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Africa-Middle East

Asia Pacific

North Atlantic

Americas

Q1 2011

Conference call – Q1 2011 results

May 27, 2011

Seadrill



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Highlights – First quarter 2011

- EBITDA of US\$573m compared to US\$592m in the preceding quarter (ex gain on sale)
- Net income of US\$823m, including US\$477m in accounting gain on Seawell merger, and earnings per share of US\$1.84
- Cash dividend of US\$0.75 per share
- Establishes a harsh environment focused drilling company, North Atlantic Drilling Ltd
- Orders a new harsh environment jack-up rig and signs a five-year contract with ConocoPhillips
- Orders two tender rigs against five-year contracts from Chevron
- Takes delivery of one ultra-deepwater semi-submersible rig and one semi-tender rig
- Seawell completes the merger with Allis-Chalmers Energy Inc and is deconsolidated in Seadrill's accounts



Subsequent events

- Exercises our right to call the remaining US\$750 million of the 2012 convertible bond
- Repurchases 2.5 million of its own common shares
- Orders a new ultra-deepwater drillship at Samsung for an all-in cost of US\$600 million
- Secures new contracts with an estimated value of US\$1.2 billion
- Orders a new tender rig from COSCO in China for a total consideration of US\$115 million
- Agrees to sell the jack-up rig West Juno for a total consideration of US\$248.5 million
- Transfers construction contract for jack-up West Linus and drilling contract to North Atlantic Drilling Ltd



