

NYSE Euronext

OSLO
OSLO BORS VPS

2010



Pareto Oil & Offshore Service Conference

CEO Alf C Thorkildsen

September 2010

Seadrill 



Contents

- Company profile
- Achievements last 12 months
- Recent investments
- Rig fleet
- Market outlook
- Cash dividends
- Strategy





Company profile

- 2nd largest offshore driller based on EV
- 2nd largest ultra-deepwater fleet
- Largest and most modern jack-up and tender rig fleet
- 2Q/10 EBITDA annualized ~ US\$2.0 billion
- Contract backlog ~ US\$12.2 billion
- Quarterly dividend annualized ~ US\$1.0 billion
- Strong shareholder involvement
- Current market capitalization ~ US\$10 billion

Focus on quality operations & shareholder value



2010 versus 2009

	Sept. 2009	Sept. 2010
▪ SDRL Share Price	NOK107	NOK 147
▪ Oil price	~US\$70	~US\$75
▪ Deepwater dayrates	~US\$500,000	~US\$430,000
▪ Premium Jack-up dayrates	~US\$100,000	~US\$125,000
▪ Semi-tender rigs	~US\$150,000	~US\$150,000
▪ Contract backlog	US\$11.5bn	US\$12.2bn
▪ Additions to contract backlog	US\$0.1bn	US\$3.3bn
▪ Number of rigs	41	48
▪ Number of rigs in operation	32	44

Strong business fundamentals prevail



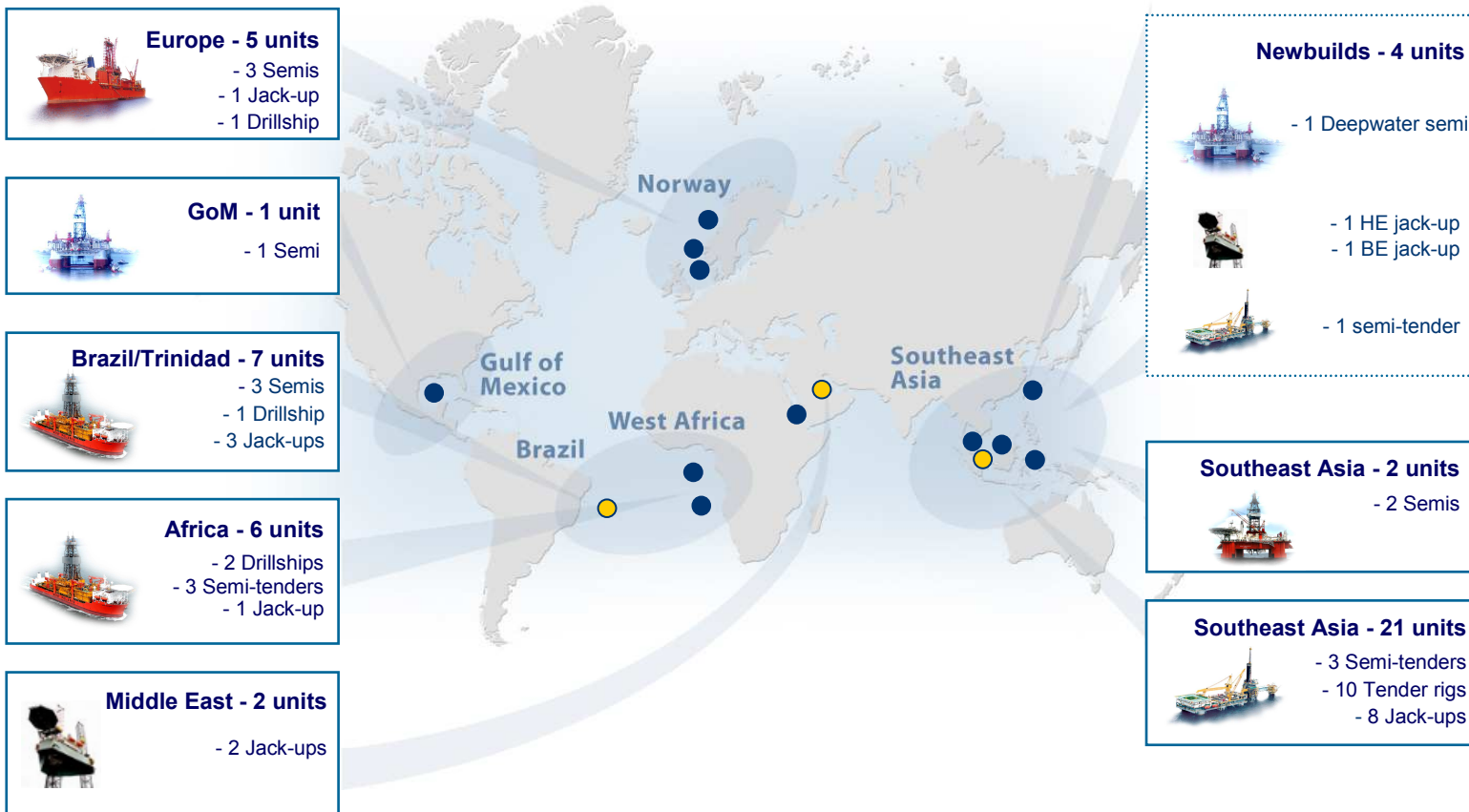
What have we achieved over the last twelve months

