Seadrill Limited (SDRL) - Fourth Quarter Results 2007 and preliminary results 2007

Highlights

- Seadrill reports net income of US$222.5 million and earnings per share of US$0.56 for the fourth quarter of 2007
- Seadrill mainly on track for newbuild program deliveries
- Seadrill takes successful delivery of one jack-up rig West Triton
- Seadrill secures new three year contract for jack-up rig West Janus
- Seadrill successfully issues US$1 billion convertible bond
- Seadrill orders new self-erecting tender rig T12 for US$121 million
- Seadrill resolves to distribute dividend of US$0.25 per share

Condensed consolidated income statements

Preliminary results 2007

Consolidated revenues for 2007 amounted to US$1,676.4 million as compared to US$1,154.6 million in the 2006 accounts. The increase in revenues reflects the fact that Seadrill successfully put into operation three shallow water units over the course of the year as well as an increase in average dayrate earned for the total fleet. The operating profit for the full year was US$488.9 million as compared to US$226.1 million in 2006. Included in the operating profit in 2007 were gains from sale of two FPSO units amounting to approximately US$130 million. Net financial items were US$102.1 million in 2007. For 2007, net income amounted to US$465.5 million as compared to US$214.1 million in the 2006 accounts.

Fourth quarter results

Consolidated revenues for the fourth quarter of 2007 amounted to US$446.1 million as compared to US$377.1 million for the third quarter 2007. The operating revenues increased within all three divisions due to higher activity.

Operating profit for the fourth quarter was US$110.3 million, an increase from US$96.2 million in the third quarter. For the Mobile Units the operating profit in the fourth quarter was US$71.5 million as compared to US$58.8 million in the preceding quarter. The increase of US$12.2 million was related to a full quarter in operation for the new jack-up West Atlas and West Larissa returning to operations. The improvement was partly offset by 45 days out of operations for the deepwater drillship West Navigator. The performance of the Tender Rigs remained strong with high utilization and operating profit of US$26.6 million, up from $25.6 million from the preceding quarter. Operating profit from Well Services totaled US$12.2 million in the fourth quarter, up from US$11.9 million in the preceding quarter.

Net financial items for the quarter resulted in expenses of US$4.2 million, a decrease of US$50.1 million compared to the third quarter. Other financial items amounted to an income of US$15.2 million as compared to an expense of US$33.0 million in the third quarter. The decrease was related to foreign exchange differences.

Income before taxes was US$106.1 million, an increase of US$62.0 million compared to the preceding quarter. Income taxes are US$71.6 million in income. In the fourth quarter, the Company has established a new corporate office for ownership of several of the existing rigs. This new administrative structure has operational benefits and leads to a one-off reduction in deferred tax liabilities. However, tax payables for the quarter as well as the full year are unchanged. In addition, the Company has introduced US dollars as functional currency for all subsidiaries qualifying, with corresponding adjustments to comparable numbers for 2006. The change in functional currency is in line with current practice for controlled foreign companies and has been supported by the Company's independent tax advisers.

The Company has recognized a profit of US$50 million in connection with Seawell raising new equity from third parties at a share price above book values.

Net income for the quarter amounted to US$222.5 million corresponding to earnings per share of US$0.56.

The condensed Consolidated Financial Statements are prepared in accordance with US GAAP and include the assets and liabilities of the Company. All material inter-company balances and transactions have been eliminated in the consolidation.

Balance sheet
Total assets increased from US$6,633 million in the balance sheet as of year-end 2006 to US$9,247 million as of December 31, 2007.

Total current assets increased from US$757 million to US$1,549 million. The increase reflects higher cash and cash equivalents as well as an increase in other investments. In the same period, total non-current assets increased from US$5,876 million to US$7,698 million. The increase is related to further installments paid under construction contracts for new drilling units, the delivery in June and September of the new jack-ups (West Prospero and West Atlas), and increase in goodwill of approximately US$200 million from acquisition of the remaining shares in Eastern Drilling ASA in the second quarter.

Total current liabilities increased from US$721 million to US$1,100 million. The increase reflects higher interest bearing debt with maturity less than one year as well as an increase in other current liabilities. Long-term interest bearing debt increased from US$2,559 million to US$4,170 million reflecting the new convertible bond issue of US$1,000 as well as new funding of the milestone payments for new drilling units and financing of the acquisition of the remaining shares in Eastern Drilling ASA. Net interest bearing debt amounted to US$4,017 million as of December 31, 2007, an increase of US$1,413 million from year-end. The acquisition of Eastern Drilling ASA in the second quarter also reduced the minority interests, which amounted to US$89 million as of December 31, down from US$208 million. The increase in total shareholders' equity of US$845 million to US$3,587 million was due to share issues in April and July as well as addition of net income earned during 2007.
US$62 million has been added to equity but not included in the income statement as a function of a positive mark to market valuation of equity and derivatives investments in other drilling contractors.

