FRN Seadrill Limited Open Bond Issue 2009/2011

ISIN NO 001 055041.1

Securities Note

Joint Arrangers:

Oslo, 20 May 2010

Important information

The Securities Note has been prepared in connection with listing of the securities at Oslo Børs.
Finanstilsynet has controlled and approved the Securities Note pursuant to Section 7-7 of the
Norwegian Securities Trading Act. New information that is significant for the Borrower or its
subsidiaries may be disclosed after the Securities Note has been made public, but prior to listing. Such
information will be published as a supplement to the Securities Note pursuant to Section 7-15 of the
Norwegian Securities Trading Act. On no account must the publication or the disclosure of the
Securities Note give the impression that the information herein is complete or correct on a given date
after the date on the Securities Note, or that the business activities of the Borrower or its subsidiaries
may not have been changed.

Only the Borrower and the Joint Arrangers are entitled to procure information about conditions
described in the Securities Note. Information procured by any other person is of

no relevance in relation to the Securities Note and cannot be relied on.

Unless otherwise stated, the Securities Note is subject to Norwegian law. In the event of any dispute regarding the Securities Note, Norwegian law will apply.

In certain jurisdictions, the distribution of the Securities Note may be limited by law, for example in the United States of America or in the United Kingdom. Verification and approval of the Securities Note by Finanstilsynet implies that the Note may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Securities Note in any jurisdiction where such action is required. Persons that receive the Securities Note are ordered by the Borrower and the Joint Arrangers to obtain information on and comply with such restrictions.

This Securities Note is not an offer to sell or a request to buy bonds.

The content of the Securities Note does not constitute legal, financial or tax advice and bond owners should seek legal, financial and/or tax advice.

Contact the Borrower or the Joint Arrangers to receive copies of the Securities Note.

The Securities Note together with the Registration Document constitutes the Prospectus.

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1. Risk factors

Readers of this Securities Note should carefully consider all of the information contained herein and in particular the following factors, which may affect some or all of the Group's activities or the Bonds. This list is not exhaustive. The actual results of the Group could differ materially from those anticipated in any forward looking statements as a result of many factors, including the risks described below and elsewhere in this Securities Note.

Investing in Seadrill Limited ("Seadrill") and its bond loans must be considered a risk investment.

Investors should make adequate independent investigations before investing. Prospective investors should carefully consider the following risk factors, in addition to the other information presented in this Securities Note before making an investment decision. The risks discussed below are not the only risks that may affect the company’s business or the value of the company’s bonds. Additional risks not presently known to the company or risks that the company currently considers being immaterial may also impair the company’s business operations and prospects. If any of the following risks occur, this could have a material adverse effect on the financial position of the company and potential investors could lose the entire value of their investment in the company’s securities.

Liquidity risk

No market-maker agreement has been made in connection with this bond loan, which may represent a liquidity risk for the investor.

Interest rate risk

The bond loan carries a floating rate note, with an interest rate period of 3 months, so the rate will be adjusted with the market rates on a quarterly basis.

Market risk

The price on the bonds will depend on circumstances related to Seadrill, and in the offhore industry in general. The price will also depend on general fluctuation in the corporate bond market.

2. Statements

Responsibility statement by persons responsible

This Prospectus has been prepared by Seadrill Limited with a view to providing a description of relevant aspects of Seadrill Limited in connection with the Bond Issue and an investment therein. We confirm that, taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Hamilton, Bermuda, 20 May 2010

Seadrill Limited

Statement from the Joint Arrangers

DnB NOR Markets, Nordea Bank Norge ASA, Nordea Markets and Pareto Securities AS have acted as Joint Arrangers for the Bond Issue, and have prepared this Securities Note at the request of, and in co-operation with, the management of Seadrill Limited (the “Company”). Our assistance with regard to the preparation of the Securities Note has been based on (i) publicly available information, and (ii) discussions with the management of the Company who have also reviewed the Securities Note and verified the accuracy and completeness of the Securities Note.

Based upon such information, the Joint Arrangers have endeavoured to assist the Company to provide an as accurate and complete presentation of the Company as possible. However, no financial or legal due diligence has been performed in connection with the Bond Issue. On the basis of the above, the Joint Arrangers expressly disclaim any legal or financial liability for the completeness or accuracy of this Securities Note.

The Joint Arrangers do not, however, make any representation, warranty or undertakings, expressed or implied, and accept no responsibility or liability as to the accuracy or the completeness of the information contained in this Securities Note or any other information supplied in connection with the listing of the Bond Issue. Nor can any of the Joint Arrangers accept any legal or financial liability in relation to the information in this Securities Note or any other information supplied in connection with the listing of the Bond Issue.