- Acquired 7 jack-ups through the Scorpion acquisition
 - Bought the CJ70 harsh environment jack-up rig
 - Secured US\$3.3 bn in new contracts
 - Resumed regular quarterly cash dividends
 - Raised US\$2.4 bn in new debt financing and US\$320 million in new equity
 - Listed on NYSE April 2010
 - Taken delivery of 2 deepwater units, 3 jack-ups and 2 tender rig on time and cost
 - Added 9 rig years of ultra-deepwater experience
-

Secured strong growth in line with Company strategy



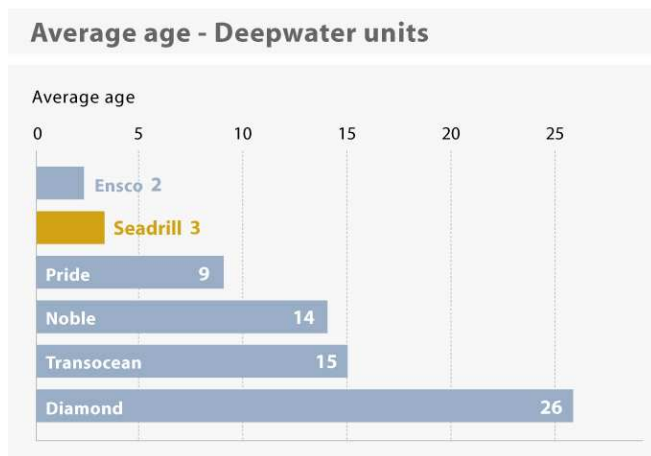
Worldwide operations



Increased presence in all important oil and gas regions



Second largest in deepwater - most modern fleet in the industry



Age related issues underestimated



US\$9.1 billion contract backlog - Floaters



¹ Dayrate is partly in Norwegian kroner

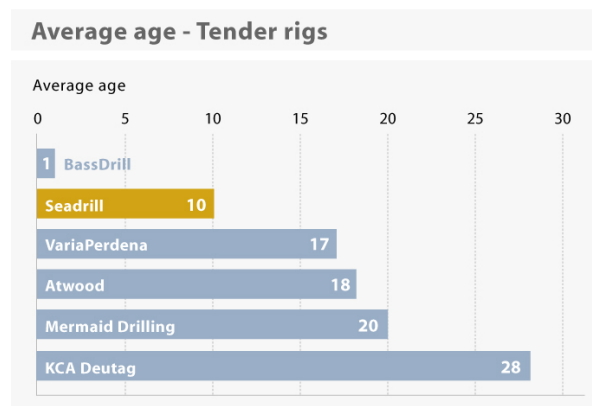
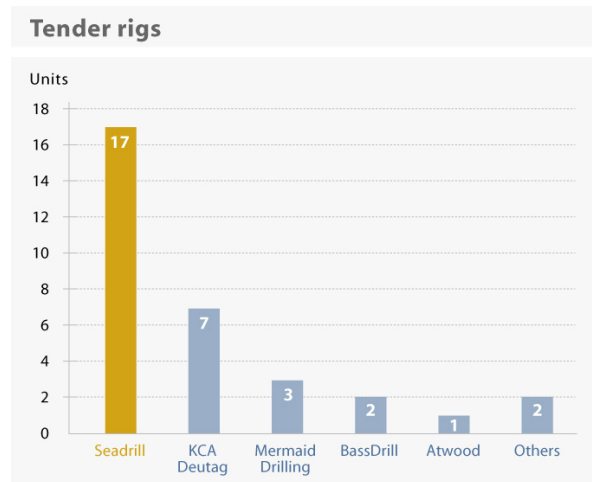
² Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax. Dayrate will in the accounts be booked partly net of tax.

