

January 5, 2009

## Oil Services, Drilling & Equipment

### Improving Oil Fundamentals and “Over Sold” Equities

**Increase in US oil demand, coupled with a decline in westbound sailings out of the Middle East, provides a favorable backdrop for an “over sold” OSX as we enter 2009.** Over the past few weeks, we have seen a seasonal rebound in US oil demand from 18.5 mbpd to 20.0 mbpd while global supply continues to struggle. Not only is OPEC implementing cuts, but non-OPEC declines are becoming increasingly evident. Daily crude production in Mexico in 2008 through November was down ~9% from 2007 and ~14% from 2006. Russian oil production fell 1% last year, while output at China's largest oilfield Daqing declined 3.6%. Furthermore, last week's tanker data has shown a substantial drop in westbound sailings (page 22), suggesting an Atlantic Basin inventory draw underway. Despite a recent pop in the OSX, oil service and drilling stocks continue to trade on very cheap P/S and P/B valuations (page 13) coupled with historic low earnings multiples.

**The OSX corrected 60% in 2008, compared to a 50% run in 2007, with seismic, E&C, and the leveraged names underperforming (page 3).** The E&C group should face downstream cost cutting initiatives by NOCs, while exploration oriented names are likely to come under broad based pressure (although this could reverse later in 2009). Names with above average debt levels underperformed irrespective of debt structure given the bearish sentiment, causing RIG, WFT and ATW to underperform despite substantial backlogs with reliable customers. The “winners” in 2008 were the gas-levered names, which underperformed in the prior two years. However, while outperforming in 2008, they dropped the most from mid-year highs. Although we expect a very broad based rally, RIG, WFT, NOV, HERO and Subsea 7 appear well positioned as potential relative winners for 2009, given very low valuations and the benefits of leverage in a more constructive tape.

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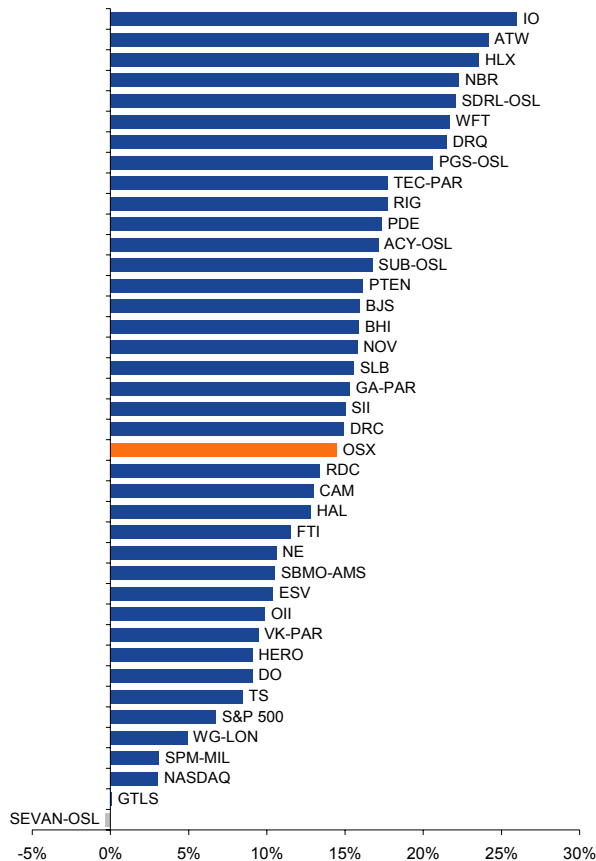
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## Investment Perspective

Exhibit 1

### Weekly Stock Performance



Source: FactSet; Morgan Stanley Research. Note: Graph is for total return for period.

