



The World's Fastest Growing Drilling Contractor

2Q 2006 Results
Oslo, 1 September 2006

Seadrill 

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Mission statement

Create a world leading drilling contractor within 5 years

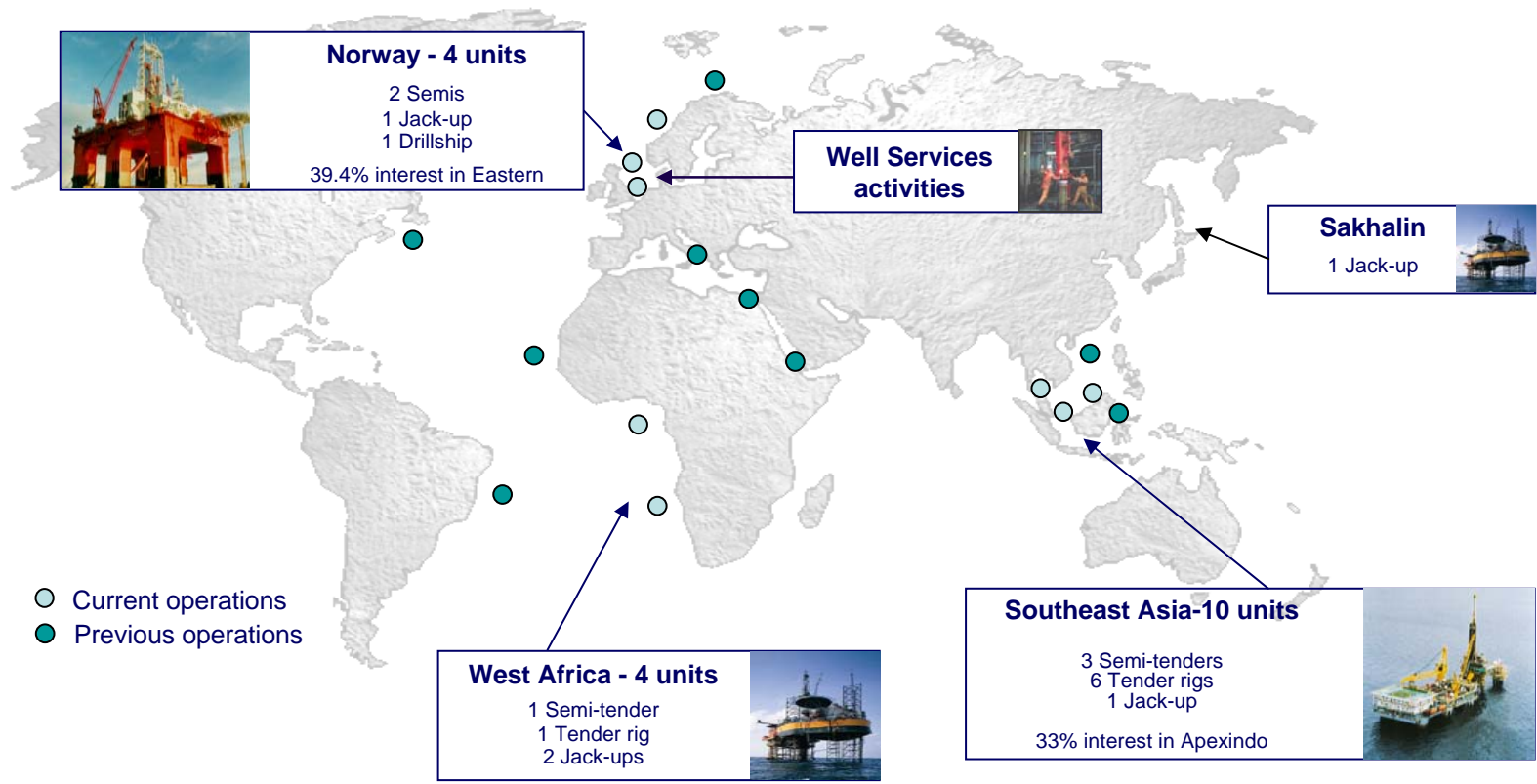


Highlights 2Q 2006

- All drilling units on dayrate
- Net income of US\$ 33.3 million and EPS of US\$ 0.07
- US\$ 210 million sale and leaseback completed for newbuilt jack-up Seadrill 3
- Ownership position in Eastern Drilling ASA maintained by participating in private placement
- New barge tender from Malaysia Marine & Heavy Engineering
- New contracts for the jack-ups West Epsilon and West Larissa and tender rig under construction West Berani