Superb earnings visibility





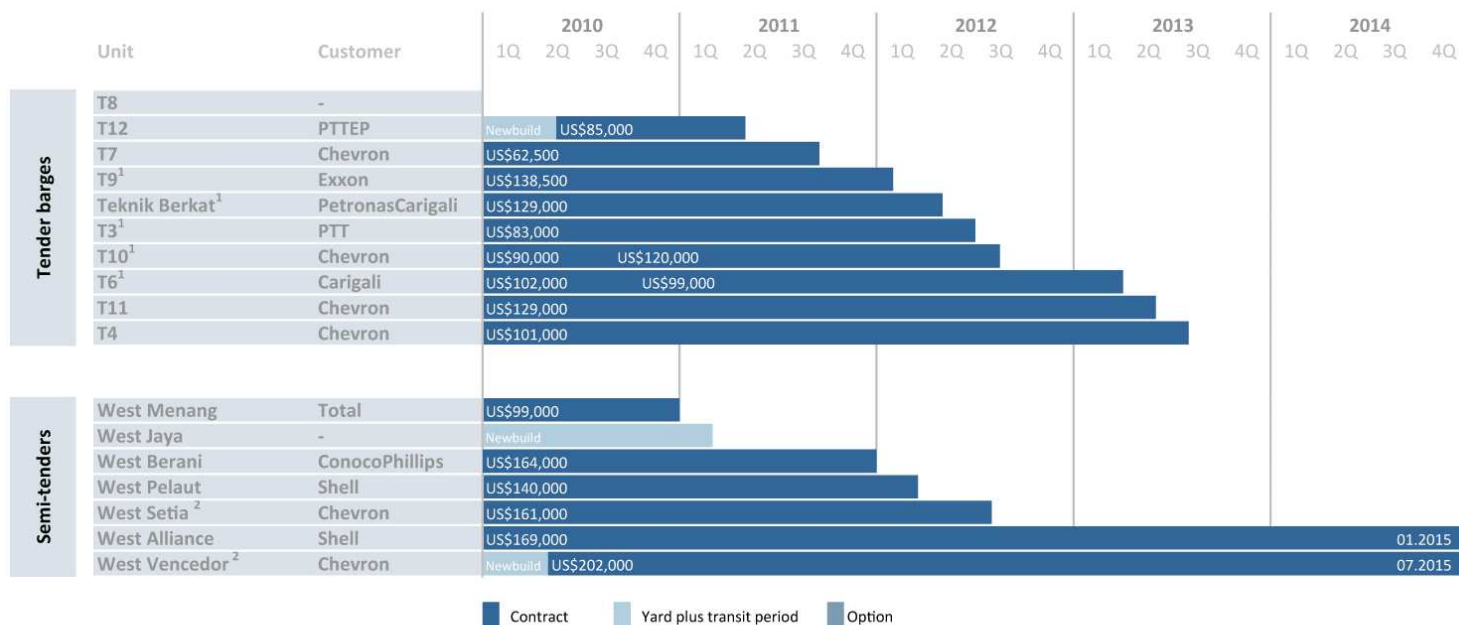
Largest operator of tender rigs - most modern fleet in the industry



Maintaining market share



US\$1.5 billion contract backlog - Tender rigs



¹ Ownership 49%

² Dayrate is partly in Euro

Improved market condition





Jack-up rig acquisitions last 6 months

- 1 harsh environment jack-up CJ70
 - Gusto MSC CJ70 X150A design
 - 450ft water depth capacity
 - Delivery scheduled in the 2Q 2011
 - 5-year contract awarded by Statoil for operations in Norway

