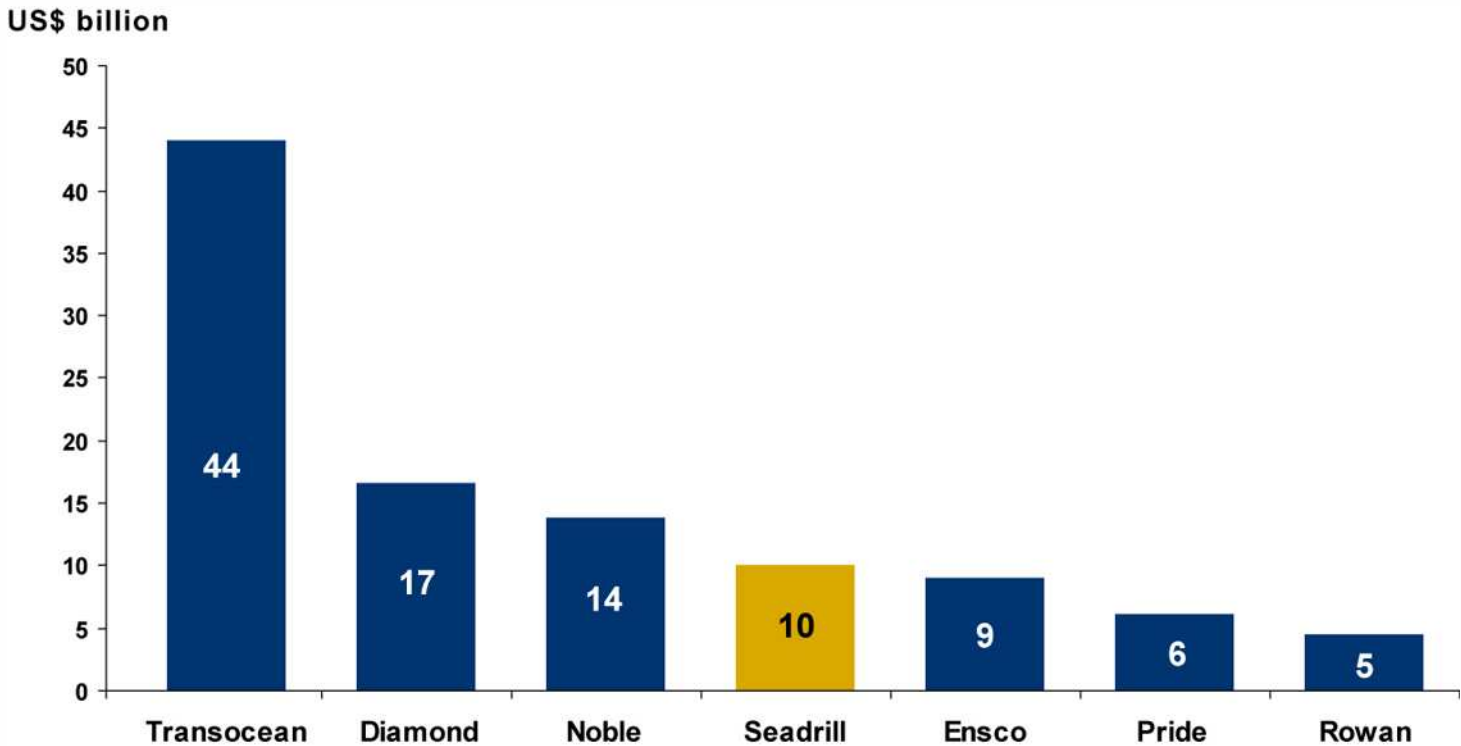
	April 2005	April 2008
▪ Employees	0	5,800
▪ Rigs in operation	0	24+2
▪ Newbuild orders	0	12 (20)
▪ Contract backlog	0	US\$7.8bn
▪ Presence in countries	0	10
▪ Market capitalization	0	US\$10bn
▪ Enterprise value	0	US\$14bn

Built over the last three years through a series of newbuild orders and M&A activity



Fourth largest offshore driller

(market capitalization)



Source: Pareto



Strategy

- Execute and complete current newbuild program
- Commence operations for newbuilds safely and efficiently
- Secure term contract at premium dayrates
- Financing structures geared towards capital repayment
- Return cash to shareholders through dividend
- Continue to grow the Company
- Open for consolidation

Focus on shareholder value ... equity return



Critical success factors - People

- Current number of employees is 5,800
- More than 25 different nationalities
- Recruited last 12 months
 - 500 of which 290 for deepwater operations
- Planned deepwater recruitment 2008
 - 619 people
 - 50 people core crew
 - 569 people non-core crew



Basic recruitment strategy

Units	Core crew recruitment % complete
West Phoenix	100%
West Sirius	100%
West Hercules	100%
West Polaris	100%
West Aquarius	100%
West Capella	86%
West Eminence	62%
West Taurus	45%



