

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA.

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the attached document and you are therefore required to read it carefully before reading or making any other use of the document. By accepting the email to which this document was attached and by accessing the document, you shall be deemed (in addition to giving the representations below) to agree to be bound by all of the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Seadrill Limited (“**Seadrill**”) and/or ABG Sundal Collier Norge ASA (the “**Tender Agent**”) as a result of such acceptance and access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meanings given to them in the attached document.

Confirmation of your representation: The attached document contains an invitation by Seadrill to the holders of the outstanding Bonds (as defined below) to make offers to convert their Bonds (the “**Incentive Offer**”). The document was sent at your request and, by accepting the e-mail to which the document was attached and accessing the document, you shall be deemed (in addition to the above) to have represented to Seadrill and the Tender Agent that:

- (i) you are a holder or a beneficial owner of the USD 650,000,000 3.375 per cent Callable Convertible Bonds due 2017 (the “**Bonds**”) issued by Seadrill;
- (ii) the electronic mail address which you have given to us and to which the document has been delivered is not located in the United States;
- (iii) neither you nor any beneficial owner of the Bonds nor any other person on whose behalf you are acting, either directly or indirectly, is located or resident in the United States or is a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933);
- (iv) you are a person to whom it is lawful to send the document or for Seadrill to make an invitation pursuant to the Incentive Offer under applicable laws and regulations; and
- (v) you consent to delivery of the document to you by electronic transmission.

You are otherwise reminded that the document has been delivered to you on the basis that you are a person into whose possession the document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident. If you have recently sold or otherwise transferred your entire holding of Bonds (as defined below), you should immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, but if and only if you are permitted to do so by applicable law, and subject to the restrictions set out on this and the following page. Save as referred to above, the document should not be forwarded or distributed to any other person and should not be reproduced in any manner whatsoever.

None of the materials relating to the Incentive Offer constitutes, or may be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Incentive Offer be made by a licensed broker or dealer and any of the Tender Agent’s affiliates is such a licensed broker or dealer in that jurisdiction, the Incentive Offer shall be deemed to be made by such affiliate, as the case may be, on behalf of Seadrill in such jurisdiction. If the document is communicated to persons in the United Kingdom, it may only be so communicated in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Seadrill, the Tender Agent or any person who controls any of them or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference

between the document distributed to you in electronic format and the hard copy version available to you on request from the Tender Agent.

Restrictions: Nothing in this electronic transmission constitutes an offer to buy or the solicitation of an offer to sell securities in (i) the United States of America; or (ii) the United Kingdom (other than to investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) (the “**Order**”), or to persons within Article 43 of the Order, including existing members and creditors of Seadrill and any other persons to whom this electronic transmission can be lawfully communicated in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply).

The distribution of the document in certain jurisdictions may be restricted by law - see “*Offer Restrictions*”. Persons into whose possession the document comes are required by Seadrill and the Tender Agent to inform themselves about, and to observe, any such restrictions.

This document contains important information which should be read carefully before any decision is made with respect to the Incentive Offer. If any holder is in any doubt as to the action it should take, it is recommended to seek its own financial advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to offer Bonds in the Incentive Offer.

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THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION



18 JULY 2014

**VOLUNTARY INCENTIVE PAYMENT OFFER TO CONVERT ANY AND ALL OF
USD 650,000,000 OF PRINCIPAL AMOUNT OF 3.375 PER CENT SEADRILL LIMITED
CALLABLE CONVERTIBLE BOND ISSUE 2010/2017**

Reference is made to Seadrill Limited (“**Seadrill**”) USD 650,000,000 of principal amount of 3.375 per cent Seadrill Limited Callable Convertible Bond Issue 2010/2017 (the “**Bonds**”) bearing ISIN NO 001 0590565, such Bonds issued pursuant to the loan agreement between Seadrill and Nordic Trustee ASA (formerly Norsk Tillitsmann ASA) dated 25 October 2010 (the “**Loan Agreement**”).

Seadrill hereby makes an offer of an incentive payment (the “**Incentive Offer**”) to each holder of Bonds (a “**Bondholder**”) who elects to exercise their Conversion Right (as defined in the Loan Agreement) to convert their Bonds to a fixed number of Seadrill common shares (“**Shares**”) in accordance with the terms and conditions of the Loan Agreement. The incentive payment will not impact the rights of Bondholders who do not wish to convert their Bonds during the Conversion Incentive Period.

The Incentive Offer is subject to the following terms and conditions:

Bond Conversion

The Bonds to be converted to Shares at a ratio based on the prevailing conversion ratio of 3,612 Shares per USD 100,000 principal amount of Bonds as provided for in the Loan Agreement, resulting in a maximum amount of 23,478,000 common shares being issued.

Accrued Interest

The Bondholders accepting the Incentive Offer will be eligible to receive accrued interest from 27 April 2014 to and including 28 July 2014 of USD 850.68 per USD 100,000 principal amount of Bonds.