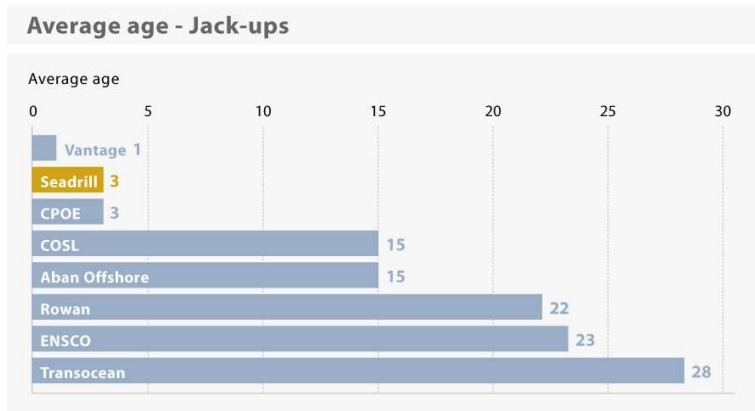
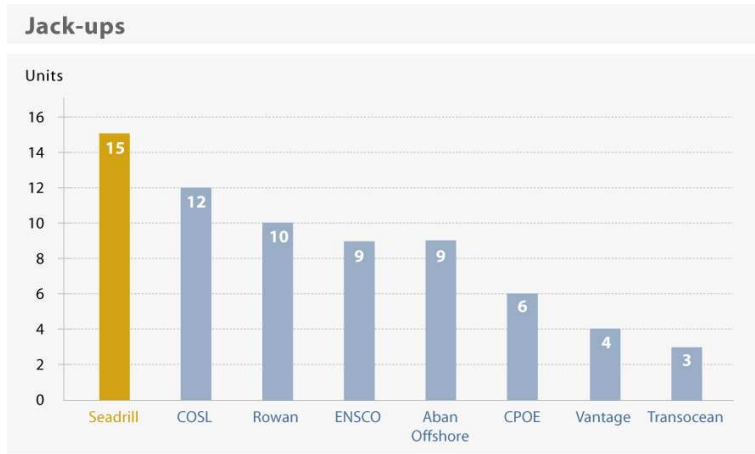
- 7 benign environment jack-ups
 - Seven LeTourneau Super 116 (C&E) jack-up rigs
 - 350ft water depth capacity
 - Backlog of US\$600 million
 - Average contract backlog of 1.4 years per rig



US\$1.6 billion in new rig exposure



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



Most modern fleet



US\$1.9 billion contract backlog - Jack-ups

	Unit	Customer	2010				2011				2012				2013			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Jack-ups	West Prospero	RSPOC	US\$196,000															
	West Triton	Anadarko	US\$116/140															
	West Ariel	Vietsopetro	US\$135,000															
	West Juno *	-	Newbuild															
	West Larissa	Vietsopetro	US\$108,000															
	West Leda	PT Pan	Newbuild		US\$138													
	West Callisto	Premier	Newbuild		US\$119,500													
	West Janus	PCPPOC	US\$149,500															
	West Epsilon	Statoil	US\$324,000				US\$270,000											01.2015
	West Elara	Statoil	Newbuild				US\$345,000											08.2016
Scorpion Jack-ups	Offshore Resolute	PV Drilling	US\$145		US\$105'													
	Offshore Mischeif	Anadarko	US\$119,000															
	Offshore Vigilant	Cardon IV	US\$110		US\$155,000		US\$155,000											
	Offshore Courageous	Shell	US\$161,000															
	Offshore Defender	Petrobras	US\$184		US\$129,000													
	Offshore Intrepid	Odfjell	US\$180,000															
	Offshore Freedom	Odfjell	US\$185,000															

* Option not to take delivery

■ Contract ■ Option ■ Yard

Sound market outlook for premium rigs





Why investment in new jack-up rigs

Growing demand for new jack-ups

- The “easy” oil is gone – operators require jack-up rigs with greater capabilities than the typical rig built in the 1980s
- *Targeting:* deeper water, deeper wells, more challenging reservoirs, more remote locations and redevelopment of older fields
- *Using:* larger diameter well bores, larger and more complex completions and advanced drilling fluids

Benefits of new jack-up rigs

- Increased deck-load and open deck space
- Greater engine horsepower
- Longer cantilever
- Higher torque top-drives
- Larger mud pumps and greater drilling fluids capacities
- Longer independent-leg configurations
- Safer working environment