- Core crews
 - Internal and international recruiting

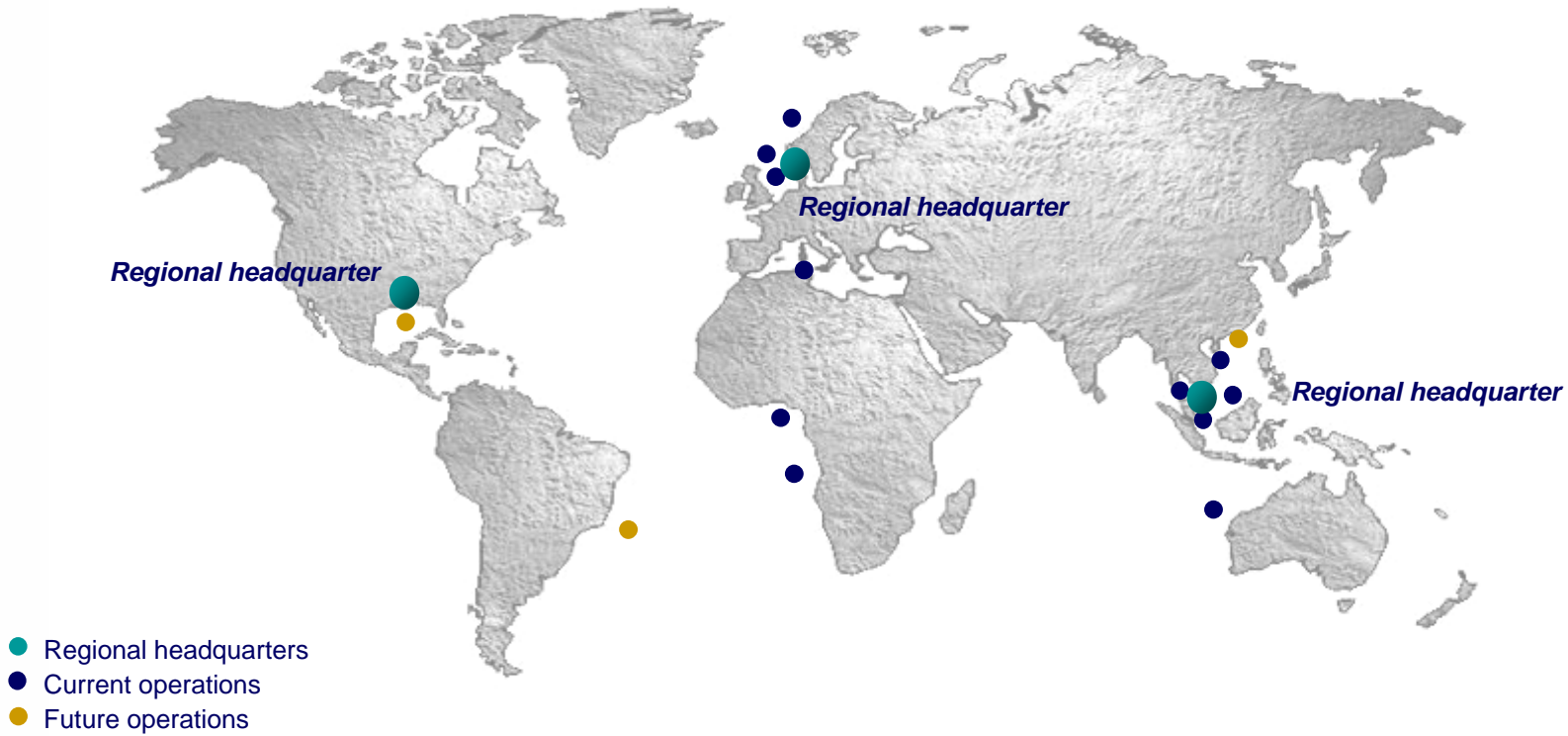
- Crews generally
 - In the country we operate