### Rig Count up in 2008, but set to Decline during 2009

Last year, the NAM and int'l rig counts increased ~7%, buoyed by surging commodity prices through mid-year. But over the past few months the NAM rig count has taken a 25% drop from 2460 to ~1850, exacerbated by a ~50% drop in Canada, despite 1Q usually being the strongest quarter for Canada. Going forward, we are forecasting a 20% y/y decline in NAM rig count, similar to the previous two down cycles, and no improvement in 2010. We are forecasting a more modest decline in int'l land rig count of 5%, similar to 2002. While we see a decline in the int'l land rig count, we expect total int'l rig count to increase in 2009 and 2010, as we see the incoming fleet of newbuild jackups and floaters (page 9), many of which have multi-year contracts, offsetting the decline in int'l land.

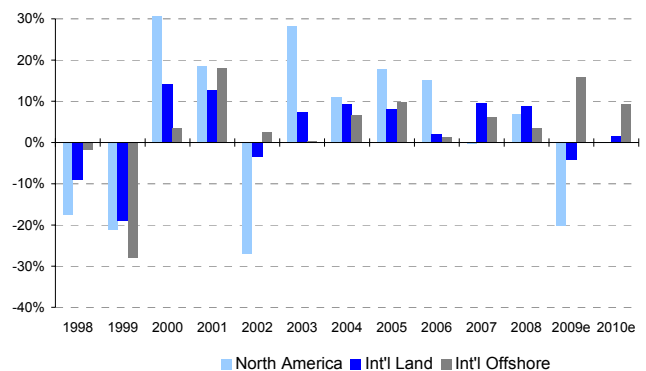
- **ION gets a breather from its lenders and implements a shareholder rights plan.** As we anticipated in Nov, ION was unable to place a \$175m unsecured note in the public markets. Instead, ION used all of its available cash to pay down \$72m in revolver and negotiated with its current lenders a refinancing plan at 25% interest rate. We believe this plan leaves ION with no short term financial cushion for what appears to be a difficult 2009. Simultaneously, ION amended its shareholder rights plan to deter a predatory takeover.
- **Oilexco said on 12/31/08 that its North Sea operating unit intends to file for bankruptcy protection, which may affect DO and to a lesser degree RIG.** Both companies have one semi contracted with Oilexco, but we expect DO to be more impacted, as it has fewer rigs and greater exposure to small E&Ps. Based on this filing, we have assumed that the two rigs will be released this quarter and re-contracted around \$250 kpd. Therefore, we've lowered RIG's 2010e EPS from \$14.15 to \$14.10 and DO's 2009e EPS from \$9.85 to \$9.75 and 2010e EPS from \$10.70 to \$10.50.

Morgan Stanley & Co. Limited is acting as strategic and financial advisor to Oilexco Incorporated, as announced on 20th November 2008. In accordance with its general policy, Morgan Stanley currently expresses no rating or price target on Oilexco Incorporated. This report was prepared solely upon information generally available to the public. No representation is made that it is accurate and complete. This report is not a recommendation or an offer to buy or sell the securities mentioned. Please refer to the notes at the end of this report.

- **No new rig orders in 4Q08 for two major shipyards: Keppel and Sembcorp.** We expect orders for both jackups and floaters to drop significantly in 2009 due to difficulty securing financing for spec-builds, as well as more attractive opportunities in acquiring rigs from distressed drillers. This is supported by two data points this week: Global Geo Services' decision to put on hold its newbuild tender project, as well as NIOC's (Iranian NOC) decision to purchase 20 offshore units.

Exhibit 2

### Y/Y change in Rig Count: Historical and MS Forecast



Source: Baker Hughes, Morgan Stanley Research; note: 2008 int'l land rig count includes average rig count through November 2008.