Jack-up market segmentation ... focus on high capacity units

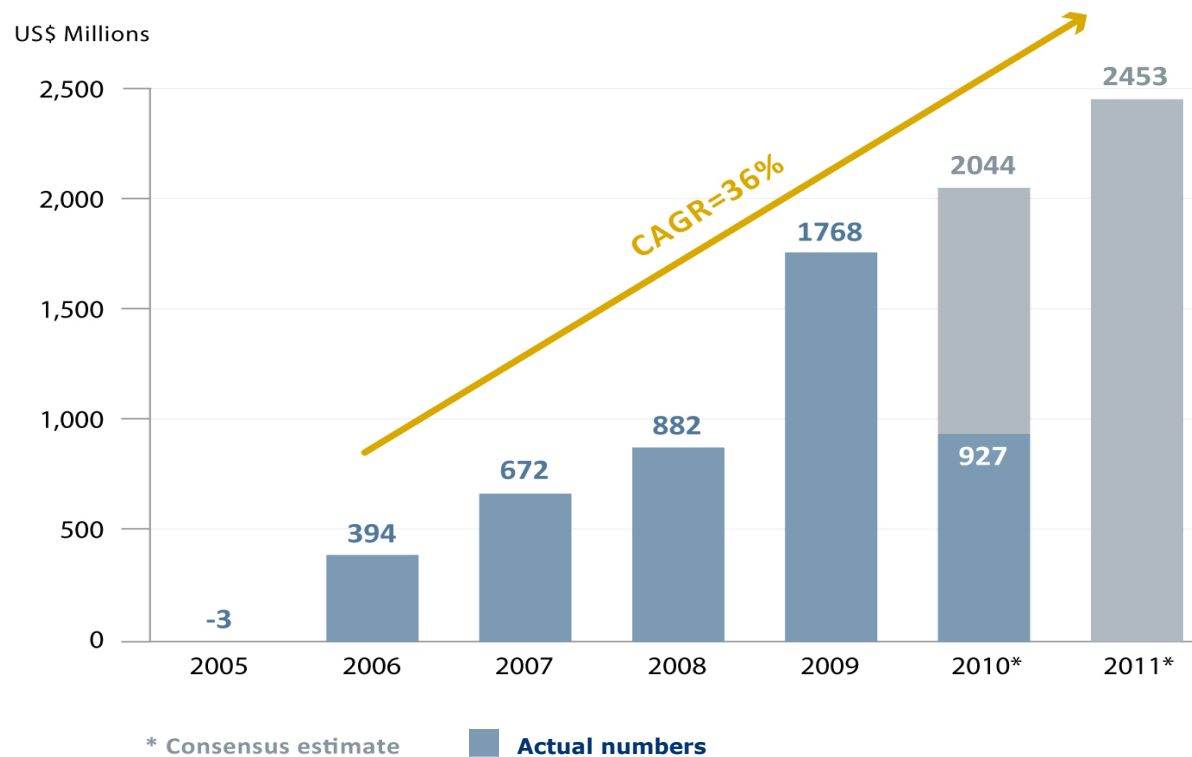
Economics of jack-up rig investments

Harsh environment Actual 5Y contract – CJ70		Benign environment Assumed contract terms	
Dayrate	US\$345,000	Dayrate	US\$130,000
Opex incl. G&A	US\$120,000	Opex incl. G&A	US\$50,000
Tax	3.5%	Tax	3.5%
5Y cash-flow	US\$376 million	5Y cash-flow	US\$133 million
Investment	US\$410 million	Investment	US\$175 million
Repaid in	5.4Y	Repaid in	6.6Y