Current operations



Presence in key offshore drilling markets



Condensed Income Statement

<i>Unaudited accounts in USD millions</i>	Actual 2Q06	Pro forma 1Q06
Operating Revenues		
Operating revenues	224.3	187.1
Reimbursables	22.9	18.4
Other revenues	28.4	28.4
Total revenues	275.6	233.8
Operating expenses		
Vessel and rig operating expenses	133.3	125.6
Reimbursable expenses	21.6	17.3
Depreciation and amortisation	46.0	44.8
General and administrative expenses	15.6	18.6
Total operating expenses	216.5	206.3
Operating income	59.1	27.5
Interest income	2.9	5.3
Interest expense	(23.9)	(31.1)
Share of results from associated companies	6.9	5.4
Other financial items	(3.6)	83.6
Net financial items	(17.7)	63.2
Income before income taxes and minority interest	41.4	90.7
Income taxes	(8.1)	(9.5)
Minority interest	-	-
Net income	33.3	81.2



Condensed Consolidated Segment Information

Mobile Units

	Actual	Pro Forma
<i>Unaudited accounts in USD millions</i>	2Q06	1Q06
Operating revenues	112.9	84.0
Reimbursables	15.2	6.5
Other revenues	24.3	24.3
Total revenues	152.4	114.8
Vessel and rig operating expenses	59.5	53.1
Reimbursable expenses	14.3	5.9
Depreciation and amortisation	33.9	32.8
General and administrative expenses	8.9	12.9
Total operating expenses	116.6	104.6
Operating profit	35.8	10.2
Utilization	99%	87%
Average dayrate US\$	172,589	136,792



Condensed Consolidated Segment Information

Tender Rigs

	Actual	Pro Forma
<i>Unaudited accounts in USD millions</i>	2Q06	1Q06
Operating revenues	41.5	37.6
Reimbursables	2.3	1.5
Other revenues	4.1	4.1
Total revenues	47.9	43.2
Vessel and rig operating expenses	18.6	17.8
Reimbursable expenses	2.2	1.4
Depreciation and amortisation	10.2	10.3
General and administrative expenses	3.0	1.9
Total operating expenses	34.0	31.4
Operating profit	13.9	11.8
Utilization	100%	100%
Average dayrate US\$	63,014	59,886



Condensed Consolidated Segment Information

Well Services

	Actual	Pro Forma
<i>Unaudited accounts in USD millions</i>	2Q06	1Q06
Operating revenues	69.9	65.4
Reimbursables	5.3	10.3
Total revenues	75.2	75.7
Vessel and rig operating expenses	55.2	54.8
Reimbursable expenses	5.1	10.0
Depreciation and amortisation	1.8	1.7
General and administrative expenses	3.7	3.8
Total operating expenses	65.8	70.3
Operating profit	9.4	5.4