Oslo, 20 May 2010

Joint Arrangers

DnB NOR Markets Nordea Bank Norge ASA, Nordea Markets Pareto Securities AS

3. Information concerning the securities to be admitted to trading

ISIN Number: NO 001 055041.1

The Loan/The Reference Name/The Bonds: FRN Seadrill Limited ASA Open Bond Issue 2009/2011

Borrower/Issuer: Seadrill Limited

Org.number: Bermuda Company no:36832/Norwegian Company No. 963 342 624

Security Type: Open bond issue with floating rate note

Borrowing Limit –Tap Issue: NOK 1,500,000,000

First Tranche: NOK 800,000,000

Denomination –Each Bond: NOK 500,000 – each and among themselves pari passu ranking

Securities Form: The Bonds are electronically registered in book-entry form with the Securities Depository.

Disbursement Date: 10 November 2009

Maturity Date: 10 November 2011

Interest bearing from: Disbursement Date

Interest bearing to
and including: Maturity Date

NIBOR: NIBOR 3 months

Margin: 2.75% p.a.

Coupon Rate: NIBOR + Margin

Day Count Fraction-Coupon: Act/360 – in arrears.

Business Day Convention: Modified Following

If the Interest Payment Date is not a Banking Day, the Interest Payment Date shall be postponed to the next Banking Day. However, if this day falls in the following calendar month. The Interest Payment Date is moved to the first Banking Day preceding the original date.

Interest Rate Determination
Date (Reset date): 8 November 2009 and thereafter two Banking Days prior to each Interest Payment Date.

Interest Rate Adjustement
Date: With effect from Interest Payment Date.

Interest Payment Date: Every 10 February, 10 May, 10 August and 10 November each year

First Interest Payment Date: 10 February 2010 (3 months after Disbursement Date)

Last Interest Payment Date: 10 November 2011 (2 years after Disbursement Date)

Issue price: 100 % (par)

Yield: Dependent on the market price.

The current Coupon Rate in the third interest period is 5.13%.

Banking Day: A day when the Norwegian Central Bank's Settlement System is open and when Norwegian banks can settle foreign currency transactions.

Put/Call options: N/A

Amortisations: The Bonds will run without instalments and be repaid in full at Maturity at par.

Redemption: VPS (the Norwegian central securities depository) will credit due interest and principal to the bondholders. The limitation period for any interest and principal claims is in accordance with Norwegian legislation, i.e. currently 3 years for interest and 10 years for principal. This is a bullet loan with redemption date 10 November 2011.

Status of the loan: The Issuer’s payment obligations under the Loan Agreement shall rank ahead of any subordinated capital and shall rank at least pari passu with all other obligations, save for (i) secured obligations to the extent they are secured and (ii) obligations which are mandatory preferred by law.

The Bonds are unsecured.

Undertakings: During the term of the Bonds, the Borrower shall (unless the Loan Trustee or the Bondholders’ meeting (as the case may be) in writing has agreed to otherwise) comply with the following general covenants:

a) Mergers:

The Issuer shall not, and shall ensure that no Subsidiary shall, carry out any merger or other business combination or corporate reorganization involving consolidating the assets and obligations of the Issuer with any other company or entity not being a member of the Group if such transaction would have a Material Adverse Effect. The Issuer shall notify the Bond Trustee of any such transaction, providing relevant details thereof, as well as, if applicable, its reasons for believing that the proposed transaction would not have a Material Adverse Effect.

b) De-mergers:

The Issuer shall not carry out any de-merger or other corporate reorganization involving splitting the Issuer into two or more separate companies or entities, if such transaction would have a Material Adverse Effect. The Issuer shall notify the Bond Trustee of any such transaction, providing relevant details thereof, as well as, if applicable, its reasons for believing that the proposed transaction would not have a Material Adverse Effect.

c) Continuation of business:

The Issuer shall not cease to carry on its business.

The Issuer shall procure that no material change is made to the general nature or scope of the business of the Group from that

carried on at the date of this Bond Agreement, or as contemplated by this Bond Agreement.

d) Disposal of business:

The Issuer shall not sell or otherwise dispose of all or a substantial part of the Group's assets or operations if such disposal or sale would have a Material Adverse Effect.

e) Cross default:

Standard cross default provisions, subject to a USD 25 million threshold.

f) Reporting:

The Borrower shall of its own accord make management and financial reports (quarterly, written in English) available to the Trustee (or via the distribution system at Oslo Stock Exchange as long as the Issuer's shares or bonds are listed) and on its web pages for public distribution not later than 150 days after the end of the financial year and not later than 60 days after the end of the relevant interim period.

g) Listing:

During the term of the Loan, the Borrower shall use its best endeavours to ensure that the Borrower's shares shall remain listed on the Oslo Stock Exchange or another recognized stock exchange.

h) Minimum Equity Ratio:

The Borrower will procure that the Market Adjusted Equity Ratio of the Group shall not fall below 30%.

The Borrower must report that the Group is in compliance with the Market Adjusted Equity Ratio in connection with its Reporting as described in f) above.

Definitions:

Market Adjusted Equity Ratio means the ratio of Market Adjusted Equity to Market Adjusted Total Assets.

Market Adjusted Equity means, on any date, the Book Equity, adjusted for any difference between the book value of the Units in the last accounts and their Market Value on such date.