Selective investments still create strong returns



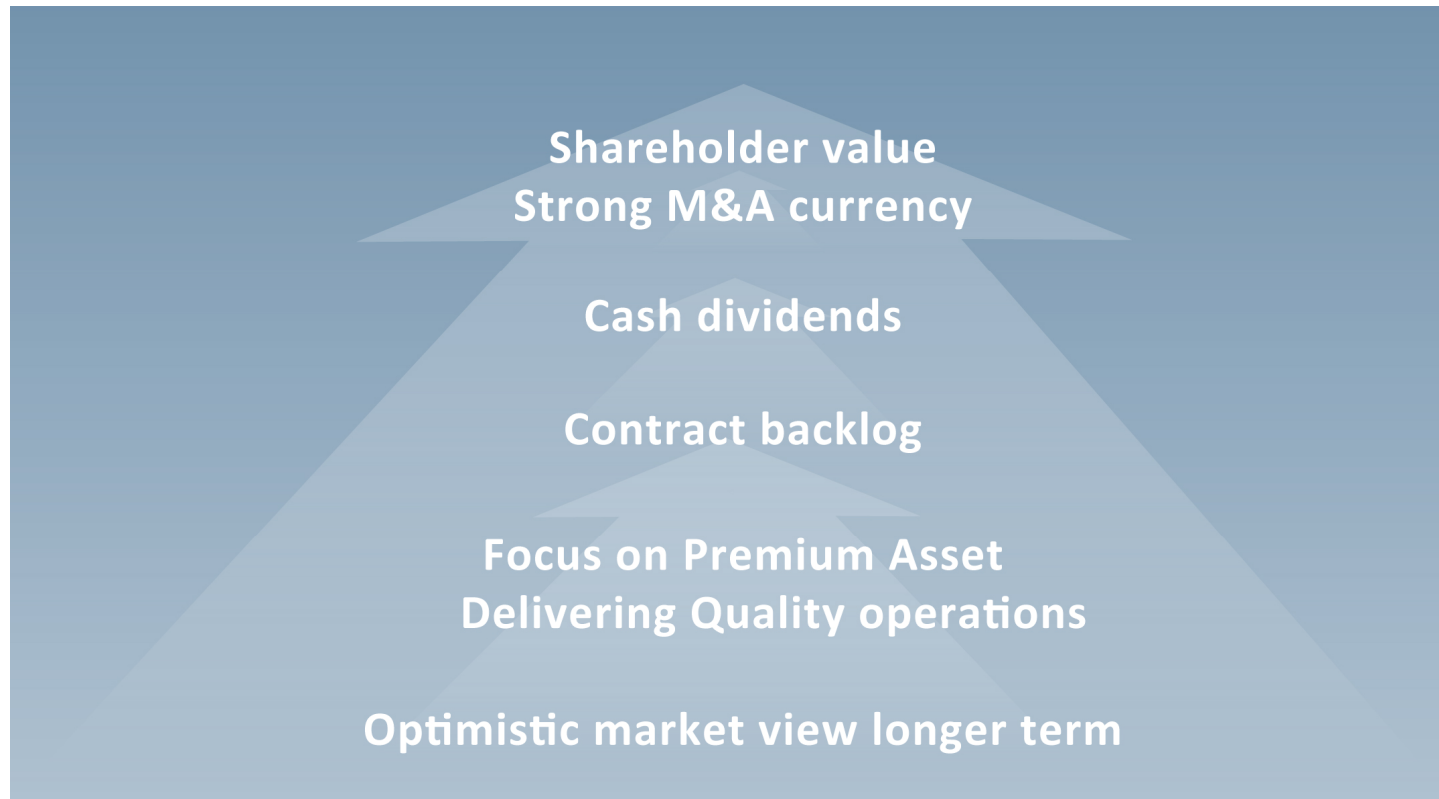
EBITDA* development



Unique opportunity to continue growth



How do Seadrill continue its growth ?



Single assets acquisitions, selective newbuilds and M&As



Market Outlook

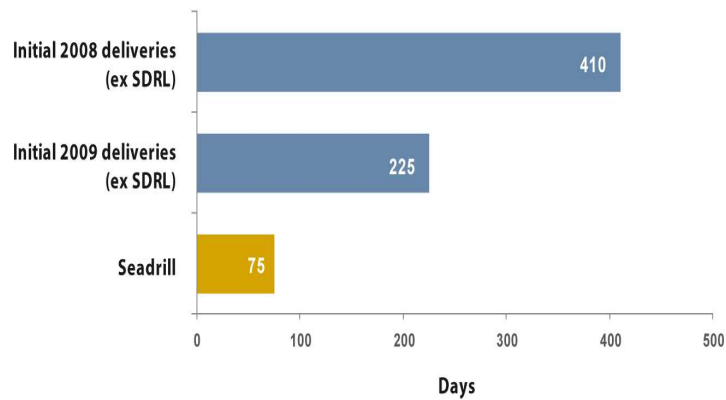
- Long term market drivers intact as global oil basins mature and decline rates increase/stay high
- Exploration for oil and gas reserves takes place in more challenging areas
- Significant exploration success in new areas will lead to more growth in development activities
- Macondo oil spill in the GoM reminds the industry of the risk involved and stresses the requirement to high-grade the world rig fleet