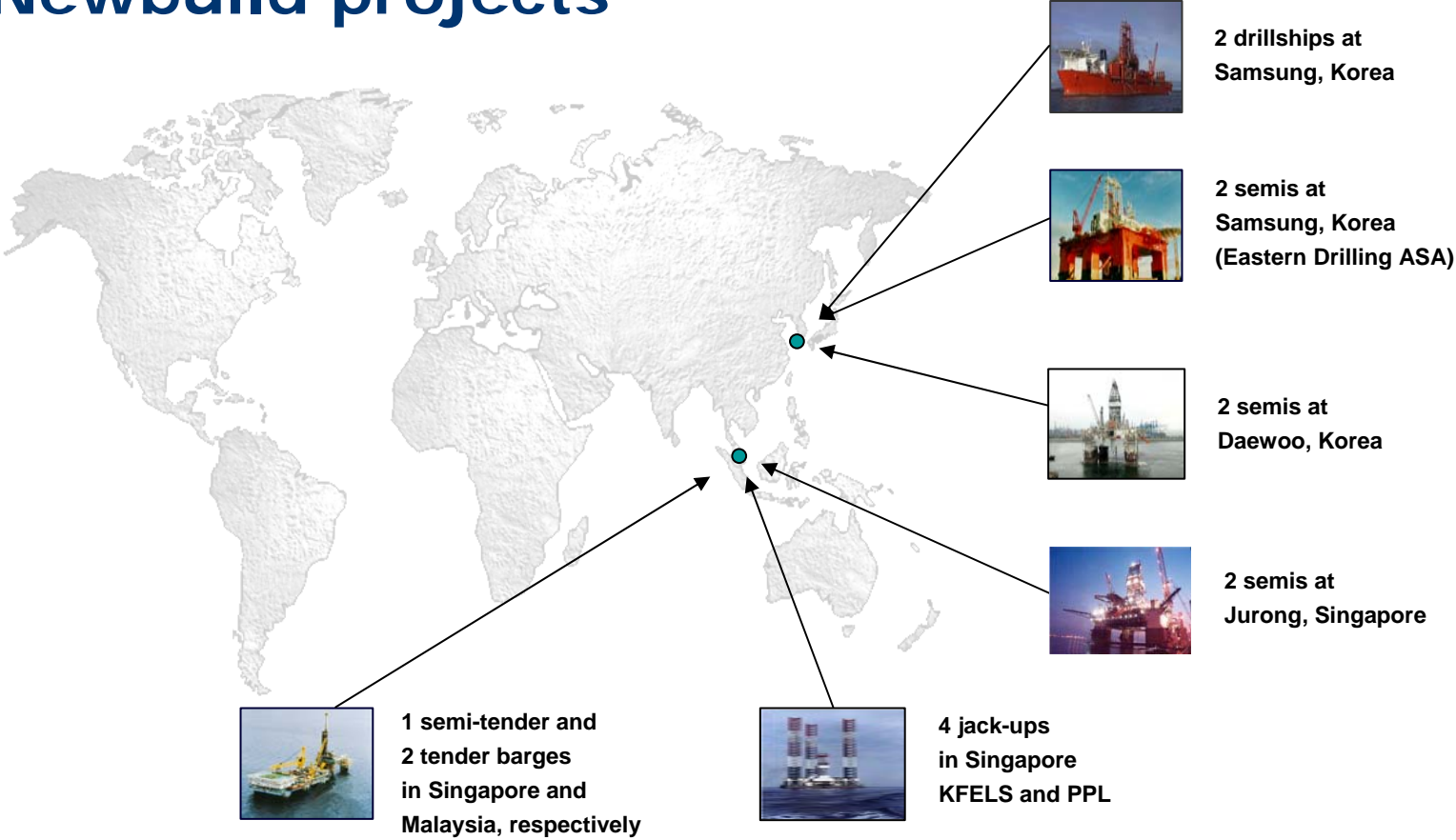
Condensed Consolidated Balance Sheets

Unaudited accounts in USD millions

	Actual 30.06.06	Pro Forma 31.12.05
<i>Current assets</i>		
Cash and cash equivalents	433.8	417.5
Receivables	243.4	153.8
Other investments	-	302.2
Total current assets	677.2	873.5
<i>Non-current assets</i>		
Investment in associated companies	445.6	340.0
Other non-current assets	43.1	53.3
Newbuildings	926.7	613.7
Drilling units	2,316.1	2201.8
Goodwill	1,179.1	1179.1
Total non-current assets	4,910.6	4387.9
Total assets	5,587.8	5261.4
<i>Current liabilities</i>		
Short-term interest bearing debt	474.4	617.2
Other current liabilities	314.3	290.2
Total current liabilities	788.7	907.4
<i>Non-current liabilities</i>		
Deferred taxes	221.6	212.6
Long-term interest bearing debt	2,001.6	1731.4
Other non-current liabilities	184.3	222.1
Total non-current liabilities	2,407.5	2166.1
Minority interest	46.6	0.6
<i>Shareholders' equity</i>		
Paid-in capital	2,178.4	2178.4
Retained earnings	166.6	8.9
Total shareholders' equity	2,345.0	2187.3
Total shareholders' equity and liabilities	5,587.8	5261.4