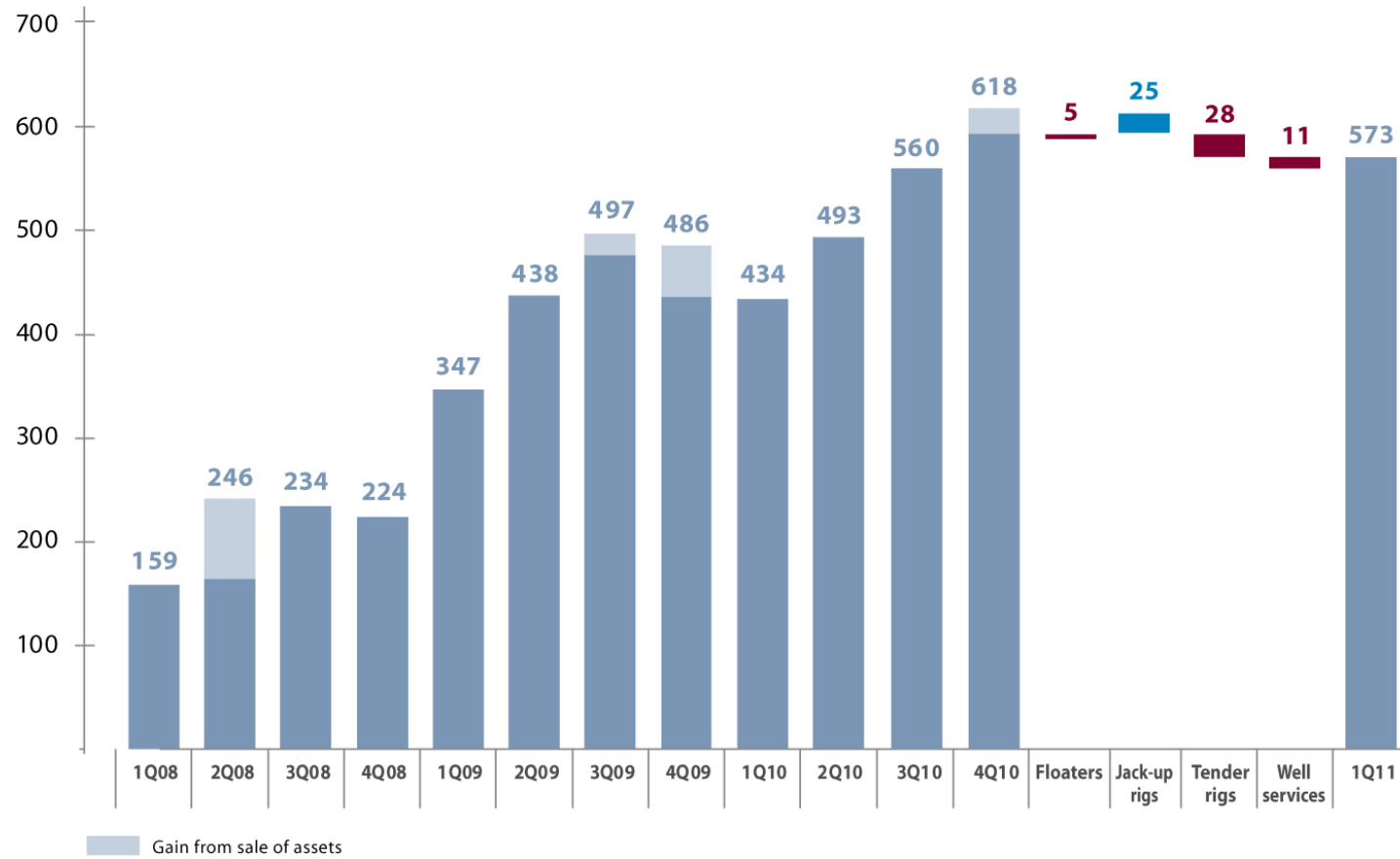
Financial performance highlights

- Changed segment reporting, introduced Jack-up rigs as a separate segment
- Seawell, now renamed Archer deconsolidated February 23, 2011
- EBITDA US\$573m (US\$592m)
- Earnings per share US\$1.84 per share (US\$0.61 per share)
- Operating profit US\$430m (US\$453m)
- Financial items US\$441m (-US\$176m)
 - Including a gain of US\$477 related to loss of control in Seawell
- Cash flow from operating activities US\$509m (US\$374m)
- Dividend declared US\$0.75 per share (US\$0.675 + 0.2 per share)



EBITDA contribution

USD millions



Operating Income

Total Seadrill

<i>Unaudited accounts in USD millions</i>	1Q11	4Q10	3Q10	2Q10
Operating revenues	1 081	1 105	1 022	886
Reimbursables	26	60	60	39
Other revenues	3	4	4	8
Total operating revenues	1 110	1 169	1 086	933
Gain on sale of assets	0	26	0	0
Vessel and rig operating expenses	460	465	425	364
Reimbursable expenses	25	54	56	37
Depreciation and amortisation	143	139	129	109
General and administrative expenses	52	58	45	39
Total operating expenses	680	716	655	549
Net operating income	430	479	431	384

Net Income

Total Seadrill

<i>Unaudited accounts in USD millions</i>	1Q11	4Q10	3Q10	2Q10
Net operating income	430	479	431	384
Financial items				
Interest income	6	6	9	9
Interest expense	-77	-109	-98	-58
Share in results from associated companies	19	10	15	5
Gain on derivatives	41	77	75	-168
Other financial items	452	-160	-34	212
Total financial items	441	-176	-33	0
Income before income taxes	871	303	398	384
Income taxes	-48	-35	-41	-54
Net income	823	268	357	330
Earnings per share (US dollar)	1.84	0.61	0.85	0.77

Operating Income

Floaters

<i>Unaudited accounts in USD millions</i>	1Q11	4Q10	3Q10	2Q10
Operating revenues	624	616	550	504
Reimbursables	17	11	27	11
Other revenues	9	10	10	8
Total operating revenues	650	637	587	523
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	205	191	160	149
Reimbursable expenses	16	9	26	10
Depreciation and amortisation	89	84	79	70
General and administrative expenses	28	31	26	24
Total operating expenses	338	315	291	253
Net operating income	312	322	296	270

