



DATE: May 16, 2012

TO: Permit Holders

RE: **Seadrill Ltd. ("SDRL")**
CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND
Ex-Date: May 22, 2012

From: Scott Speer

Seadrill Ltd. ("SDRL") has declared a special cash dividend of **\$0.15** per share on its outstanding common stock. The special cash dividend has a record date of May 24, 2012 and a payable date of June 7, 2012. **The ex-distribution date will be on Tuesday, May 22, 2012.**

THE FOREGOING DISCUSSION IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE SPECIAL DIVIDEND, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS SUMMARY. PERMIT HOLDERS SHOULD REFER TO THE SEADRILL LTD. PRESS RELEASE DATED MAY 14, 2012, FOR THE AUTHORITATIVE DESCRIPTION OF THE SPECIAL DIVIDEND AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustment for the Special Cash Dividend

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding SDRL option series will be adjusted to reflect this special cash dividend on the ex-distribution date, at 8:30 A.M. Chicago time. **On Tuesday, May 22, 2012, each SDRL series shall be adjusted by decreasing the strike price by \$0.15, the amount of the cash dividend.** The option symbol for the adjusted contracts will remain the same. Premiums and strike-price amounts for the adjusted SDRL options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1 point of premium or strike price will equal \$100. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Tuesday, May 22, 2012, trading in SDRL series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES					ADJUSTED SERIES*			
SDRL	30.00	2012-06-16	C/P	=>	SDRL	29.85	2012-06-16	C/P
SDRL	31.00	2012-06-16	C/P	=>	SDRL	30.85	2012-06-16	C/P
SDRL	32.00	2012-06-16	C/P	=>	SDRL	31.85	2012-06-16	C/P
SDRL	33.00	2012-06-16	C/P	=>	SDRL	32.85	2012-06-16	C/P
SDRL	34.00	2012-06-16	C/P	=>	SDRL	33.85	2012-06-16	C/P
SDRL	35.00	2012-06-16	C/P	=>	SDRL	34.85	2012-06-16	C/P
SDRL	36.00	2012-06-16	C/P	=>	SDRL	35.85	2012-06-16	C/P

EXISTING SERIES					ADJUSTED SERIES*			
SDRL	37.00	2012-06-16	C/P	=>	SDRL	36.85	2012-06-16	C/P
SDRL	38.00	2012-06-16	C/P	=>	SDRL	37.85	2012-06-16	C/P
SDRL	39.00	2012-06-16	C/P	=>	SDRL	38.85	2012-06-16	C/P
SDRL	40.00	2012-06-16	C/P	=>	SDRL	39.85	2012-06-16	C/P
SDRL	41.00	2012-06-16	C/P	=>	SDRL	40.85	2012-06-16	C/P
SDRL	42.00	2012-06-16	C/P	=>	SDRL	41.85	2012-06-16	C/P
SDRL	43.00	2012-06-16	C/P	=>	SDRL	42.85	2012-06-16	C/P
SDRL	44.00	2012-06-16	C/P	=>	SDRL	43.85	2012-06-16	C/P
SDRL	45.00	2012-06-16	C/P	=>	SDRL	44.85	2012-06-16	C/P
SDRL	46.00	2012-06-16	C/P	=>	SDRL	45.85	2012-06-16	C/P
SDRL	17.00	2012-07-21	C/P	=>	SDRL	16.85	2012-07-21	C/P
SDRL	18.00	2012-07-21	C/P	=>	SDRL	17.85	2012-07-21	C/P
SDRL	19.00	2012-07-21	C/P	=>	SDRL	18.85	2012-07-21	C/P
SDRL	20.00	2012-07-21	C/P	=>	SDRL	19.85	2012-07-21	C/P
SDRL	21.00	2012-07-21	C/P	=>	SDRL	20.85	2012-07-21	C/P
SDRL	22.00	2012-07-21	C/P	=>	SDRL	21.85	2012-07-21	C/P
SDRL	23.00	2012-07-21	C/P	=>	SDRL	22.85	2012-07-21	C/P
SDRL	24.00	2012-07-21	C/P	=>	SDRL	23.85	2012-07-21	C/P
SDRL	25.00	2012-07-21	C/P	=>	SDRL	24.85	2012-07-21	C/P
SDRL	26.00	2012-07-21	C/P	=>	SDRL	25.85	2012-07-21	C/P
SDRL	27.00	2012-07-21	C/P	=>	SDRL	26.85	2012-07-21	C/P
SDRL	28.00	2012-07-21	C/P	=>	SDRL	27.85	2012-07-21	C/P
SDRL	29.00	2012-07-21	C/P	=>	SDRL	28.85	2012-07-21	C/P
SDRL	30.00	2012-07-21	C/P	=>	SDRL	29.85	2012-07-21	C/P
SDRL	31.00	2012-07-21	C/P	=>	SDRL	30.85	2012-07-21	C/P
SDRL	32.00	2012-07-21	C/P	=>	SDRL	31.85	2012-07-21	C/P
SDRL	33.00	2012-07-21	C/P	=>	SDRL	32.85	2012-07-21	C/P
SDRL	34.00	2012-07-21	C/P	=>	SDRL	33.85	2012-07-21	C/P
SDRL	35.00	2012-07-21	C/P	=>	SDRL	34.85	2012-07-21	C/P
SDRL	36.00	2012-07-21	C/P	=>	SDRL	35.85	2012-07-21	C/P
SDRL	37.00	2012-07-21	C/P	=>	SDRL	36.85	2012-07-21	C/P
SDRL	38.00	2012-07-21	C/P	=>	SDRL	37.85	2012-07-21	C/P
SDRL	39.00	2012-07-21	C/P	=>	SDRL	38.85	2012-07-21	C/P
SDRL	40.00	2012-07-21	C/P	=>	SDRL	39.85	2012-07-21	C/P
SDRL	41.00	2012-07-21	C/P	=>	SDRL	40.85	2012-07-21	C/P
SDRL	42.00	2012-07-21	C/P	=>	SDRL	41.85	2012-07-21	C/P
SDRL	43.00	2012-07-21	C/P	=>	SDRL	42.85	2012-07-21	C/P
SDRL	44.00	2012-07-21	C/P	=>	SDRL	43.85	2012-07-21	C/P
SDRL	45.00	2012-07-21	C/P	=>	SDRL	44.85	2012-07-21	C/P
SDRL	46.00	2012-07-21	C/P	=>	SDRL	45.85	2012-07-21	C/P
SDRL	47.00	2012-07-21	C/P	=>	SDRL	46.85	2012-07-21	C/P
SDRL	48.00	2012-07-21	C/P	=>	SDRL	47.85	2012-07-21	C/P
SDRL	49.00	2012-07-21	C/P	=>	SDRL	48.85	2012-07-21	C/P
SDRL	50.00	2012-07-21	C/P	=>	SDRL	49.85	2012-07-21	C/P
SDRL	55.00	2012-07-21	C/P	=>	SDRL	54.85	2012-07-21	C/P