Newbuild projects



Building the most modern fleet at quality yards



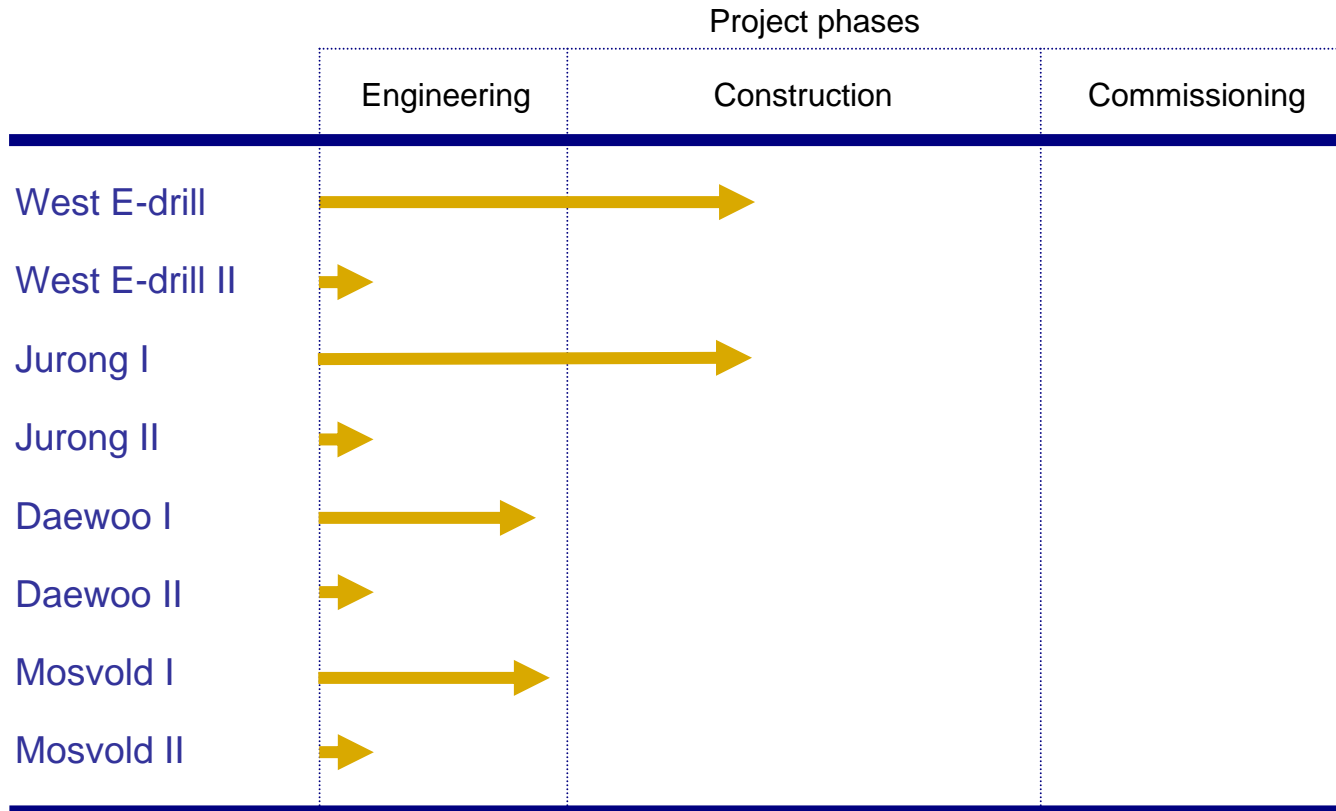
Seadrill newbuild characteristics

- Copies of existing units
- Proven technology
- Quality yards
- Delivery time reflects previous experience
- First units to be ordered
- Main yard installments to be paid at delivery
- Fixed price turnkey contracts

Risk contained for on-schedule delivery



Newbuild deepwater program



Projects are progressing according to plan



Mosvold drillships

- Two deepwater drillships
- Builder: Samsung
- Delivery: Q2/4Q 2008
- Design: Samsung 10,000
- Rated water depth: 10,000 ft
- Rated drilling depth: 35,000 ft
- Riser: 7,000 ft
- Top Drive: 2 HPS 1,000 short tons (dual motor AC)
- Contract price: US\$ 470 million *



* Excluding spares, construction supervision, capitalized interest, operation preparations and mobilization



Jurong semis

- Two semi-submersible rigs
- Builder: Jurong
- Delivery: Q1/4Q 2008
- Design: Friede Goldman ExD
- Rated water depth: 10,000 ft
- Rated drilling dept: 35,000 ft
- Risers: 7,500 ft
- Top Drive: MH DDM 750/1,000 AC
- Contract price: US\$ 395/407 million *



* Excluding spares, construction supervision, capitalized interest, operation preparations and mobilization



Daewoo semis

- Two semi-submersible rigs
- Builder: Daewoo
- Delivery: Q1/3Q 2008
- Design: GVA 7500
- Rated water depth: 10,000 ft
- Rated drilling depth: 35,000 ft
- Risers: 7,500 ft
- Top Drive: MH DDM 750/1,000 AC
- Contract price: US\$ 506/496 million *



* Excluding spares, construction supervision, capitalized interest, operation preparations and mobilization



West E-drill I and II

- Two semi-submersible rigs
- Builder: Samsung
- Delivery: 4Q 2007/3Q 2008
- Design: DP Drilling Vessel
- Rated water depth: 10,000 ft
- Rated drilling dept: 30,000 ft
- Dual Derrick
- Risers: 4,100 ft
- Contract price: US\$ 580/578 million *



* Including spares, construction supervision, capitalized interest and operation preparation



Investments in Capital Spares and Risers

- The market for spare equipment is tight with increasing prices and long lead time
- Capital spares includes risers, top-drives, thrusters, mud pumps, drill pipe, BOP related equipment etc
- Increase flexibility and reduce down time risk

Additional investments --> Additional return



Four jack-up newbuilds

- Three jack-ups at KFELS
 - Two units to be delivered in 3Q07
 - One unit to be delivered in 2Q08
- One jack-up at PPL
 - Delivery scheduled for 4Q07