Cash flow
At December 31, 2007, cash and cash equivalents amounted to US$582.9 million, an increase of US$372.5 million as compared to year-end 2006. During 2007, net cash from operating activities amounted to US$365.5 million. The investment in subsidiary was related to the acquisition of the remaining part of Eastern Drilling and amounted to US$213.6 million. Investments in fixed assets amounted to US$2,020.2 million. The investments were related to the newbuilds and to some extent new equipment on the existing drilling fleet. The proceeds from the sale of two FPSO units early in the year were US$170.0 million. Net investments amounted to US$2,134.1 million of which US$833.7 million related to the fourth quarter. Net cash from financing activities amounted to US$2,134.0 million, of which US$1,000.0 million was related to the convertible bond issue in the fourth quarter.

Shares
As of December 31, 2007, issued shares in Seadrill Limited totaled 399,133,216. In addition, the Company currently holds 1,078,700 of own treasury shares. For the fourth quarter 2007, the weighted average number of shares outstanding was 398,842,701.

Convertible bond issue
In October, Seadrill completed a five-year US$1 billion convertible bond. The convertible bond has an annual coupon of 3.625% payable semi-annually in arrears and a conversion price per bond of US$34.474 representing a conversion premium of 45 percent of the volume weighted average price of US$23.7752 of the Company's shares on the Oslo Stock Exchange (converted into US$) on October 26, 2007. The proceeds from the bond will partly be used as an alternative unsecured top-up financing for the existing newbuilds Seadrill has under construction, but more importantly secure future growth of the Company's assets in addition to the existing newbuild commitments.

Share incentive program
On January 7, 2008, the Board has approved a share incentive program allocating 2,300,000 options to senior management in the Company to acquire Seadrill Limited shares at strike price per share of NOK132.1180. The purpose of the share incentive program is to promote long-term employment. The term of the options is six years and the options generally vest 1/3 after 18, 30 and 42 months, respectively. Including the new options, the share incentive program totals 6,358,800 options as per February 27, 2008.

Operations
Mobile units
Seadrill had 10 mobile rigs in operation in whole or part of the fourth quarter. In Norway, the semi-submersible rigs West Alpha and West Venture continued drilling operations for StatoilHydro while the ultra-deepwater drillship West Navigator worked for Shell. During the quarter, West Navigator experienced 46 days off-hire due to issues related to the blowout preventer. The ultra-large jack-up West Epsilon continued operations for StatoilHydro until mid December when the unit started a mandatory five-year classification survey. In Africa, the jack-up West Ceres continued the drilling operations offshore Nigeria for Total whereas the jack-up West Titania worked in Tunisia for Ecumed Petroleum Tunisia Limited. In Southeast Asia, the jack-up West Janus worked for Petronas in Malaysia whereas the jack-up West Prospero continued operations for Exxon in Malaysia. The jack-up West Larissa commenced operations in Vietnam for VietsoPetro in the latter part of October after completing a yard-stay in Singapore repairing the legs after suffering a punch-through. The new jack-up West Atlas reached Australia late October and subsequently started drilling operations for MEO.

The operational efficiency of the floaters in the quarter suffered as a function of the West Navigator incident. The operational efficiency of the jack-up units amounted to 98 percent in the quarter, which was particularly good taken into account that one new unit had been put into operation in the quarter.

Tender rigs
Seadrill's self-erecting tender rigs were all in operation during the quarter with 100 percent utilization. In Southeast Asia, the tender rig barges T4 and T7 continued their work for Chevron in Thailand. In Malaysia, the semi-tender West Alliance continued drilling operations for Shell, the semi-tender West Setia was on contract with Murphy while the semi-tender West Berani completed the work for Exxon and Petronas Carigali and is preparing operations for Newfield. In Brunei, the semi-tender West Pelaut continued operations for Shell. In West Africa, the tender barge T8 and the semi-tender West Menang continued operations for Total in Congo.