31% of non-core crew complete

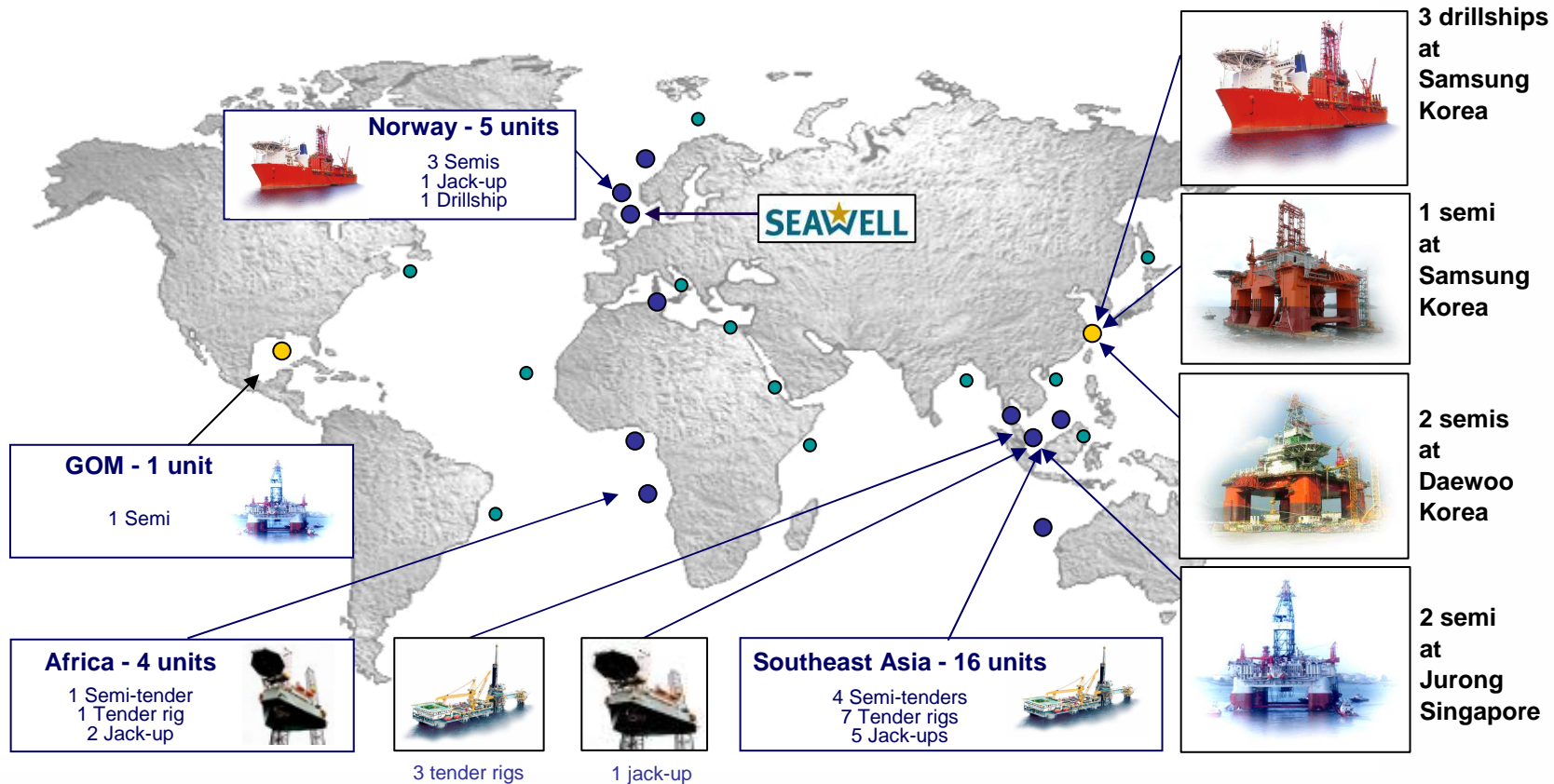
Our recruiting is on plan



Seadrill's world-wide organization



Operations and newbuild projects



38 units of which 12 under construction

- Current
- Previous
- Future



Critical success factors - newbuild projects shallow water

Unit	Delivery	
West Ceres	May 2006	✓
West Berani	December 2006	✓
West Prospero	June 2007	✓
T10	August 2007	✓
West Atlas	September 2007	✓
West Triton	January 2008	✓
West Ariel	On schedule	2Q08
T11	On schedule	2Q08
West Berani II	On schedule	1Q10
T12	On schedule	1Q10

A total of 10 shallow water units

- 6 delivered on time & budget
- Remaining 4 are progressing as planned



Deliveries on time and budget



Critical success factors - deepwater newbuild execution

10 deepwater units

- 2 delivered
 - 1 within 30 days of plan
 - 1 within 3 months of plan
(due to customer initiated modifications)
- Remaining 8 are in the main progressing on schedule & budget

Unit	Order date	% complete	Delivery
West Phoenix	2005	100%	1Q2008
West Sirius	2005	100%	1Q2008
West Hercules	2005	95%	2Q2008
West Polaris	2005	95%	2Q2008
West Aquarius	2006	88%	3Q2008
West Eminence	2006	90%	4Q2008
West Taurus	2006	80%	4Q2008
West Capella	2006	78%	4Q2008
West Orion	2007	NA	2Q2010
West Gemini	2007	NA	2Q2010



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



West Phoenix



West Sirius

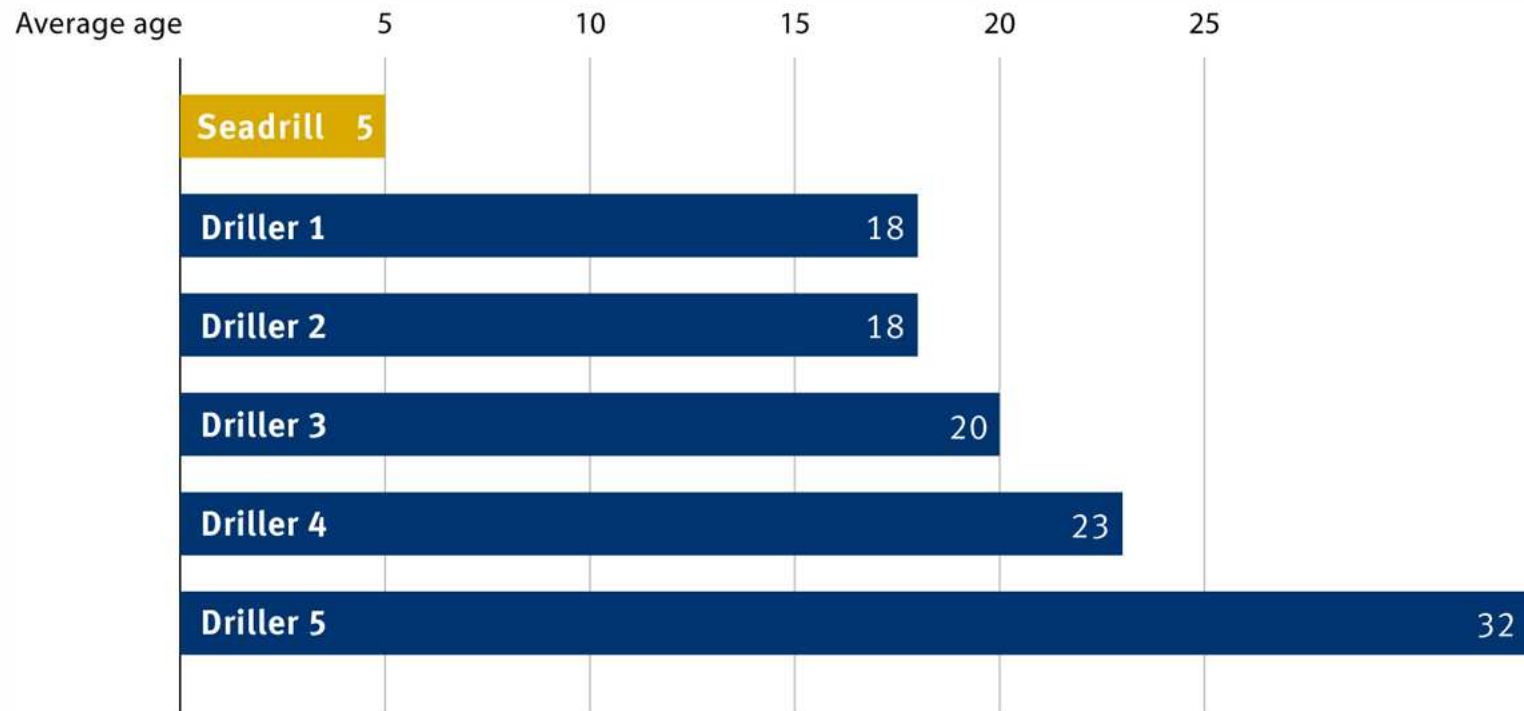
Newbuild construction strategy is paying off