Operating Income

Jack-up rigs

<i>Unaudited accounts in USD millions</i>	1Q11	4Q10	3Q10	2Q10
Operating revenues	204	181	192	117
Reimbursables	2	7	10	2
Other revenues	-6	-6	-6	-2
Total operating revenues	200	182	196	117
Gain on sale of assets	0	26	0	0
Vessel and rig operating expenses	89	92	88	51
Reimbursable expenses	2	5	8	2
Depreciation and amortisation	34	33	30	19
General and administrative expenses	11	12	8	5
Total operating expenses	136	142	134	77
Net operating income	64	66	62	40

Operating Income

Tender rigs

<i>Unaudited accounts in USD millions</i>	1Q11	4Q10	3Q10	2Q10
Operating revenues	126	136	125	123
Reimbursables	3	2	3	2
Other revenues	0	0	0	0
Total operating revenues	129	138	128	125
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	56	41	48	47
Reimbursable expenses	3	1	2	2
Depreciation and amortisation	13	15	15	15
General and administrative expenses	8	6	5	6
Total operating expenses	80	63	70	70
Net operating income	49	75	58	55

Operating Income

Well Services

<i>Unaudited accounts in USD millions</i>	1Q11	4Q10	3Q10	2Q10
Operating revenues	127	172	155	142
Reimbursables	4	41	20	24
Other revenues	0	0	0	2
Total operating revenues	131	213	175	168
Gain on sale of assets	0	0	0	0
Vessel and rig operating expenses	110	141	129	117
Reimbursable expenses	4	39	20	23
Depreciation and amortisation	7	6	5	5
General and administrative expenses	5	9	6	4
Total operating expenses	126	195	160	149
Net operating income	5	18	15	19

Seadrill Balance Sheet

Assets

<i>Unaudited accounts in USD millions</i>	31.03.11	31.12.10
Current assets		
Cash (incl restrictive)	971	910
Marketable securities	759	598
Accounts receivable	440	696
Other current assets	595	679
Total current assets	2 765	2 883
Non-current assets		
Investments in associated companies	930	205
Newbuildings	2 167	1 247
Drilling units	10 912	10 795
Goodwill	1 320	1 676
Other non-current assets	479	691
Total non-current assets	15 808	14 614
Total assets	18 573	17 497

Seadrill Balance Sheet

Liabilities and Shareholders Equity

<i>Unaudited accounts in USD millions</i>	31.03.11	31.12.10
Current liabilities		
Current portion of long-term debt	987	981
Other current liabilities	1 326	1 534
Total current assets	2 313	2 515
Non-current liabilities		
Long-term interest bearing debt	8 838	8 176
Long-term debt to related party	435	435
Other non-current liabilities	356	434
Total non-current liabilities	9 629	9 045
Temporary non-controlling interest	425	0
Shareholders' equity	6 206	5 937
Total shareholders' equity	6 206	5 937
Total liabilities and shareholders' equity	18 573	17 497



Worldwide operations



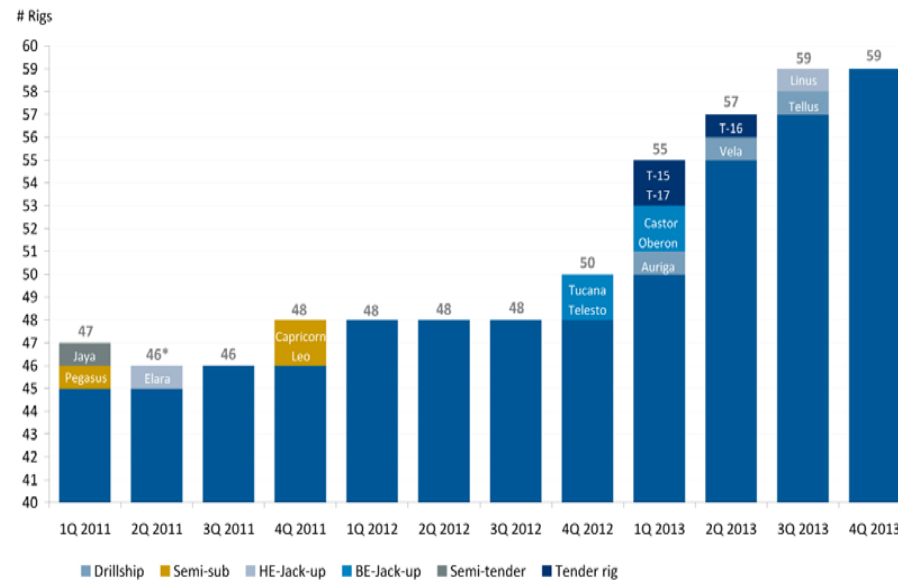
Operations in all important oil and gas regions