Well services (Seawell Limited)
Seawell (80 percent owned by Seadrill Limited) performs various well service activities in the North Sea. In Norway, Seawell performed drilling and maintenance operations for StatoilHydro on the Statfjord, Veslefrikk and Gullfaks platforms as well as carrying out drilling operations and maintenance work for BP on the Ula and Valhall platforms and for Talisman Energy on the Gyda field. In the UK, Seawell performed drilling and maintenance activities for Shell on various platforms. In addition, the Company also performs engineering and modification activities as well as wireline operations. The activity level for well services remained sound.

In January, Seawell announced the purchase of Noble Corporation's North Sea Platform Division (subject to approval by the UK Office of Fair Trading). The purchase price is US$35 million with an additional requirement to finance approximately US$20 million in working capital. The acquisition includes platform-drilling contracts on 11 fixed installations covering five different fields on the UK continental shelf. Furthermore, Seawell ordered a modularized drilling rig with option to order two additional units. The estimated capital expenditure for the unit is some US$50 million with delivery scheduled for the third quarter 2009.

For further information on Seawell see separate quarterly report.

Operations associated companies
Varia Perdana Bhd.
Varia Perdana Bhd. owns five self-erecting tender rigs. The units were all in operation during the quarter. The tender barge T3 worked for PTT in Thailand whereas in Malaysia, the tender barges T6 and Teknik Berkat worked for Carigali and T9 worked for Exxon. The tender barge T10 had its first full quarter in operation for CarigaliHess in the joint development area in the Gulf of Thailand.

PT Apexindo Pratama Duta TBK
The Jakarta Stock Exchange listed company PT Apexindo Pratama Duta TBK (Apexindo) offers onshore and offshore drilling services. The drilling fleet comprises of four submersible swamp barges, two jack-up rigs and nine onshore drilling rigs. Seadrill has, as previously reported, decided to dispose of its shareholding in Apexindo for a total consideration of some

US$220 million. The estimated accounting gain of approximately US$150 million will be booked in the first quarter 2008.

New contracts and dayrates
Seadrill has announced one contract extension and two new contracts since October 2007.

In November, Seadrill was awarded a one-year extension by Total for the self-erecting tender rig T8 at a dayrate of US$125,000 expected to keep the unit employed in Congo until May 2009.

Early January, StatoilHydro exercised the option to extend the contract for the heavy duty jack-up drilling rig West Epsilon by one year at a dayrate of some US$317,000. The contract with StatoilHydro now extends until November 2010.

In January, the jack-up drilling rig West Janus secured a three year assignment in South East Asia at a dayrate of US$150,000. Start-up of operations is scheduled for the third quarter 2008, in direct continuation of the rig's existing contractual commitments. The rig will have a brief yard-stay later this year to prepare the rig for the new assignment. The West Janus is currently operating offshore Malaysia.

For more detailed information regarding dayrates and contract durations, see the fleet status report or news releases on the Company web site www.seadrill.com.

Newbuild program
Early January, Seadrill took successful delivery of the new jack-up West Triton on time and budget. The jack-up has been dry-towed to Australia and has commenced operations for Apache. Following the latest delivery, Seadrill's remaining newbuild program includes 14 units of which three ultra-deepwater drillships, seven ultra-deepwater semi-submersible rigs, three tender rigs and one jack-up. The delivery schedule is 10 newbuilds in 2008 and 4 newbuilds in 2010.

Rig	Yard	Delivery date	Contract price*	Installment paid as of 4Q07
Jack-ups				
West Triton	PPL	1Q 2008	US$129 mill.	US$110 mill.
West Ariel	Keppel	2Q 2008	US$132 mill.	US$92 mill.
Tender rigs				
T11	MSE	2Q 2008	US$90 mill.	US$66 mill.
T12	MSE	1Q 2010	US$116 mill.	US$0 mill.
West TBA	Keppel	1Q 2010	US$180 mill.	US$29 mill.
Semi-submersibles				
West Phoenix	Samsung	1Q 2008	US$515 mill.	US$473 mill.
West Eminence	Samsung	4Q 2008	US$542 mill.	US$381 mill.
West Sirius	Jurong	1Q 2008	US$443 mill.	US$165 mill.
West Taurus	Jurong	4Q 2008	US$457 mill.	US$132 mill.
West Orion	Jurong	2Q 2010	US$558 mill.	US$187 mill.
West Hercules	Daewoo	2Q 2008	US$512 mill.	US$170 mill.
West Aquarius	Daewoo	3Q 2008	US$530 mill.	US$165 mill.

Drillships				
West Polaris	Samsung	2Q 2008	US$478 mill.	US$272 mill.
West Capella	Samsung	4Q 2008	US$478 mill.	US$272 mill.
West Gemini	Samsung	2Q 2010	US$598 mill.	US$178 mill.
Sum			US$5,758 mill.	US$2,692 mill.