West Phoenix in transit to Norway



Modern floater fleet



Source: DnBNor Markets
Average age floaters in 2010



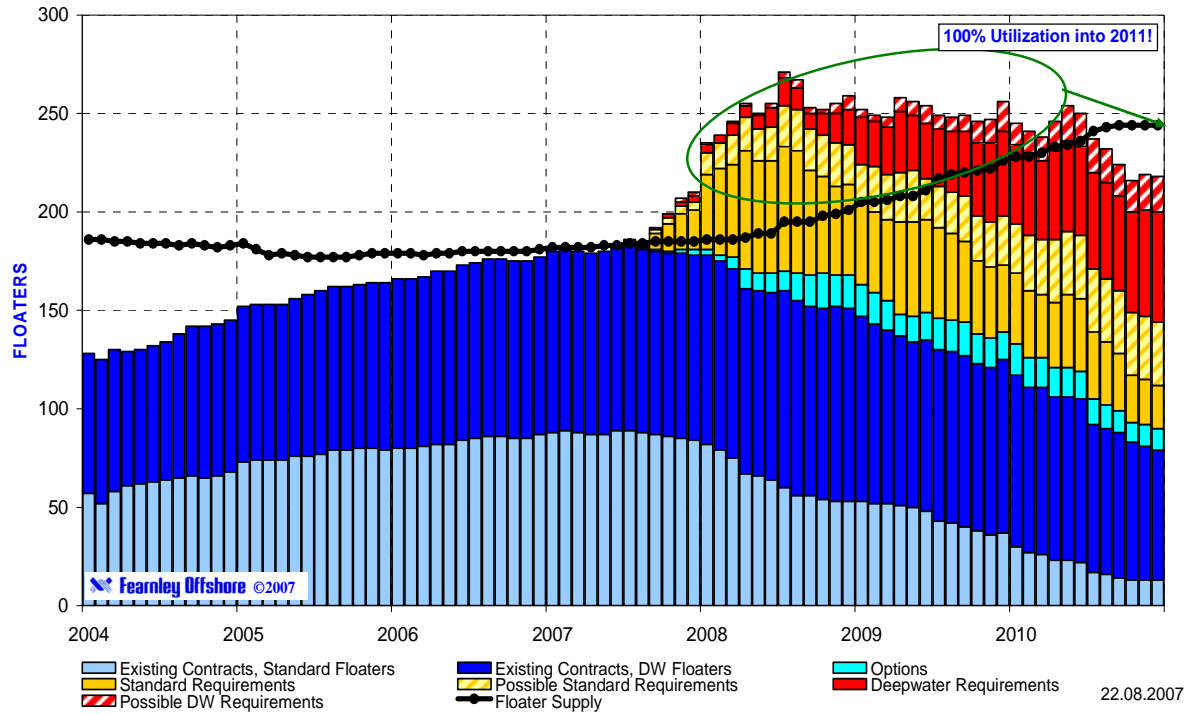
Critical success factors - Markets and contracts

- Extremely strong underlying fundamentals
- Shortage of deepwater capacity for start-up in 2008-2009
- Excellent prospects for further organic growth in the tender rig market
- Jack-up market better than expected