Newbuild portfolio increased by 5 units

- 1 HEJU ordered from Jurong for US\$530m against 5 year contract with ConocoPhillips
- 1 ultra-deepwater drillships ordered on speculation from Samsung for US\$600 million
- 3 tender rigs ordered from COSCO for a price per rig of US\$115m of which 2 of the 3 rigs simultaneously secured 5 year contracts with Chevron.

Fleet development

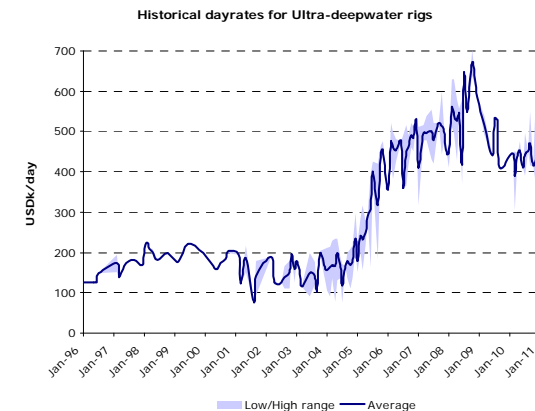
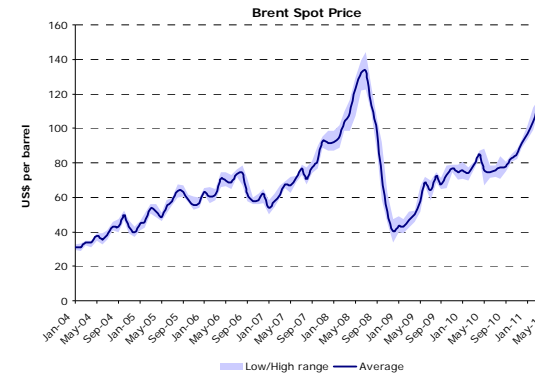