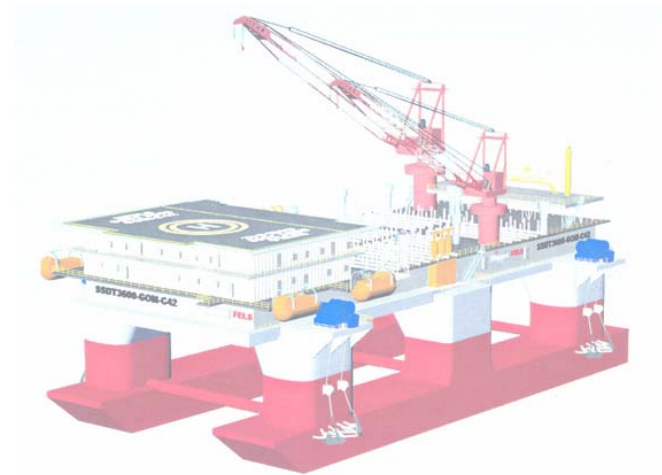


Progress according to plan and budget



Three tender rig newbuilds

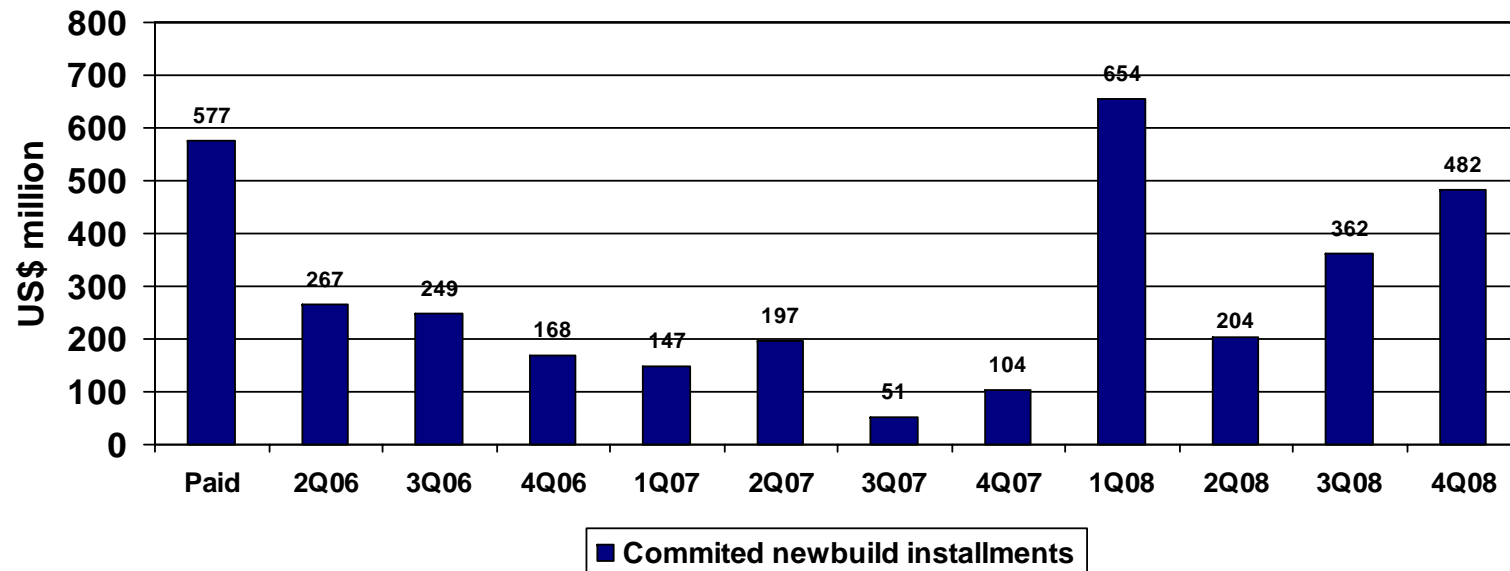
- One semi-tender at KFELS
 - Delivery scheduled for 4Q06
- Two tender barges at Malaysia Marine & Heavy Engineering
 - Delivery scheduled for 2Q07 and 2Q08
- Option to build another tender barge at Malaysian MHE



Progress according to plan and budget



Committed newbuild installments



- Committed newbuild installment schedule amounts to approximately US\$ 3.5 billion
- The installments do not include spares, construction supervision, operation preparation and mobilization or capitalized interests
- Covers Mosvold I +II, Daewoo I +II, Jurong I +II, T11 and 5 newbuild jack-ups