Strong market outlook



Floater demand worldwide

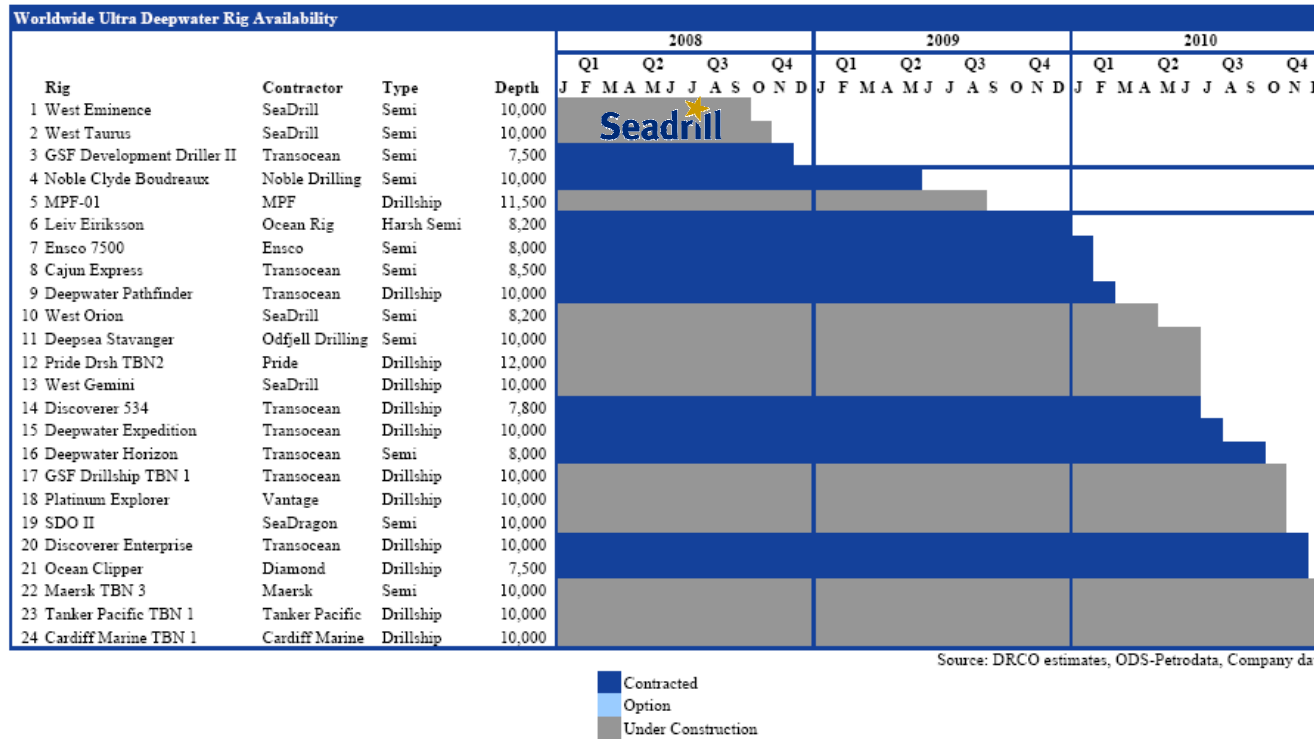


Limited rig supply pushes demand forward

Source: Fearnley Offshore



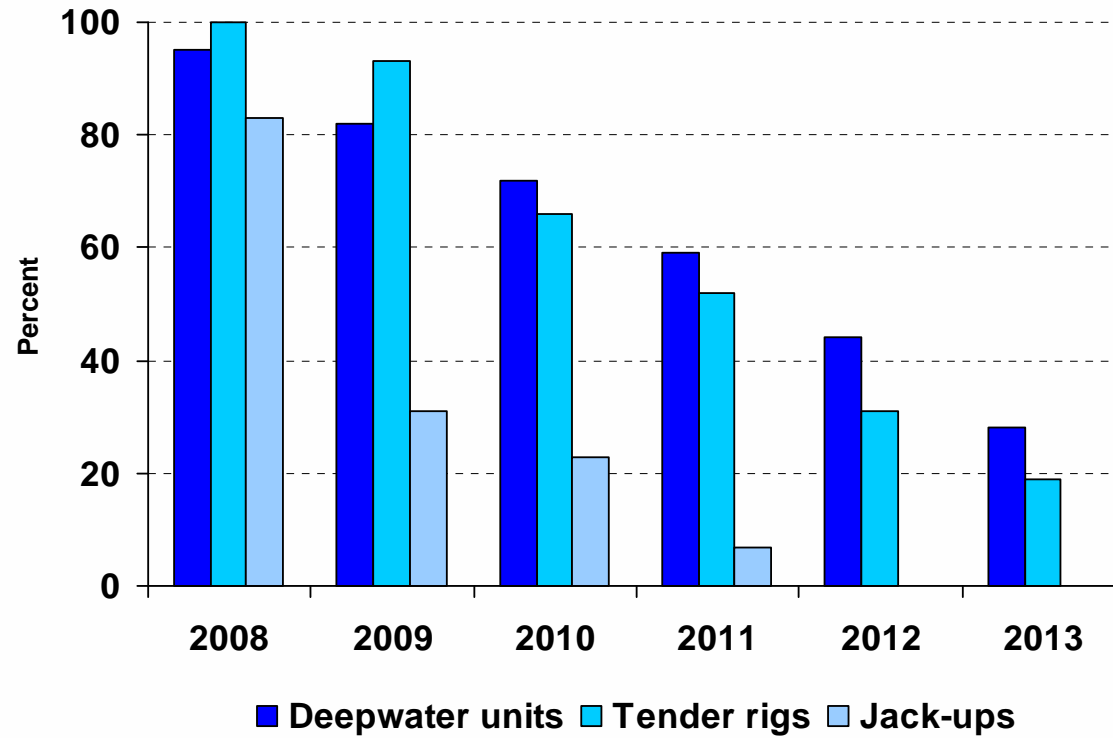
Ultra deepwater rig availability



Scares ultra-deepwater capacity next three years



Seadrill contract coverage *



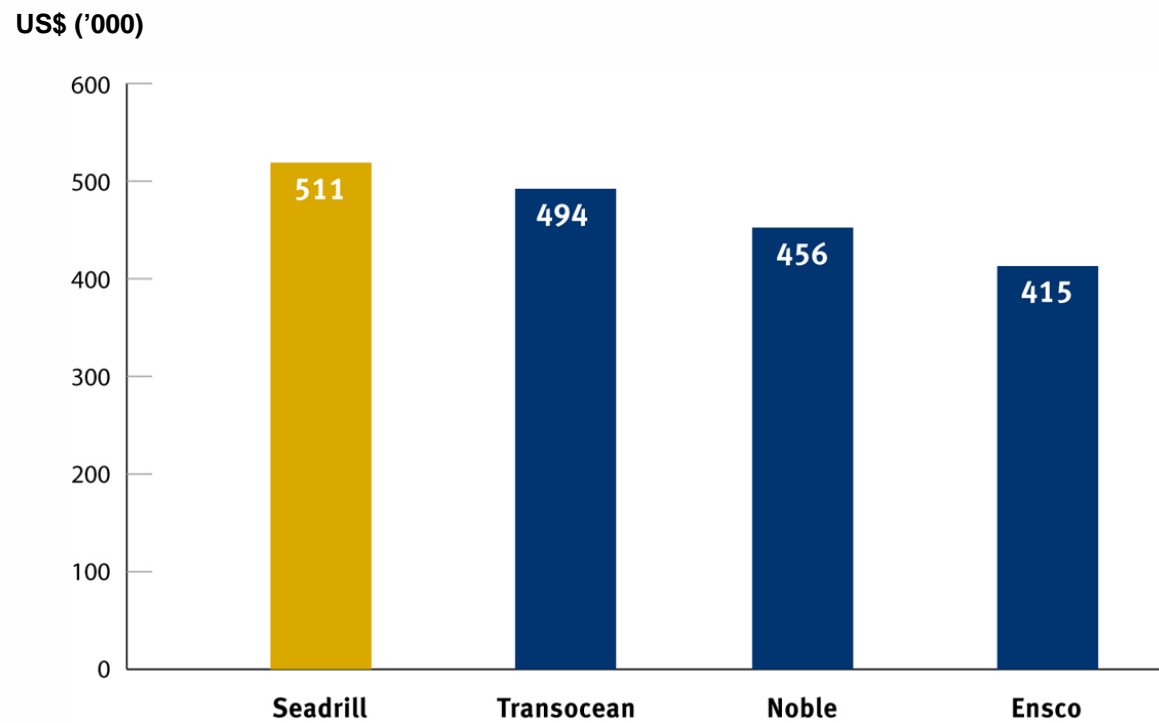
Strong order backlog of US\$7.8bn

* Options assumed exercised



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Fixtures UDW units since 2006



Source: DnBNor Markets



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How long will this cycle last?

Date	Company	Rig	Rig type	Operator	Rate \$/day	Old \$/day	Duration	Start-up
31.mar	NE	Paul Wolff	4GSS	Petrobras	493	214	6Y	nov.09
31.mar	NE	Roger Eason	DS 1977	Petrobras	405	137	6Y	mar.10
31.mar	NE	Leo Segerius	DS 1981	Petrobras	351	125	6Y	sep.09