EXISTING SERIES

ADJUSTED SERIES*

SDRL	19.00	2012-10-20	C/P	=>	SDRL	18.85	2012-10-20	C/P
SDRL	20.00	2012-10-20	C/P	=>	SDRL	19.85	2012-10-20	C/P
SDRL	21.00	2012-10-20	C/P	=>	SDRL	20.85	2012-10-20	C/P
SDRL	22.00	2012-10-20	C/P	=>	SDRL	21.85	2012-10-20	C/P
SDRL	23.00	2012-10-20	C/P	=>	SDRL	22.85	2012-10-20	C/P
SDRL	24.00	2012-10-20	C/P	=>	SDRL	23.85	2012-10-20	C/P
SDRL	25.00	2012-10-20	C/P	=>	SDRL	24.85	2012-10-20	C/P
SDRL	26.00	2012-10-20	C/P	=>	SDRL	25.85	2012-10-20	C/P
SDRL	27.00	2012-10-20	C/P	=>	SDRL	26.85	2012-10-20	C/P
SDRL	28.00	2012-10-20	C/P	=>	SDRL	27.85	2012-10-20	C/P
SDRL	29.00	2012-10-20	C/P	=>	SDRL	28.85	2012-10-20	C/P
SDRL	30.00	2012-10-20	C/P	=>	SDRL	29.85	2012-10-20	C/P
SDRL	31.00	2012-10-20	C/P	=>	SDRL	30.85	2012-10-20	C/P
SDRL	32.00	2012-10-20	C/P	=>	SDRL	31.85	2012-10-20	C/P
SDRL	33.00	2012-10-20	C/P	=>	SDRL	32.85	2012-10-20	C/P
SDRL	34.00	2012-10-20	C/P	=>	SDRL	33.85	2012-10-20	C/P
SDRL	35.00	2012-10-20	C/P	=>	SDRL	34.85	2012-10-20	C/P
SDRL	36.00	2012-10-20	C/P	=>	SDRL	35.85	2012-10-20	C/P
SDRL	37.00	2012-10-20	C/P	=>	SDRL	36.85	2012-10-20	C/P
SDRL	38.00	2012-10-20	C/P	=>	SDRL	37.85	2012-10-20	C/P
SDRL	39.00	2012-10-20	C/P	=>	SDRL	38.85	2012-10-20	C/P
SDRL	40.00	2012-10-20	C/P	=>	SDRL	39.85	2012-10-20	C/P
SDRL	41.00	2012-10-20	C/P	=>	SDRL	40.85	2012-10-20	C/P
SDRL	42.00	2012-10-20	C/P	=>	SDRL	41.85	2012-10-20	C/P
SDRL	43.00	2012-10-20	C/P	=>	SDRL	42.85	2012-10-20	C/P
SDRL	44.00	2012-10-20	C/P	=>	SDRL	43.85	2012-10-20	C/P
SDRL	45.00	2012-10-20	C/P	=>	SDRL	44.85	2012-10-20	C/P
SDRL	46.00	2012-10-20	C/P	=>	SDRL	45.85	2012-10-20	C/P
SDRL	47.00	2012-10-20	C/P	=>	SDRL	46.85	2012-10-20	C/P
SDRL	48.00	2012-10-20	C/P	=>	SDRL	47.85	2012-10-20	C/P
SDRL	49.00	2012-10-20	C/P	=>	SDRL	48.85	2012-10-20	C/P
SDRL	50.00	2012-10-20	C/P	=>	SDRL	49.85	2012-10-20	C/P
SDRL	55.00	2012-10-20	C/P	=>	SDRL	54.85	2012-10-20	C/P
SDRL	60.00	2012-10-20	C/P	=>	SDRL	59.85	2012-10-20	C/P
SDRL	15.00	2013-01-19	C/P	=>	SDRL	14.85	2013-01-19	C/P
SDRL	17.50	2013-01-19	C/P	=>	SDRL	17.35	2013-01-19	C/P
SDRL	19.00	2013-01-19	C/P	=>	SDRL	18.85	2013-01-19	C/P
SDRL	20.00	2013-01-19	C/P	=>	SDRL	19.85	2013-01-19	C/P
SDRL	21.00	2013-01-19	C/P	=>	SDRL	20.85	2013-01-19	C/P
SDRL	22.50	2013-01-19	C/P	=>	SDRL	22.35	2013-01-19	C/P
SDRL	24.80	2013-01-19	C/P	=>	SDRL	24.65	2013-01-19	C/P
SDRL	26.00	2013-01-19	C/P	=>	SDRL	25.85	2013-01-19	C/P
SDRL	27.00	2013-01-19	C/P	=>	SDRL	26.85	2013-01-19	C/P
SDRL	28.00	2013-01-19	C/P	=>	SDRL	27.85	2013-01-19	C/P