* Including variation orders and riser allocations, but excluding spares, accrued interest expenses, construction supervision and operations preparations and mobilization

As of December 31, 2007, US$2,692 million have been paid as installments on the newbuilds as compared to US$2,194 million at the end of the third quarter 2007. The remaining installments to be paid for the newbuilds amount to US$3,066 million split on approximately US$2,326 million, US$303 million and US$437 million in 2008, 2009 and 2010, respectively. In addition, incurred costs related to capital spares, capitalized interest, contract supervision and operations preparations for the newbuild program totaled approximately US$650 million as of year-end 2007.

Market development

Recent fixtures in the market continue to confirm the strength in the market for mobile offshore drilling units, in particular for deepwater rigs. Consequently, further orders for newbuilds have been made and at present the number of deepwater units under construction stands at 76 up from 67 in November. The order book for new jack-ups totals 87 units, up from 85 in November (adjusted for four deliveries and six new orders). It seems that the market demand is able to absorb the supply increases through newbuild orders and has yet to adversely affect the terms and dayrates observed in the market place.

Deepwater Floaters (>5,000 ft water)

The number of deepwater newbuilds on order continues to increase and now includes 30 drillships and 46 semi-submersible units under construction. Since November, seven drillships and three semis have been ordered whereas one drillship has been completed. The historic high number of deepwater newbuilds has not adversely affected dayrates and offshore drillers continue to benefit from the strong rig demand by keeping dayrates at attractive levels as well as tightening the overall contract terms. As a consequence of recent contract awards, the availability of deepwater rig capacity continues to shrink and there is very limited deepwater capacity available in 2008 as well as in 2009. As a result, dayrates for term contracts are now well establish above US$500,000 even for contracts with commencement in 2010.

Premium Jack-ups (>300 ft water)

Dayrate fixtures in the market for premium jack-ups for short-term contracts prevail in the US$200,000 area. Dayrates for three to five year contract are lower than for short-term work. There was some uncertainty regarding the market’s ability to absorb the significant influx of newbuilds in 2008 and 2009. Seadrill is of the opinion that the growing demand being observed from Far East, India, the Middle East and West Africa will absorb the supply of premium jack-up newbuilds. Furthermore, asset prices remain firm, supported by the strong cash flow and an increasing number of potential buyers.

Jack-ups (<= 300 ft water)

The market for smaller jack-ups has been more volatile when it comes to dayrate movement and contract duration but in general continues to track the development for premium jack-ups adjusting for rig specifications and geographic markets. There were some uncertainties with respect to the development of this market segment in 2008. However, the confidence in this market is increasing as a function of a more positive view of the US market driven by increased US gas prices. The return on assets for this segment is expected to remain favorable and the reasonably strong contract coverage for the Company's fleet of jack-ups limits Seadrill's exposure to some extent.

Tender rigs
The market sentiment for tender rigs remains strong as confirmed by the recent fixture for the Company's T8 unit in Congo. As tender rigs primarily are doing development drilling, the contract duration for tender rigs is usually longer term and the contracts are entered into well in advance of commencement. Seadrill is of the opinion that the outlook is favorable and expects that the market will continue to offer good opportunities to build order backlog and facilitate further organic growth.

Litigations
Dual drilling
Early February, the Oslo City Court published its ruling in the patent lawsuit between Transocean and Seadrill on dual drilling operations in Norway. In its ruling, the court granted Seadrill full support and invalidated Transocean's patents in Norway on both multi-activity offshore drilling apparatus as well as for applying simultaneous operations in offshore drilling activities. The court also decided that Transocean should cover all litigation costs.

Eastern Drilling-Oslo Stock Exchange
In March 2007, Seadrill brought legal action before the Oslo City Court against Oslo Børs ASA (Oslo Stock Exchange) claiming that a resolution passed by the Oslo Stock Exchange Appeal Committee in December 2006 is invalid and unlawful (the resolution forced Seadrill to substantially increase the offer price in a mandatory offer to the other shareholders in Eastern Drilling ASA). In December 2007, the Court made its ruling in favor of Oslo Stock Exchange. Seadrill has decided to appeal the decision by the Oslo City Court.

Outlook and strategy
The Company mission is to create a world leading offshore drilling company focusing on modern high quality assets. The strategy to reach this objective is to secure exposure to newbuild orders at quality yards, build a strong and dynamic organization, win term contracts, secure financial leverage, deliver the projects according to plan and put the new units into operation safely and efficiently.