Scheduled delivery incentives through backload payments



Contract status

Customer	2006				2007				2008				2009				2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Semi-submersibles																				
West Alpha	Statoil				US\$ 249,000															
West Venture	Norsk Hydro				US\$ 220,000															
West E-drill ¹	Under construction Samsung - US\$ 580M																			
West E-drill II ¹	Under construction Samsung - US\$ 578M																			
West Hercules (Daewoo I) ²	Under construction Daewoo - US\$ 506M																			
West Aquarius (Daewoo II) ²	Under construction Daewoo - US\$ 496M																			
West Sirius (Jurong I) ²	Under construction Jurong - US\$ 395M																			
West Taurus (Jurong II) ²	Under construction Jurong - US\$ 409M																			
Drillships																				
West Navigator	Shell				US\$ 230,000															
West Polaris (Mosvold I) ²	Under construction Samsung - US\$ 470M																			
West Capella (Mosvold II) ²	Under construction Samsung - US\$ 470M																			
Jack-ups																				
West Epsilon	BP/Statoil				US\$ 147,500															
West Atlas (SeaDrill 1) ²	Under construction KFELS - US\$129M																			
West Triton (SeaDrill 2) ²	Under construction PPL - US\$129																			
West Ceres (SeaDrill 3)	Total				US\$ 112,000/168,000															
West Prospero (SeaDrill 4) ²	Under construction KFELS - US\$123M																			
West Larissa (SeaDrill 5/Ekha)	Gazprom/Premier				US\$ 97,000/125,000															
West Janus (SeaDrill 6/Sakhalinskaya)	Shell				US\$ 112,000															
West Titania (SeaDrill 7/Toto)	Tetra/Moni Polo etc				US\$ 118,750/130/145'															
West Ariel (SeaDrill 8) ²	Under construction KFELS - US\$ 132M																			

■ Yard ■ Contract ■ Option

¹ Ownership 39.44%

² Ex. Spares, construction supervision, operation preparation and mobilization or capitalized interests

Exposure to growth in key markets from 2007



Seadrill

Contract status

	Customer	2006				2007				2008				2009				2010							
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Tender rigs																									
T3 ¹	PTT	US\$ 40,000				US\$ 42,000				US\$ 51,000				US\$ 58,000				US\$ 70,000				06.2012			
T4	Chevron	US\$ 40,000																							
T6 ¹	Carigali/CTOC	US\$ 60,000								US\$ 86,000								12.2010							
T7	Chevron	US\$ 40,000								US\$ 51,000								07.2011							
T8	Total	US\$ 61,000				US\$ 85,000																			
T9 ¹	Exxon	US\$ 60,000																							
T10 ¹	CTOC	Under construction MM&H - US\$89M				US\$ 77,000																			
T11		Under construction MM&H - US\$100M																							
Teknik Berkas ¹	Carigali	US\$ 53,000				US\$ 65,000																			
West Alliance	Shell	US\$ 68,000								US\$ 87,000															
West Berani ²		Under construction US\$105M				US\$ 120,000								US\$ 140,000 ³				03.2012							
West Menang	Total	US\$85,000								US\$ 115,000								12.2010							
West Pelaut	Shell	US\$ 57,000																							
West Setia	Shell/Murphy	US\$ 68,000				US\$ 75,000																			
FPSO																									
Crystal Ocean	Anzon Australia	US\$ 42,000				US\$ 37,000																			
Crystal Sea	Discovery Enterprise					US\$ 76,000												11.2011							

■ Yard ■ Contract ■ Option

¹ Ownership 49%

² Ownership 30% with 10 year option to acquire 100%

³ Seadrill has the option to use either West Berani and West Setia depending on rig availability

Strong visibility ... capacity being locked in from 2009



Market characteristics

- Increasing number of enquiries for newbuilds (both shallow and deep waters)
- Particular increase in interest for ultra deepwater units (3,000 meters)
- Term contracts from 3 years and upwards
- Deferral of drilling programs
- Mainly newbuilds available from 2008
- Demand will outpace supply in 2008