Incentive Payment

The Bondholders accepting the Incentive Offer will be eligible to receive a consideration (the “**Consideration**”) of approximately USD 11,840 per USD 100,000 principal amount of Bonds calculated as follows:

$$\text{USD } 11,840 + ((\text{USD } 38.17 - \text{VWAP}) \times (3,612 \text{ per Bond} \times (1 - \text{Reference Delta})))$$

where

VWAP = the volume weighted average price of the Shares between opening and closing of the

market on the New York Stock Exchange on 18 July 2014 as quoted on the relevant Bloomberg page

The Reference Delta is 87%.

Bondholders may elect to receive the Consideration in cash or in Shares. If a Bondholder elects to receive the Consideration in Shares, the number of Shares shall be determined by dividing the Consideration by VWAP (rounded down, if necessary, to the nearest whole number of Shares). If a Bondholder does not make an election, such Bondholder will receive the Consideration in cash.

Acceptance Period

The acceptance period for the Incentive Offer runs from its public announcement by way of dissemination of a press release by Seadrill, **until 24 July 2014 at 17:00 CET**

Seadrill may in its sole discretion extend the acceptance period (one or more times). Such extension will be notified by dissemination of a press release by Seadrill on the ticker SDRL (NYSE and OSE).

Acceptance

Acceptance of the Incentive Offer must be made by accepting the corporate action in Euroclear, Clearstream or VPS within the Acceptance Period.

The acceptance of the Incentive Offer is irrevocable by the Bondholders, and may not be withdrawn, in whole or in part, once the corporate action has been accepted. Except as explicitly provided elsewhere in this document, Seadrill will accept any acceptance tendered to the Incentive Offer in accordance with the terms of the document.

Paying Agent

Danske Bank, NUF

Settlement

Settlement according to this voluntary Incentive Offer will be made on or about 28 July 2014. The settlement procedure will be as is customary for conversions of bonds to shares and in accordance with the terms and conditions of the Loan Agreement.

Governing law and jurisdiction

The Incentive Offer and all acceptances of the Incentive Offer are governed by Norwegian law with the Oslo district court as legal venue. Any disputes arising out of, or in connection with, the Incentive Offer, are subject to Norwegian law and shall exclusively be settled by Norwegian courts and with Oslo city court as legal venue.

Bondholders registered in the name of brokers, banks, investment companies or other nominees, must contact such persons to accept the Incentive Offer. Acceptance of the Incentive Offer for Bonds registered in the name of an investment manager must be done by the manager on behalf of the Bondholders.

All Bonds submitted and converted pursuant to the Incentive Offer are to be transferred free of any encumbrances and any other third party rights and with all rights attached to them. Any third party with such rights over the relevant Euroclear, Clearstream or VPS account(s) must sign the acceptance form attached hereto and thereby waive its rights in the Bonds and approve the transfer of the Bonds to the Paying Agent. Acceptances may be treated as invalid if any such rights holder has not consented by duly completing and executing the Acceptance Form.

Bondholders who wish to accept the Incentive Offer must accept the corporate action in Euroclear, Clearstream or VPS prior to the expiration of the Acceptance Period.

The Tender Agent is acting on behalf of Seadrill in connection with the Incentive Offer. The Tender Agent is not acting on behalf of any other party in connection with the Incentive Offer and will not be responsible to any party other than Seadrill for providing (i) the protections normally granted to their customers, or (ii) advice in relation to the Incentive Offer.

Offer Restrictions

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Seadrill and the Tender Agent to inform themselves about and to observe any such restrictions.

This document does not constitute an offer to buy or a solicitation of an offer to sell Bonds, and tenders of Bonds in the Incentive Offer will not be accepted from Bondholders, in any jurisdiction in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Incentive Offer to be made by a licensed broker or dealer and any affiliate of the Tender Agent is such a licensed broker or dealer in such jurisdictions, the Incentive Offer shall be deemed to be made on behalf of Seadrill by such affiliate.

Each Bondholder participating in the Incentive Offer will be deemed to give certain representations in respect of the below-mentioned jurisdictions and generally as set out in the Acceptance Form. Any offer of Bonds for conversion pursuant to the Incentive Offer from a Bondholder that is unable to make these representations will not be accepted. Seadrill and the Tender Agent reserve the right, in their absolute discretion, to investigate, in relation to any offer of Bonds for conversion pursuant to the Incentive Offer, whether any such representation given by a Bondholder is correct and, if such investigation is undertaken and as a result Seadrill determines (for any reason) that such representation is not correct, such tender shall not be accepted.

Bondholders with any questions on the Incentive Offer should contact the Tender Agent for further information at the following address:

ABG Sundal Collier Norge ASA
Pb. 1444 Vika
Munkedamsveien 45E, 7th Floor
NO-0115 OSLO
Norway
Tel +47 22 01 60 00
E-mail: nils.myhre@abgsc.no

United States

The Incentive Offer is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, and the Bonds may not be offered for conversion in the Incentive Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this document and any other documents or materials relating to the Incentive Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded in or into the United States or to persons located or resident in the United States (including custodians, nominees and trustees). Any purported offer of Bonds for conversion in the Incentive Offer resulting directly or indirectly from a violation of these restrictions will be invalid and tenders of Bonds made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will not be accepted.