Seadrill has since the start-up in May 2005 grown its fleet to 38 units through a series of acquisitions and newbuild orders. At the same time, the Company has managed to build a strong organization to supervise the newbuild program as well as ongoing and future operations. Further, the Company has been successful in recruiting experienced and skilled offshore workers that currently totals more than 5,800 people with main operational offices in Stavanger, Singapore and Houston. Furthermore, Seadrill has successfully taken delivery of and put into operation four jack-ups and two tender rig newbuilds on time and budget and secured premium contracts with quality customers for eight of the remaining 14 newbuilds. This year, the Company will establish presence in new areas such as China and the Gulf of Mexico in addition to the existing drilling operations in the North Sea, Australia, Southeast Asia, and West Africa. The Board is pleased with the organization in Houston that has been build over the last year. This organization will play an important part in the Company's ambition for further growth.

The main challenge this year is taking delivery and commencing operation of all the eight deepwater units scheduled for completion in 2008. At present, the overall construction of the newbuilds is progressing according to plan with only minor delays. The two first units to be delivered are the semi-submersible units West Phoenix and West Sirius from the Samsung and Jurong Shipyard, respectively. The two units have left the yards and are currently performing sea trials. The final testing and commissioning activities are ongoing and the rigs are expected to be delivered in the latter part of March followed by the transit to Norway and the Gulf of Mexico. Thereafter Seadrill is scheduled to take delivery of six more deepwater units over the course of the year. Although there are still risks attached to completion of these projects, the Board is of the opinion that the strategy to enter into fixed-price turnkey newbuild contracts, combined with a heavy back-loaded yard installments schedule at the most experienced yards in the offshore industry has served the Company well.

The Board is determined to continue to grow the Company. As a result of good progress for the newbuild projects, the strong demand for advanced offshore drilling units, a solid order backlog as well as limited availability of newbuild slots at quality yards, the Company increased its exposure to the offshore drilling market by ordering three more units last year. Based on recent market development as well as existing rig inquiries, rig tenders and customer discussions regarding the Company's available units, Seadrill believes that the newbuilds ordered last year will prove to add significant shareholder value. As a result of limited rig availability, especially for ultra-deepwater capacity, and the improved strength of underlying fundamentals, the Company is very pleased to have two such units available in the market in late 2008 in addition to the two rig newbuild exposure in 2010. The Company has received several contracting proposals for the available capacity. The Board is currently evaluating these proposals, but is presently reluctant to conclude since it is likely that the increased newbuilding costs, high demand and limited rig availability combined with increased oil prices will push dayrates further up.

Furthermore, the Board is pleased to report that based on the favorable market outlook and strong performance of the tender rig fleet, the Company has ordered a new self-erecting tender rig, to be named T12, with an option for one more tender rig, in addition to the two tender rigs already under construction. The estimated total capital expenditure for the tender barge is US$121 million with delivery scheduled in the first quarter of 2010. The barge will be a copy of T10 and T11 and built at the Malaysia Marine and Heavy Engineering Sdn. Bhd. yard.

Seadrill is continuously evaluating opportunities to grow the Company further by ordering more newbuilds or through corporate actions. However, the long lead-time from order to delivery, the increased construction prices and the lack of operational cash flow in the construction period makes newbuilding projects less interesting today than two years ago. Several groups are currently ordering deepwater rig capacity with delivery in 2011 and beyond. These initiatives may represent opportunities for consolidation for Seadrill at a later stage.

Seadrill has taken strategic positions in several other listed offshore drilling contractors based on thorough evaluation of the companies' underlying values. The positions can either be sold after a positive share price development or be used as basis for further consolidation in the industry. At present, the Company controls more than ten percent ownership through shares or financial instruments in Odfjell Drilling ASA 10.1%, Scorpion Offshore 21.3% and SapuraCrest 17.4% after the disposal of the position in Aker Drilling ASA in January this year. The sale was completed after the Board of Aker Drilling refused to authorize a due diligence process required in the voluntary offer announced by Seadrill in response to the mandatory offer put forward by Aker Capital ASA. There are presently outstanding bids for Odfjell Drilling ASA and Scorpion Offshore Ltd at prices, which will give Seadrill a profit of approximately US$28.4 million if accepted. However, the Board is of the opinion that the bid prices do not reflect the true value of these companies and that Seadrill therefore is likely to remain minority shareholder in the two companies.