Favorable outlook for premium rigs with operational track record

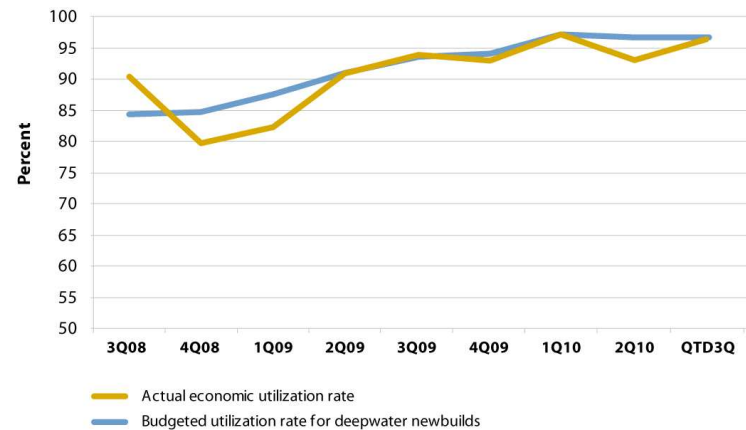


Strong operational performance and project execution

Delays in delivery deepwater units



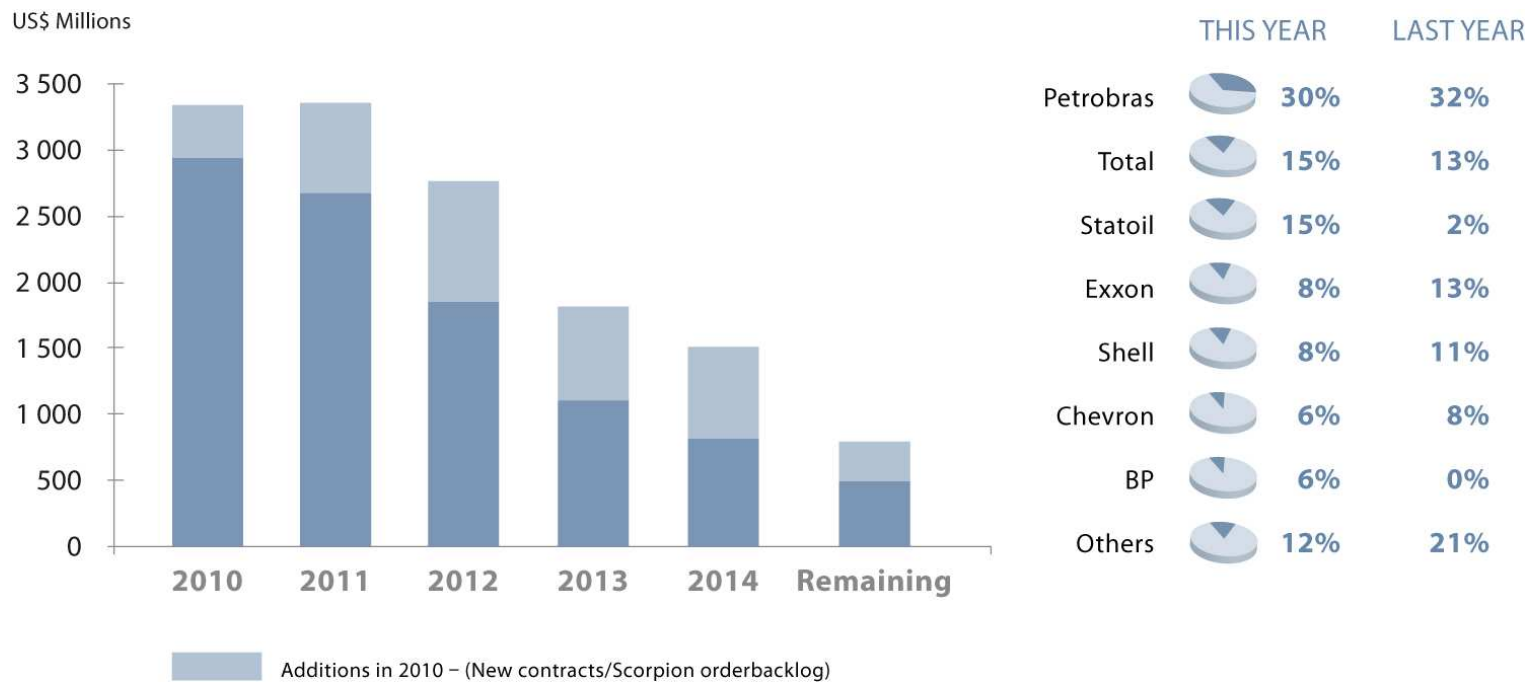
Effective start-up of deepwater newbuilds