Further invests US\$1.5 billion in new quality rigs



Market development

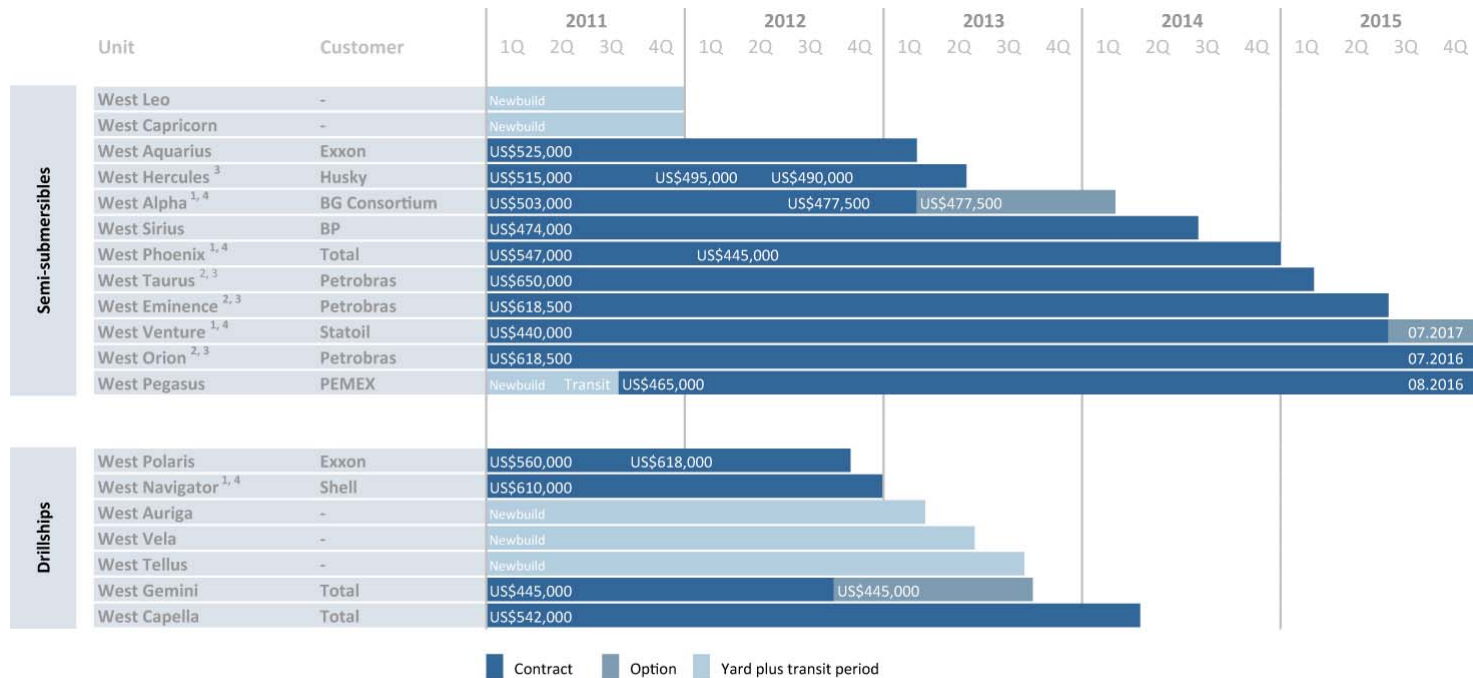
- Favorable oil price environment
- Strong growth in E&P spending
- Trend towards more challenging and complex resources continues
- Industry focused on new equipment continues with bifurcation in both jack-up and floater market
- Significant increase in tenders and request from customers
- Recent fixtures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



Keeping our finger on the pulse of the market



US\$8.4 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.