In October, Seadrill informed that it had taken advantage of the favorable market to dispose of its entire shareholding in the Indonesian drilling company PT Apexindo Pratma Duta Tbk for approximately US$220 million. Due to postponed closing of the transaction, Seadrill will record US$150million in gains in the first quarter 2008 as opposed to fourth quarter 2007 as previously reported. Furthermore, Seadrill has also agreed to sell the 1981-built jack-up West Titania for US$146.5 million. The Company expects to complete the transaction in the second quarter this year as opposed to the fourth quarter 2007 due to delayed completion of the drilling program in Tunis. Gain from the transaction is expected to be some US$90 million as the sale price will be adjusted to reflect income earned in the first quarter 2008. The sale of the West Titania is in line with the Company's strategy to focus its operation on new and modern drilling assets.

For the first quarter 2008, the operating results will be adversely influenced by another off-hire period (capped at 45 days by insurance) for the deepwater drillship West Navigator as the unit suffers an equipment problem linked to the design of the blow-out preventer that will take time to repair. Positive operating revenue will be generated by the new jack-up fleet addition West Triton that was delivered in early January 2008. The jack-up West Epsilon has undergone regular class inspection that was completed on January 17, 2008. The significant increase in Seadrill revenues will come later this year and next year as eight deepwater units, one jack-up and one tender rig are expected to commence contracts in addition to several of the existing contracts rolling over at more favorable rates.

The main objective for Seadrill is to deliver the best possible equity return to shareholders. The US$7.8 billion order backlog built through term contracts with quality customers gives Seadrill a unique opportunity to leverage its existing assets without adding significant risk. Through a replacement of equity with debt, the return on the remaining equity should increase significantly. The Company therefore pursues leveraging strategies and continues to develop alternative sources of funding such as sale and leaseback agreements, export credit arrangements, more aggressive bank facilities as well as a master limited partnership structure for selected tender rig units.

The Company needs approximately US$2 billion in external financing to complete the financing of the rig delivery program. Several interesting proposals from commercial banks have been presented. In view of the fact that the Company will have eight deepwater rigs, one jack-up and three tender rigs available as security to support such facilities the Board sees no risk to conclude this financing. The challenge will be to optimize the long term financing in such a way that overall cost of capital becomes low. In order to do so, the Board seeks to replace equity with debt. The Company has received lease and financing proposals for some of the new deepwater rigs that will enable such a replacement. In light of this, the strong market outlook especially for deepwater units as well as the good progress made in contracting and newbuilding, the Board has decided to accelerate the plans for dividend payments by declaring the Company's first dividend of US$0.25 per share for the fourth quarter 2007. The ex. dividend date has been set at March 5, 2008, the record date is March 7, 2008 and payment date is on or about March 14, 2008. The Board plans to increase the dividend stream materially when the deepwater rigs commence their contracts and more financing has been secured.

The Board is of the opinion that the combination of the operational cash flow from the existing and recently delivered units as well as newbuilding orders placed at favorable terms and delivery positions create a solid financial base for the Company going forward. The Company will have the most modern high quality drilling fleet in the world with an average age almost 20 years younger than any of our large competitors. The Board feels that a strong base has been created to give Seadrill shareholders a solid long-term return reflected by a combination of share price performance and dividend.

Forward Looking Statements

This press release contains forward-looking statements. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Seadrill management's examination of historical operating trends.

Including among others, factors that, in the Company's view, could cause actual results to differ materially from the forward looking statements contained in this press release are the following: the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, inability of the Company to obtain financing for the newbuildings on favorable terms, changes of the spending plan of our customers, changes in the Company's operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our reports filed with the Oslo Stock Exchange.

February 27, 2008
The Board of Directors
Seadrill Limited
Hamilton, Bermuda

Questions should be directed to Seadrill Management AS represented by:

Kjell E Jacobsen:	Chief Executive Officer
Trond Brandsrud:	Chief Financial Officer
Jim Daatland:	Vice President Investor Relations