Book Equity means the aggregate book value (on a consolidated basis) of the Group's total equity treated as equity in accordance with GAAP minus any senior liability or perpetual liability with a step-up treated as equity under GAAP, as set out in the then most recent audited consolidated financial statements (or, if no audited consolidated financial statements are prepared, then reference shall be made to unaudited consolidated financial statements (if any) or on the basis of pro forma consolidated financial statements) of the Borrower.

Market Adjusted Total Assets means, on any date, the Total Assets, adjusted for any difference between the book value of the Units in the Borrower's last accounts and their Market Value on such date.

Total Assets means the aggregate book value (on a consolidated basis) of the Group's total assets which are treated as assets in accordance with GAAP, as set out in the

then most recent audited consolidated financial statements (or, if no audited consolidated financial statements are prepared, then reference shall be made to unaudited consolidated financial statements (if any) or on the basis of pro forma consolidated financial statements) of the Issuer.

Market Value means the aggregate fair market value of the Units in USD determined as the arithmetic mean of independent valuations of each of the Units, on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and willing buyer, on an "as is where is" basis, free of any existing charters or other contracts for employment, obtained from two independent and well-reputed sale and purchase brokers familiar with the market for the Units, appointed by the Borrower and approved by the Loan Trustee. Such valuation shall be made at least once a year, in connection with the presentation of the Borrower's annual report or upon request by the Loan Trustee. The cost of such valuation shall be for the account of the Borrower.

Group means the Borrower and all its (direct or indirect owned) subsidiaries from time to time.

Units means all and any of the mobile offshore units owned by any member of the Group.

GAAP means Generally Accepted Accounting Principles.

Listing: At Oslo Børs.

An application for listing will be sent after the Disbursement Date and as soon as possible after the prospectus has been approved by Finanstilsynet.

Purpose: The purpose of the Issue is general financing of the Group.

NIBOR-definition: (Norwegian Interbank Offered Rate) Interest rate fixed for a defined period on Reuters page NIBR at 12.00 noon Oslo time. In the event that Reuters page NIBR is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the Reference Rate, an alternative Reuters page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate as the initial reference rate shall be used. If this is not possible, the Bond Trustee shall calculate the Reference Rate based on comparable quotes from major banks in Oslo.

Reference Rate: NIBOR rounded to the nearest hundred of a percentage point on each reset Date, for the period stated.

Approvals: The Bonds was issued in accordance with the Borrower's Board approval dated 30 October 2009.

The prospectus will be sent Finanstilsynet for control and approval in relation to a listing application of the Loan.

Loan Agreement: The Loan Agreement has been entered into between the Borrower and the Trustee. The Loan Agreement regulates the Bondholder's rights and obligations in relations with the issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.

For more information on the authority of the Loan Trustee, please see clause 17 in the Loan Agreement.

When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement and is bound by the terms of the Loan Agreement.

The Loan Agreement is available through the Joint Arrangers or from the Borrower, and may also be found attached to the prospect.

Bondholders’ meeting: For a description of the rights attached to the securities,

including any limitations of those rights, and procedure for the exercise of those rights, please see clause 16 in the Loan agreement

Availability of the

Documentation: www.seadrill.com

Trustee: Norsk Tillitsmann ASA, P.O. Box 1470 Vika, 0116 Oslo, Norway.

Joint Arrangers: DnB NOR Markets

Stranden 21

0021 Oslo, Norway

Nordea Markets

P.O. Box 1166 Sentrum,

0107 Oslo, Norway

Pareto Securities AS

P.O.Box 1411 Vika

0115 Oslo, Norway

Paying Agent: Fokus Bank AS

P.O.Box 1170 Sentrum

0107 Oslo, Norway

Calculation Agent: The Trustee

Securities Depository: The Securities depository in which the Loan is registered, in accordance with the Norwegian Act of 2002 no. 64 regarding Securities depository.

On Disbursement Date the Securities Depository is Verdipapirsentralen ASA (“VPS”), P.O. Box 4, 0051 OSLO

Market-Making: There is no market-making agreement entered into in connection with the Loan.

Reuters: Financial information electronically transmitted by the news agency Reuters Norge AS.

Legislation under which the

Securities have been created: Norwegian law.

Fees and Expenses: The Borrower shall pay any stamp duty and other public fees in

connection with the Loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Borrower is responsible for withholding any withholding tax imposed by Norwegian law.

4. Additional Information

The involved persons in Seadrill Limited have no interests, nor any conflicting interests, that are material to the Bond Issue.

Seadrill Limited has mandated DnB NOR Markets, Nordea Markets – a part of Nordea Bank Norge ASA and Pareto Securities AS as Joint Arrangers for the issuance of the Loan. The Joint Arrangers have acted as advisors to Seadrill Limited in relation to the pricing of the Loan.

Listing of the Loan:

The prospectus will be published in Norway.

An application for listing at Oslo Børs will be sent as soon as possible after the Disbursement Date.
Listing fee (2010) for the Loan will be: NOK 20,250. Prospectus fee for the Security Note will be: NOK 10,000 and likewise NOK 40,000 for the Registration Document.

Each bond is negotiable.