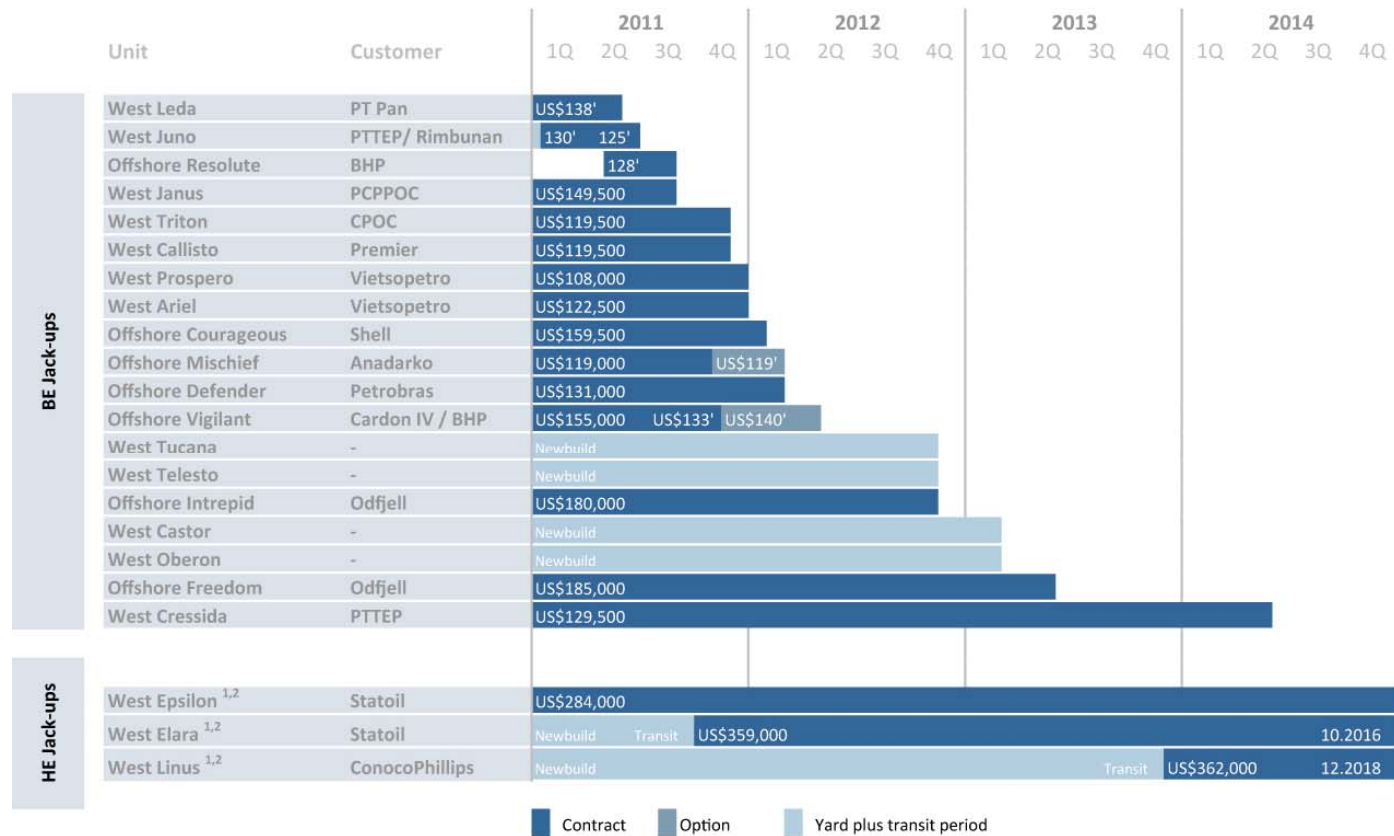
⁴ Ownership 75%

Staggered contract portfolio offers flexibility





US\$2.4 billion contract backlog - Jack-ups



¹ Ownership 75%

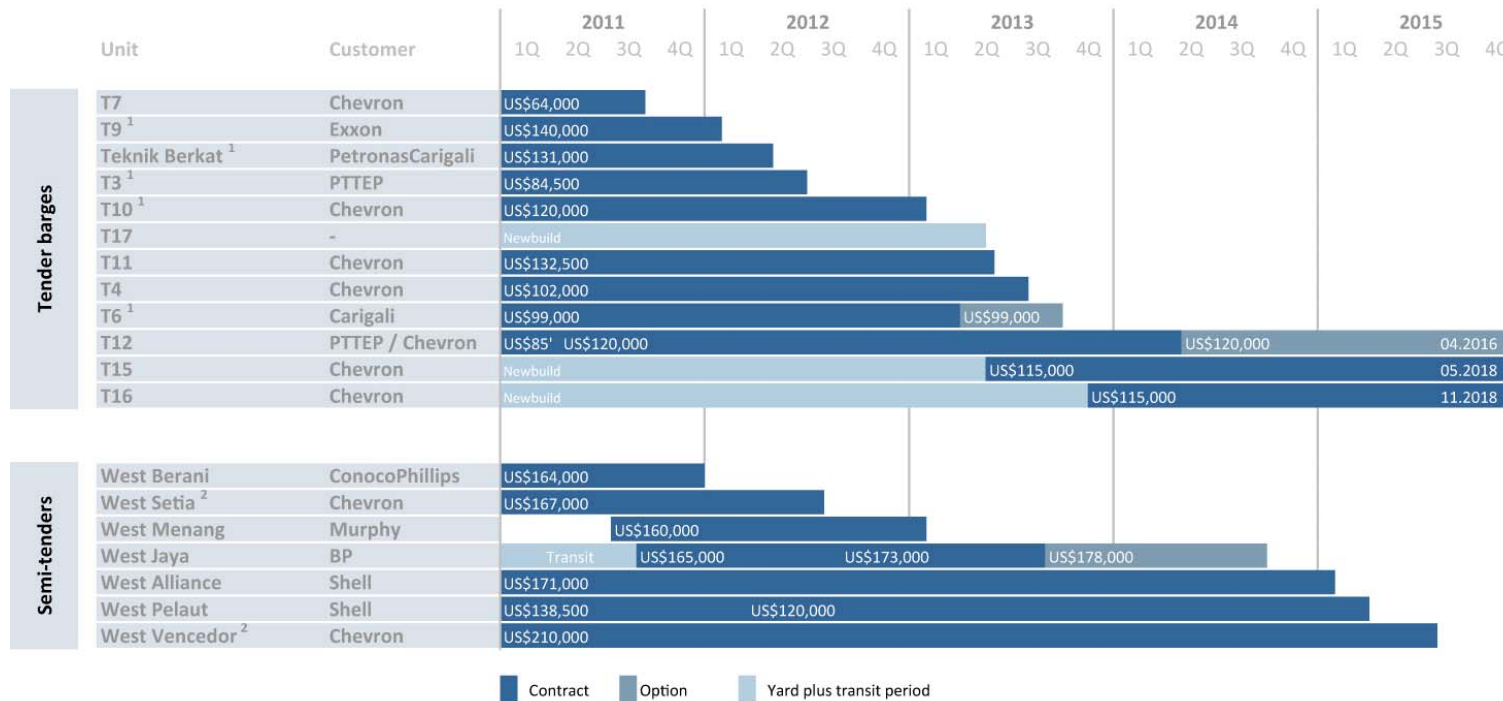
² Dayrate is partly in Norwegian kroner (USD/NOK 5.50)