Accounts

Condensed Consolidated Income Statement

Unaudited accounts in USD millions	3Q07	**4Q07**	4Q06	**2007**	2006
Revenues					
Operating revenues	323,6	**381,1**	309,9	**1 318,6**	942,3
Reimbursables	30,9	**43,2**	48,8	**146,6**	109,0
Other revenues	22,6	**21,8**	28,4	**211,2**	103,3
Total revenues	377,1	**446,1**	387,1	**1 676,4**	1 154,6
Operating expenses					
Vessel and rig operating expenses	178,4	**225,3**	197,1	**762,8**	587,8
Reimbursable expenses	28,8	**40,8**	46,7	**139,4**	103,4
Depreciation and amortisation	47,4	**48,7**	42,4	**182,9**	167,6
General and adminstrative expenses	26,3	**21,1**	22,0	**102,5**	69,7
Total operating expenses	280,9	**335,9**	308,2	**1 187,6**	928,5
Operating profit	**96,2**	**110,3**	**78,9**	**488,9**	**226,1**
Interest income	3,0	**13,4**	5,0	**23,6**	14,0
Interest expense	(30,8)	**(38,0)**	(26,0)	**(112,7)**	(79,8)
Share of results from associated companies	6,5	**5,2**	2,7	**23,2**	26,6
Other financial items	(33,0)	**15,2**	(3,1)	**(36,2)**	80,0
Net financial items	(54,3)	**(4,2)**	(21,4)	**(102,1)**	40,8
Income before income taxes and minority interest	**41,9**	**106,1**	**57,5**	**386,8**	**266,9**
Income taxes	(5,0)	**71,6**	(0,3)	**41,7**	(22,4)
Minority interest	(4,1)	**(5,2)**	(2,1)	**(13,0)**	(30,4)
Gain on issuance of shares by subsidiary	0,0	**50,0**	**0,0**	**50,0**	**0,0**
Net income	**32,8**	**222,5**	**55,1**	**465,5**	**214,1**
Earnings per share *(in USD)*	0,08	**0,56**	0,14	**1,18**	0,61
Diluted earnings per share *(in USD)*	0,08	**0,56**	0,14	**1,18**	0,61

Condensed Consolidated Segment Information

Mobile Units Division

Unaudited accounts in USD millions	3Q07	**4Q07**	4Q06	**2007**	2006
Operating revenues	175,5	**213,6**	178,3	**729,9**	500,0
Reimbursables	6,9	**8,8**	15,5	**32,8**	49,3
Other revenues	19,6	**18,7**	24,3	**198,9**	88,8
Total revenues	202,0	**241,1**	218,1	**961,6**	638,1
Vessel and rig operating expenses	85,1	**110,3**	106,1	**376,4**	281,7
Reimbursable expenses	5,4	**7,4**	14,0	**28,2**	45,3
Depreciation and amortisation	35,2	**36,6**	33,6	**135,1**	127,2
General and adminstrative expenses	17,5	**15,3**	16,8	**73,3**	45,3
Total operating expenses	143,2	**169,6**	170,5	**613,0**	499,5
Operating profit	58,8	**71,5**	47,6	**348,6**	138,6

Tender Rigs Division

Unaudited accounts in USD millions	3Q07	**4Q07**	4Q06	**2007**	2006
Operating revenues	60,6	**66,9**	44,9	**236,3**	154,9
Reimbursables	5,4	**3,4**	4,4	**17,2**	9,6
Other revenues	3,0	**3,1**	4,1	**12,2**	14,5
Total revenues	69,0	**73,4**	53,4	**265,7**	179,0
Vessel and rig operating expenses	24,7	**31,9**	19,3	**100,8**	69,4
Reimbursable expenses	5,1	**3,2**	4,2	**16,3**	9,2
Depreciation and amortisation	9,7	**9,5**	7,1	**38,6**	33,7
General and adminstrative expenses	3,9	**2,2**	2,0	**13,0**	10,0
Total operating expenses	43,4	**46,8**	32,6	**168,7**	122,3
Operating profit	25,6	**26,6**	20,8	**97,0**	56,7

Well Services Division

Unaudited accounts in USD millions	3Q07	**4Q07**	4Q06	**2007**	2006
Operating revenues	87,5	**100,7**	86,7	**352,4**	287,4
Reimbursables	18,6	**30,9**	28,9	**96,7**	50,0
Total revenues	106,1	**131,6**	115,6	**449,1**	337,4
Operating expenses	68,6	**83,0**	71,7	**285,6**	236,7
Reimbursable expenses	18,3	**30,2**	28,4	**94,9**	48,8
Depreciation and amortisation	2,5	**2,7**	1,8	**9,2**	6,6
General and adminstrative expenses	4,8	**3,5**	3,2	**16,1**	14,5
Total operating expenses	94,2	**119,4**	105,1	**405,8**	306,6
Operating profit	11,9	**12,2**	10,5	**43,3**	30,8