Performance second to none



US\$12.2 bn contract backlog



Quality customers superb visibility

Share price and dividends

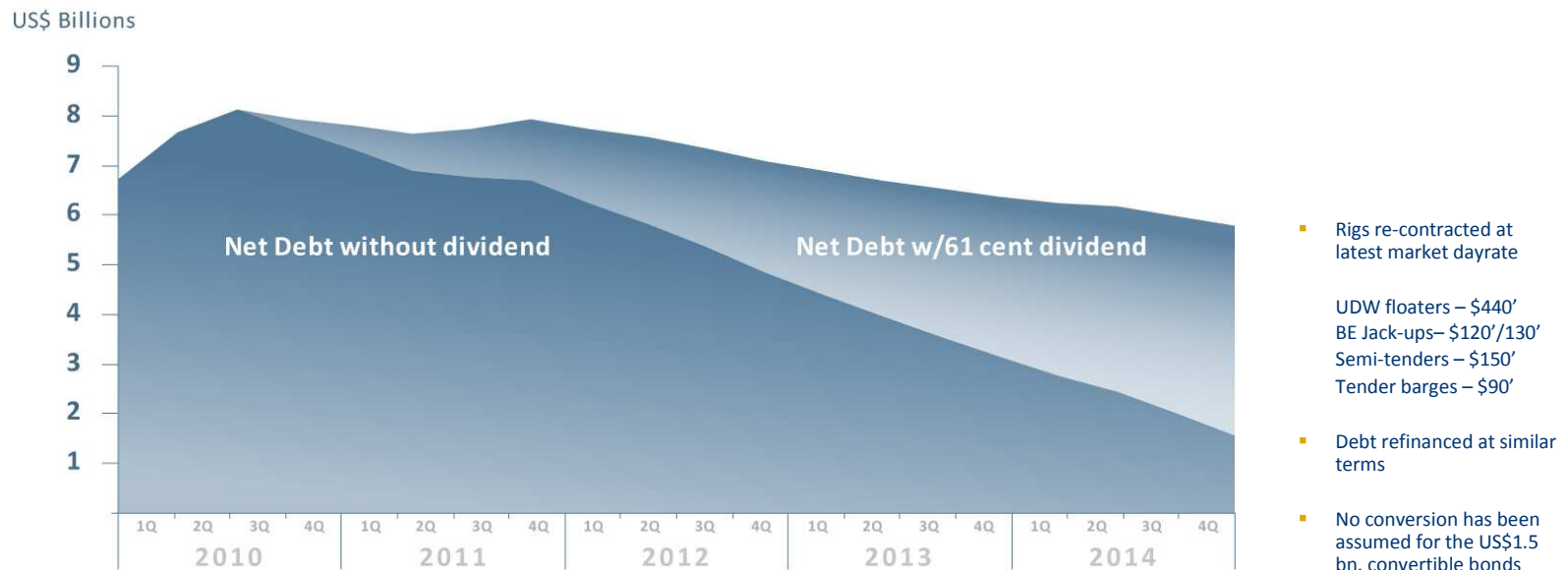
	Share price Sep.09	Share price Sep.10	Share price increase*	Total dividend paid (US\$ mill)	Dividend Yield
Seadrill	18	24	47 %	927	9.8%
Rowan	20	26	29 %	-	-
EnSCO	36	42	17 %	60	1.0%
Noble	34	31	-7 %	171	2.1%
Pride	25	23	-7 %	-	-
Diamond	88	60	-25 %	886	10.8%
Transocean	75	52	-30 %	-	-

* Adjusted for dividends

Outperforming peer group



Net interest bearing debt and dividend



Dividend level sustainable ... currently US\$1 bn per year



Seadrill uniquely positioned

- Brand new fleet of rigs
- Sound operations
- Global presence
- Strong contract backlog and earnings visibility
- Unique bank relationships
- Confidence and trust from the equity markets
- Track record of accretive investments and M&A transactions

Thinking shareholder value 24/7



Asset portfolio

Core fleet – 36 units built after 2000 **12 units built before 2000**



12 Ultra Deepwater Units + 1 Deepwater Unit

1 Mid-water semi



14 High Specification Jack-ups

3 Jack-ups



9 Tender Rigs

8 Tender Rigs

Shareholdings



9.4% of Pride (MV - US\$383m)



52.3% of Seawell (MV - US\$410m)



23.6% of Sapura Crest (MV - US\$222m)



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