Strong interest in premium rigs continues





US\$1.8 billion contract backlog - Tender rigs



¹ Ownership 49%

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

Market support strong EBITDA margins

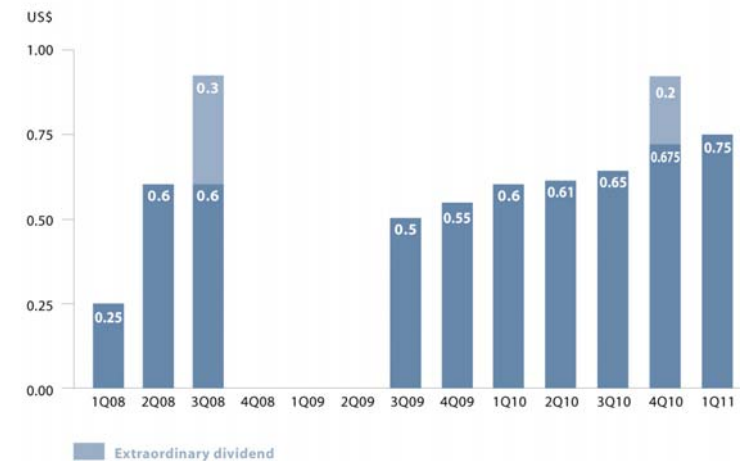




Dividend distribution and policy

- 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
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

Long term objective is to grow our cash dividend

Seadrill is uniquely positioned

- Diverse versatile fleet of brand new rigs
- Operations expanded to new geographical regions
- Strong operational performance
- Market prospects are improving for all asset classes
- Flexibility to meet demand growth through newbuild program and newbuild options
- NADL subsidiary increase financial flexibility and creates M&A tool

Fleet composition match customers future demand



Asset portfolio

Core fleet – 50 units built after Y2000 **10 built before Y2000**



17 Ultra-Deepwater Units + 1 Mid-water semi 1 Mid-water Semi



20 High Specification Jack-ups 2 Jack-ups



12 Tender Rigs 7 Tender Rigs

Shareholdings



9.3% of Pride (MV - US\$686m)



36.5% of Archer (MV - US\$720m)



23.6% of Sapura Crest (MV - US\$373m)