Seadrill well positioned for a buoyant market



Deepwater newbuilds

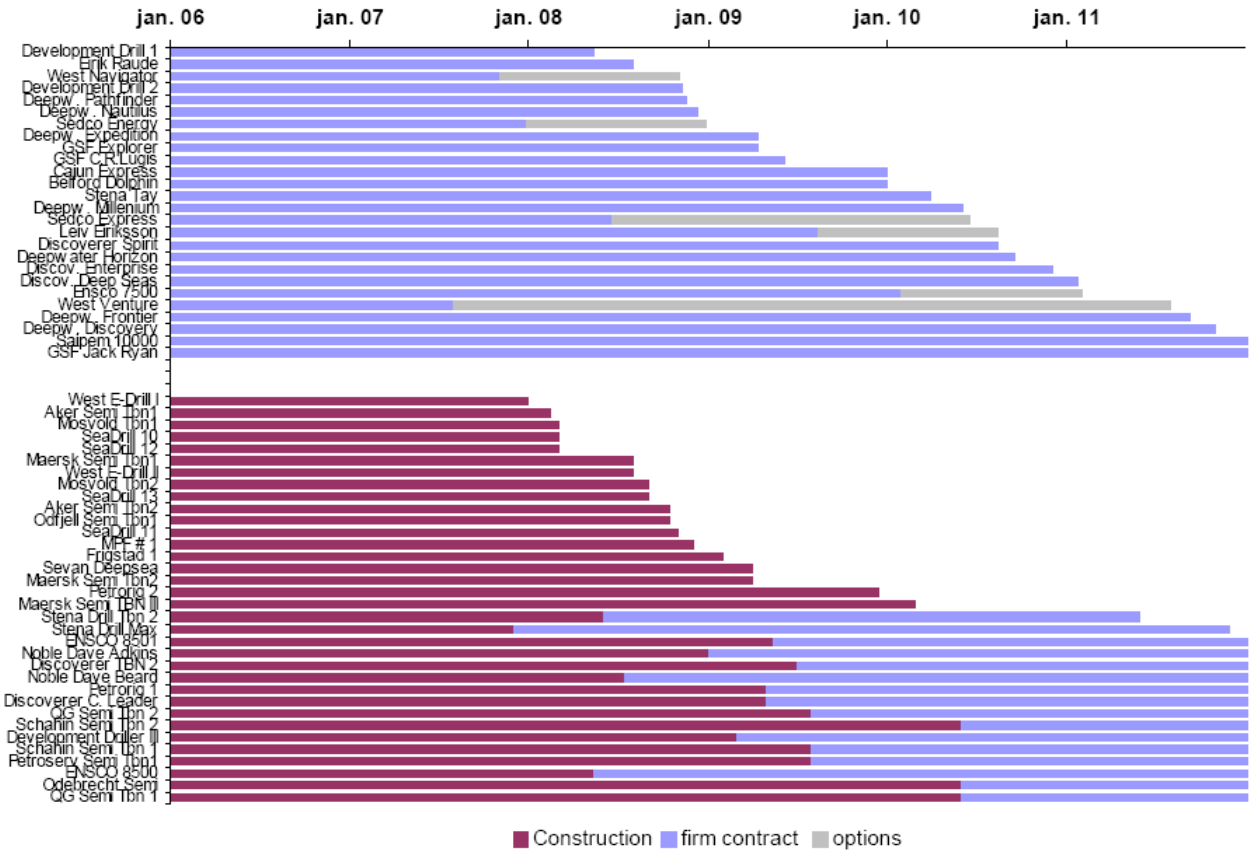
- 33 deepwater newbuilds and conversions ongoing
 - 12 units are signed on contract
 - 21 units are without contract of which Seadrill controls 8
- Current number of deepwater enquiries are close to 30