31.mar	NE	Muravlenko	DS 1982	Petrobras	340	120	6Y	mar.09
31.mar	NE	Therald Martin	2GSS	Petrobras	297	114	6Y	okt.10
31.mar	RIG	Deepwater Pacific 2	6GDS	Reliance	NA	NA	4Y	nov.09
27.mar	RIG	Deepwater Nautilus	5GSS	Shell	535	425	3Y	des.08
07.mar	Ensco	Ensco 8503	6GSS	TBN	510	NA	2Y	aug.10
19.feb	RIG	Deepwater Millenium	5GDS	Anadarko	535	445	3Y	jun.10
15.feb	RIG	GSF Explorer	5GDS	Marathon	510	380	2Y	aug.09
08.feb	OCR	Eirik Raude	5GSS	Tullow Oil	635	395	3Y	mar.08
29.jan	Pride	Pride Drsh Tbn1	6GDS	BP	480	NA	5Y	jul.10
24.jan	Pride	Pride Drsh Tbn3	6GDS	Petrobras	480	NA	5Y	jun.11
19.nov	RIG	Discoverer Spirit	5GDS	Anadarko	520	475	3Y	des.10
12.nov	Saipem	Scarabeo 9	6GSS	ENI	470	NA	5Y	nov.09
08.nov	FOE	Belford Dolphin	5GDS	Anadarko	525	425	3Y	mar.10
30.okt	RIG	Deepwater Pathfinder	5GDS	TBA	600	395	4M	jun.09
24.okt	RIG	Deepwater Pacific 1	6GDS	TBA	525	NA	4Y	sep.09

Source: Pareto



How long will this cycle last?