Each Bondholder participating in the Incentive Offer will represent that it is not located in the United States and is not participating in the Incentive Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Incentive Offer from the United States. For the purposes of this paragraph, United States means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

United Kingdom

The communication of this document and any other documents or materials relating to the Incentive Offer is not being made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")) or within Article 43(2) of the Order, or to other persons to whom it may lawfully be communicated.

Important Note

Any decision to accept the Incentive Offer should only be made on the basis of an independent review by you of Seadrill's publicly available information.

Each Bondholder should take its own independent advice on the merits of the Incentive Offer including the tax consequences thereof for the Bondholder.

By accepting the Incentive Offer, you will be deemed to have acknowledged, represented to and agreed with the Tender Agent that: (a) you have such business and financial experience as is required to give you the capacity to protect your own interests in connection with the conversion of the Bonds; (b) you acknowledged that the Tender Agent is agent of Seadrill and appointed by Seadrill and owe no duty to any Bondholder and you may not rely, and have not relied, on any investigation that the Tender Agent or any of its respective affiliates, or any person acting on their behalf or any of their respective affiliates, may have conducted with respect to Seadrill, the Shares or the Bonds, and neither the Tender Agent nor any of its affiliates has made any representation or recommendation to you, express or implied, with respect to Seadrill, the Shares, the Bonds, this document or the Incentive Offer or the accuracy, completeness or adequacy of any publicly available information; (c) you understand that no disclosure or offering document has been prepared in connection with the Incentive Offer; (d) you have made your own assessment of Seadrill, the Shares, the Bonds and the terms of the Incentive Offer based on this voluntary Incentive Offer and such other information as is publicly available (which you acknowledge you have been able to access, read and understand); (e) you have made your own investment decision regarding the acceptance of the Incentive Offer to convert Bonds based on your own knowledge and investigation of Seadrill, the Shares and the Bonds; (f) you will not hold the Tender Agent or any of its affiliates responsible for any misstatements in or omissions from any publicly available information concerning Seadrill, and the Tender Agent shall have no liability for any other representations (express or implied) contained in, or for any omissions from, such information or any other written or oral communication transmitted to you in the course of your evaluation of the Bonds; (g) the Tender Agent shall have no obligation to update any such information or to correct any inaccuracies therein or omissions there from which may become apparent, even where the Tender Agent is aware of such inaccuracies or omissions; (h) it is not a person to whom it is unlawful to send this document or to make an invitation pursuant to the Incentive Offer under applicable securities laws and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Acceptance Form in respect of the Bonds it is offering for conversion) complied with all laws and regulations applicable to it for the purposes of its participation in the Invitation; and (i) you have consulted your own independent advisers or otherwise have satisfied yourself concerning, without limitation, any accounting, regulatory, tax or other consequences of purchasing the Bonds in the light of your own particular situation under the laws of all relevant jurisdictions generally.

You should proceed on the assumption that you must bear the economic risk of the conversion of the Bonds for an indefinite period. Neither Seadrill nor the Tender Agent makes any representation as to (i) the suitability of accepting the Incentive Offer for any particular investor, (ii) the appropriate accounting treatment and potential tax consequences of accepting the Incentive Offer, or (iii) the future performance of the Bonds or Shares either in absolute terms or relative to competing investments.

The Tender Agent (or its respective directors, officers, employees, agents or affiliates) has not separately verified the information contained herein.

Neither the delivery of this document nor any acceptance for conversion of any Bonds shall, under any circumstances, create any implication that the information contained herein is current as of any time subsequent to the date of this document. Subject to the offer restrictions set out below, this document is solely directed at the Bondholders.

The Tender Agent is acting exclusively for Seadrill and nobody else in relation to the Invitations and will not be responsible for giving advice or other investment services in relation to the Invitations to any party in relation to the Incentive Offer. The Tender Agent and/or its affiliates may have a holding in, or may from time to time provide advice or other investment services in relation to, or engage in transactions involving, the Bonds.

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This voluntary Incentive Offer is for information purposes only and does not constitute or form part of, and should not be construed as an offer or an invitation to sell, or issue or the solicitation of any offer to buy or subscribe for, any securities. The Incentive Offer may not be offered to the public in any jurisdiction in circumstances which would require Seadrill to prepare or register any prospectus, offering document or circular relating to the conversion of Bonds in such jurisdiction. The distribution of this Incentive Offer in certain jurisdictions may be restricted by law. Any persons reading this Incentive Offer should inform themselves of and observe any such restrictions.

This document does not constitute an offer to sell, a solicitation of an offer to purchase any securities, or a solicitation for an offer of securities or marketing or sales activity for such securities in any relevant jurisdiction.