Demand supply situation as sound as ever



Ultra deepwater market

Ultra deepwater rigs (7500 feet +): On average committed to April 2010

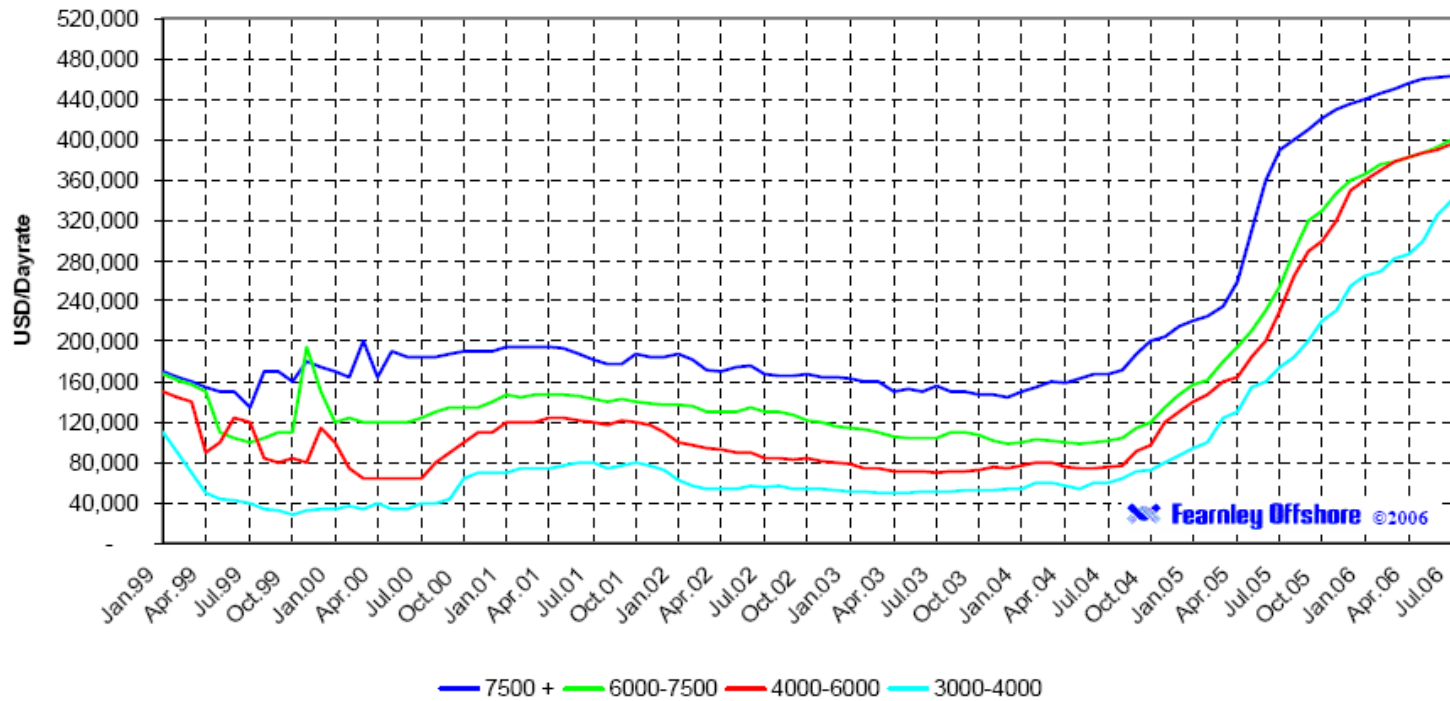


Source: ODS Petrodata, Companies, Pareto Securities research



Deepwater market

Worldwide Deepwater Drilling Units Market Rate Assessment by Waterdepth Segment

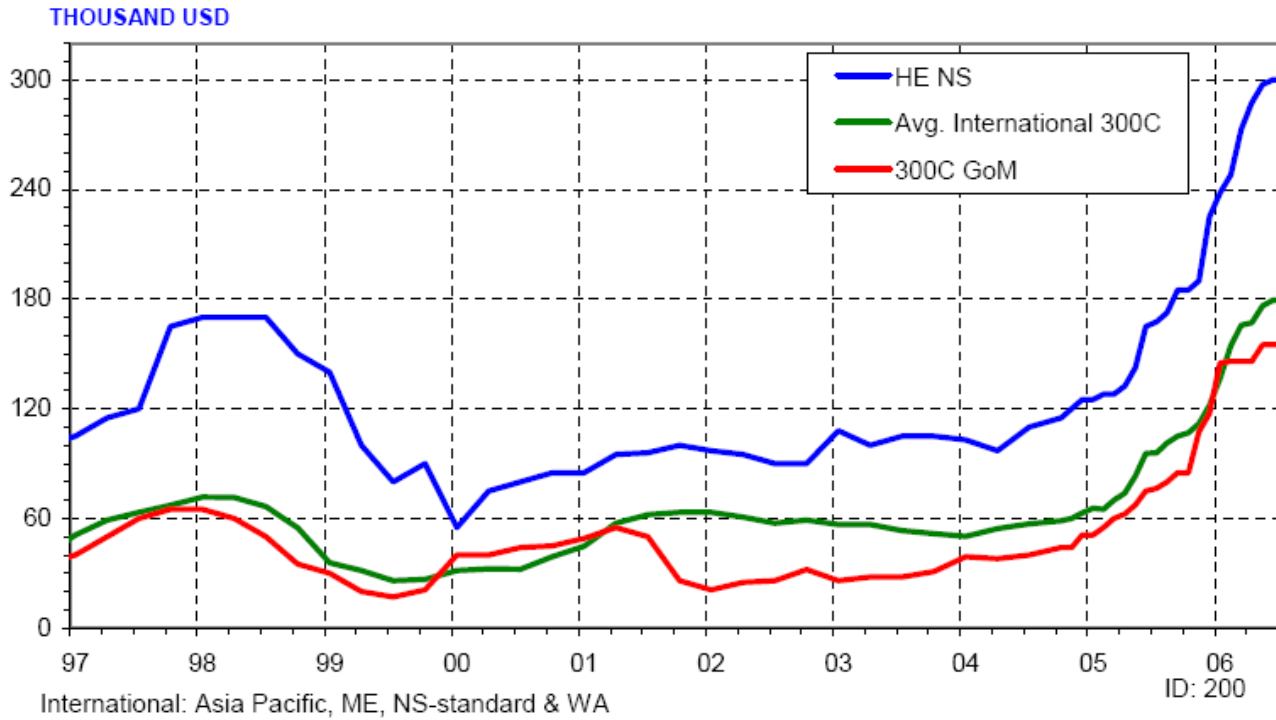


Source: Fearnley Offshore



Jack-up Market

AVERAGE DAYRATES IN GIVEN MARKET SEGMENTS 300IC & HE JACKUP DRILLING UNITS



Source: Fearnley Offshore



Human resources

- Currently a pool of 4,300 employees as a basis
- More than 25 different nationalities
- Significant organic growth capacity
- 2,000 people to be hired to operated newbuilds
- State of the art rig fleet



An attractive employer long term



Summary

- Newbuilding projects organized, resourced and well under way
- Strong market outlook in all segments
- Operations integrated and running according to plan

Creating a world leading drilling contractor