Condensed Consolidated Balance Sheets

Unaudited accounts in USD millions	**31.12.07**	**31.12.06**
Current assets		
Cash and cash equivalents	**582,9**	210,4
Marketable securities	**240,4**	105,9
Receivables	**725,6**	440,3
Total current assets	**1 548,9**	756,6
Non-current assets		
Investment in associated companies	**176,1**	238,1
Newbuildings	**3 341,9**	2 025,4
Drilling units	**2 610,7**	2 293,3
Goodwill	**1 473,0**	1 256,5
Other non-current assets	**96,6**	63,1
Total non-current assets	**7 698,3**	5 876,4
Total assets	**9 247,2**	**6 633,0**
Current liabilities		
Short-term interest bearing debt	**430,8**	255,4
Other current liabilities	**668,9**	465,3
Total current liabilities	**1 099,7**	720,7
Non-current liabilities		
Long-term interest bearing debt	**4 169,6**	2 559,3
Deferred taxes	**104,5**	205,6
Other non-current liabilities	**197,3**	199,0
Total non-current liabilities	**4 471,4**	2 963,9
Minority interest	**88,8**	208,1
Shareholders' equity		
Paid-in capital	**2 753,9**	2 449,8
Retained earnings	**833,4**	290,5
Total shareholders' equity	**3 587,3**	2 740,3
Total shareholders' equity and liabilities	**9 247,2**	**6 633,0**

Condensed Consolidated Cash Flow Statements

Unaudited accounts in USD millions	**2007**	**2006**
Cash flow from operating activities		
Net income	**465,5**	214,0
Adjustement to reconcile net income to net cash provided by operating activities:		
Depreciation and amortisation	**182,9**	167,6
Gains on disposals of other investments	**(130,8)**	(83,6)
Share of results from associated companies	**(23,2)**	(26,6)
Change in working capital	**(129,9)**	49,6
Net cash from operating activities	**364,5**	**321,0**
Cash flow from investing activities		
Acquisition of subsidiary	**(216,5)**	(1 284,3)
Acquisition of fixed assets	**(1 850,3)**	(3 919,6)
Disposal of fixed assets		
Purchase of associated companies		(162,9)
Purchase of other investments	**(72,7)**	(126,8)
Cash flow from other investments	**5,4**	412,8
Sale of other investments		330,2
Net cash from investing activities	**(2 134,1)**	**(4 750,6)**
Cash flow from financing activities		
Proceeds from debt	**3 801,3**	3 469,7
Repayment of debt	**(2 015,6)**	(654,0)
Proceeds from issuance of equity	**304,0**	1 724,4
Contribution by minority interest	**44,3**	45,0
Net cash from financing activities	**2 134,0**	**4 585,1**
Effect of exchange rate changes on cash equiv.	**8,1**	**3,1**
Net change in cash and cash equivalents	**372,5**	51,8
Cash and cash equivalents at beginning of year	**210,4**	**158,6**
Cash and cash equivalents at end of period	**582,9**	**210,4**

Condensed Consolidated Statement of changes in Equity

Unaudited accounts in USD millions	Issued share capital	Treasury shares	Share premium reserve	Accum. compreh. income	Accum. earnings	Total shareholders' equity
Balance at 10 May, 2005	**0,0**	**0,0**	**0,0**	**0,0**	**(16,2)**	**(16,2)**
Issue of ordinary shares, net	458,3		440,8			899,1
Effect of aquisition from shareholder			(173,7)		16,2	(157,5)
Other comprehensive income				82,4		82,4
Net loss for the period					(7,6)	(7,6)
Balance at 31 December, 2005	**458,3**	**0,0**	**267,1**	**82,4**	**(7,6)**	**800,2**
Issue of ordinary shares, net	308,0		1 416,4			1 724,4
Transfer of profit and loss accounts				(82,4)		(82,4)
Net income for the period					214,0	214,0
Share-based payments					9,6	9,6
Minority interest					(9,6)	(9,6)
Other					65,4	65,4
FASB adjustment				(2,7)		(2,7)
Other change in deferred tax					21,4	21,4
Balance at 31 December, 2006	**766,3**	**0,0**	**1 683,5**	**(2,7)**	**293,2**	**2 740,3**
Issue of ordinary shares, net	32,0		271,9			303,9
Other coprehensive income				61,9		61,9
Net income for the period					465,5	465,5
Share-based payments					15,1	15,1
Purchase of treasury shares		(1,9)	(19,3)			(21,2)
Sale of treasury shares		0,7	20,7			21,4
Non controlling interest					16,9	16,9
Conversion of loan					(16,0)	(16,0)
FASB adjustment				7,1		7,1
Other					(7,6)	(7,6)
Balance at 31 December, 2007	**798,3**	**(1,2)**	**1 956,8**	**66,3**	**767,1**	**3 587,3**