- Highly reputable companies are committing rigs up to and beyond 2015
- Continued fleet renewal necessary
- No yard availability before 2011/2012



Financial strategy

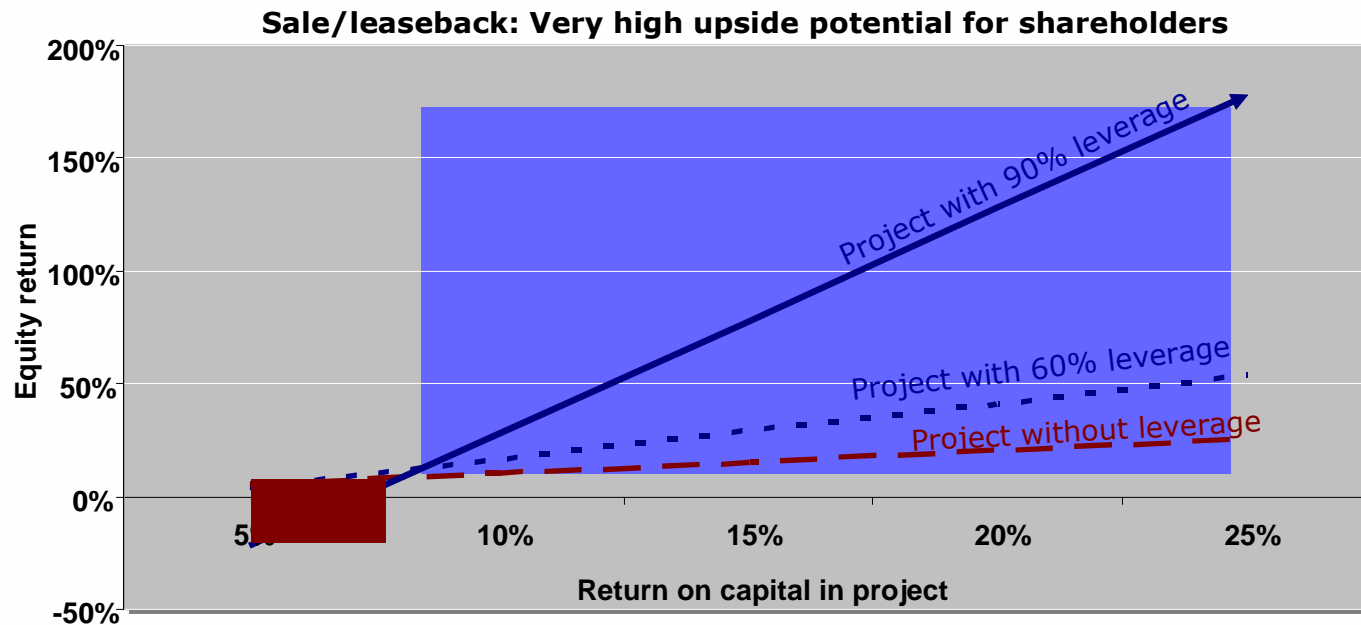
- Seek high gearing to support high equity return
- Monetize strong order backlog and sound credit ratings of customers
- Apply financing structures geared towards capital repayment
- Return cash to shareholders through dividend
- The Frontline/Ship Finance model

Focus on equity return



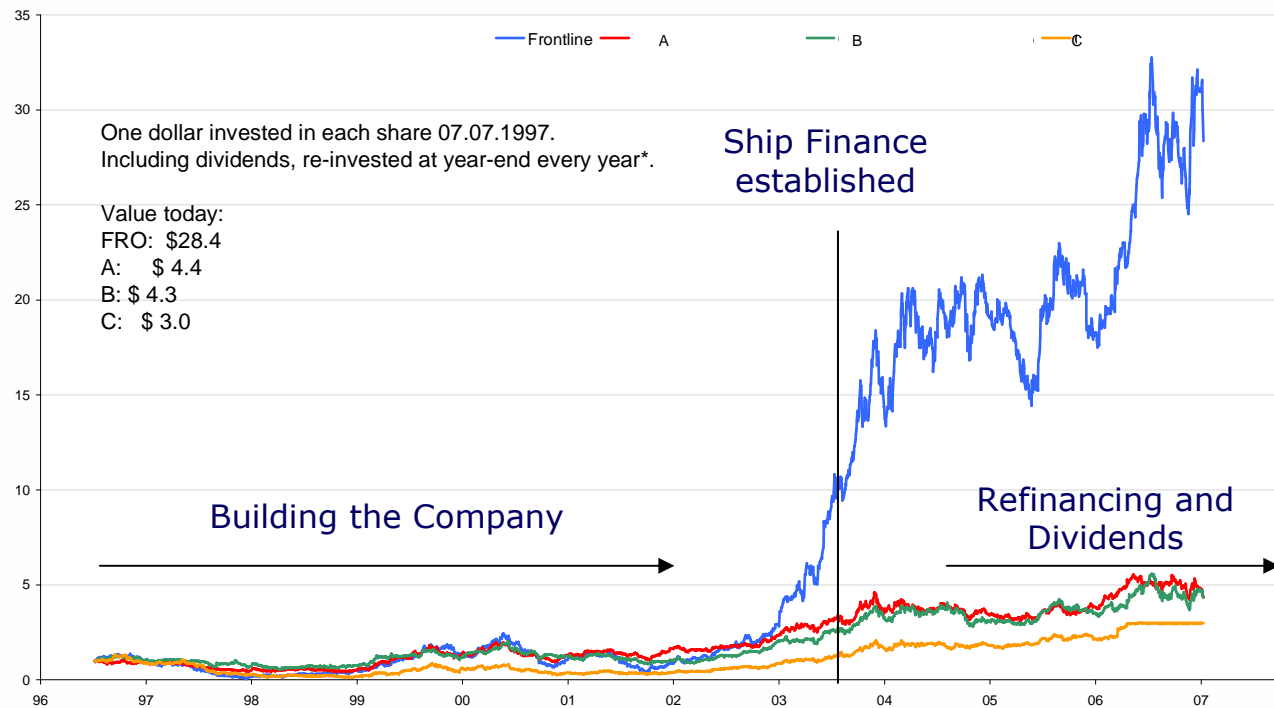
Putting shareholders money to work

- Two jack-ups currently on sale leasebacks;
 - US\$130-140m construction cost - sold for US\$210m to Ship Finance
 - Effectively > 100% leverage on project cost
 - Full control of assets: BB-charter and purchase options
- Cash redeployed by SDRL in new projects/dividends