EXISTING SERIES					ADJUSTED SERIES*			
SDRL	29.80	2013-01-19	C/P	=>	SDRL	29.65	2013-01-19	C/P
SDRL	31.00	2013-01-19	C/P	=>	SDRL	30.85	2013-01-19	C/P
SDRL	32.00	2013-01-19	C/P	=>	SDRL	31.85	2013-01-19	C/P
SDRL	33.00	2013-01-19	C/P	=>	SDRL	32.85	2013-01-19	C/P
SDRL	34.80	2013-01-19	C/P	=>	SDRL	34.65	2013-01-19	C/P
SDRL	36.00	2013-01-19	C/P	=>	SDRL	35.85	2013-01-19	C/P
SDRL	37.00	2013-01-19	C/P	=>	SDRL	36.85	2013-01-19	C/P
SDRL	38.00	2013-01-19	C/P	=>	SDRL	37.85	2013-01-19	C/P
SDRL	39.80	2013-01-19	C/P	=>	SDRL	39.65	2013-01-19	C/P
SDRL	41.00	2013-01-19	C/P	=>	SDRL	40.85	2013-01-19	C/P
SDRL	42.00	2013-01-19	C/P	=>	SDRL	41.85	2013-01-19	C/P
SDRL	43.00	2013-01-19	C/P	=>	SDRL	42.85	2013-01-19	C/P
SDRL	44.80	2013-01-19	C/P	=>	SDRL	44.65	2013-01-19	C/P
SDRL	46.00	2013-01-19	C/P	=>	SDRL	45.85	2013-01-19	C/P
SDRL	47.00	2013-01-19	C/P	=>	SDRL	46.85	2013-01-19	C/P
SDRL	48.00	2013-01-19	C/P	=>	SDRL	47.85	2013-01-19	C/P
SDRL	49.80	2013-01-19	C/P	=>	SDRL	49.65	2013-01-19	C/P
SDRL	55.00	2013-01-19	C/P	=>	SDRL	54.85	2013-01-19	C/P
SDRL	60.00	2013-01-19	C/P	=>	SDRL	59.85	2013-01-19	C/P

2014 LEAPS

SDRL	17.50	2014-01-18	C/P	=>	SDRL	17.35	2014-01-18	C/P
SDRL	20.00	2014-01-18	C/P	=>	SDRL	19.85	2014-01-18	C/P
SDRL	23.00	2014-01-18	C/P	=>	SDRL	22.85	2014-01-18	C/P
SDRL	25.00	2014-01-18	C/P	=>	SDRL	24.85	2014-01-18	C/P
SDRL	30.00	2014-01-18	C/P	=>	SDRL	29.85	2014-01-18	C/P
SDRL	35.00	2014-01-18	C/P	=>	SDRL	34.85	2014-01-18	C/P
SDRL	40.00	2014-01-18	C/P	=>	SDRL	39.85	2014-01-18	C/P
SDRL	45.00	2014-01-18	C/P	=>	SDRL	44.85	2014-01-18	C/P
SDRL	50.00	2014-01-18	C/P	=>	SDRL	49.85	2014-01-18	C/P
SDRL	55.00	2014-01-18	C/P	=>	SDRL	54.85	2014-01-18	C/P

*** Any additional SDRL series that are added prior to the ex-date will also be adjusted in the manner described above.**

GTC Order Conversion

On Monday, May 21, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the SDRL order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustment. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new

orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this cash distribution will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>