The Frontline/Ship Finance model works

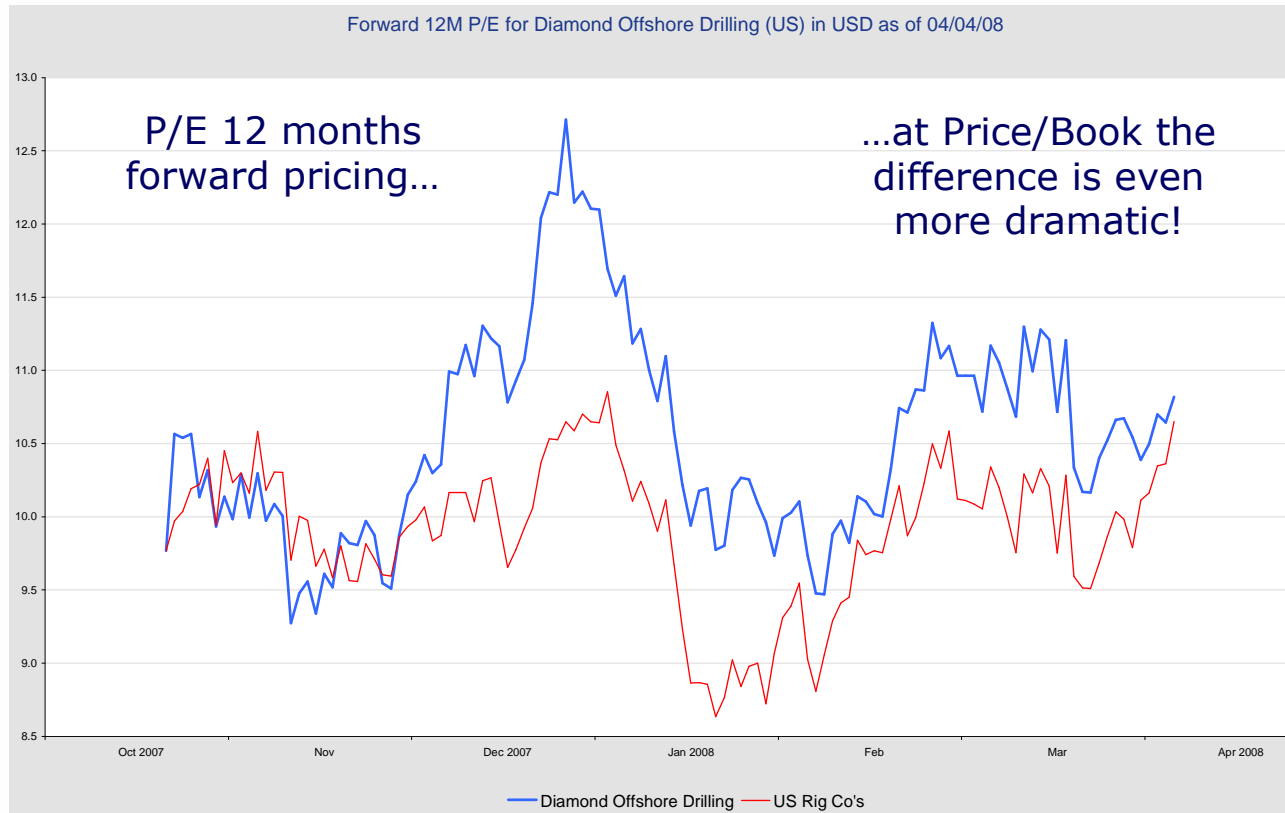
Relative Tanker Share Performance as of 8th of January 2008 (incl. Dividend reinvested)



*)Dividends paid in 2004 distributed as per ex-date for FRO, for other shares expected dividend 1H04 added to Fridays close Source: JCF Quant and DnB NOR Markets



Dividends also works for offshore drillers



Dividends vs. Buy-backs



Further growth opportunities

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



Seadrill hold (or have held) minority positions in other offshore drillers

		Realized*	Unrealized*
■ Ocean Rig	sold	US\$80m	
■ Aker Drilling	sold	US\$8m	
■ Odfjell Invest	sold	US\$5m	
■ Scorpion	21%		US\$19m
■ SapuraCrest	16%		US\$12m
■ PT Apexindo	sold	US\$150m	

Seadrill will continue to be active

* Approximate figures



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Summary

- Delivery taken for the first two deepwater newbuilds
- Strong order backlog of some US\$7.8 billion
- Continued strong market outlook
- Actively pursuing leveraged financing structures for existing as well as new assets
- Continue to look for consolidation opportunities but main focus is equity return
- First cash dividend distributed

Creating a world leading drilling contractor



Seadrill 