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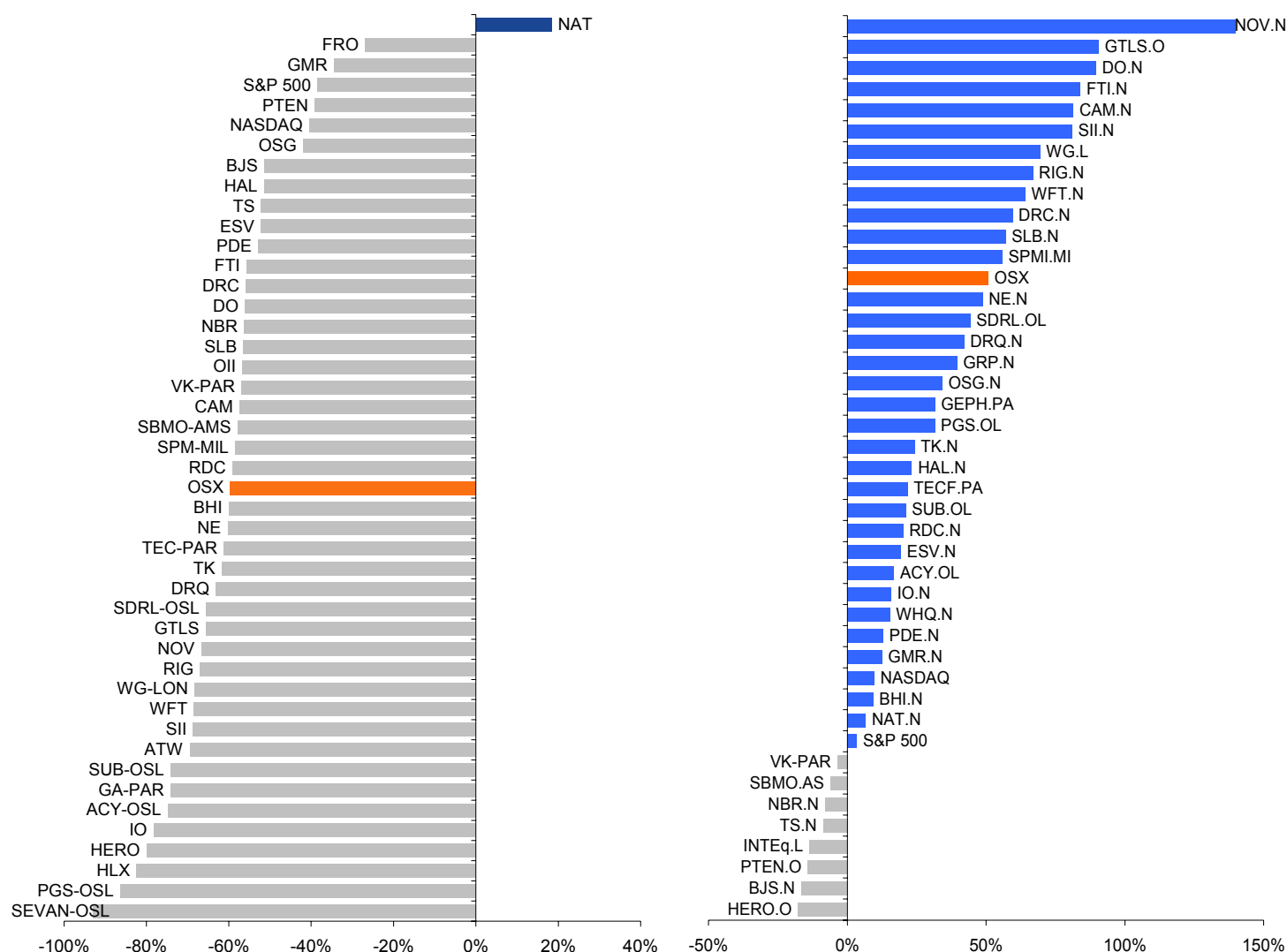
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## Review of 2008: US Gas Names Finally Outperformed following two years of Disappointment, while Seismic, E&C, and companies with significant debt levels Underperformed

Exhibit 3

Stock Performance in 2008....

....and Stock Performance in 2007



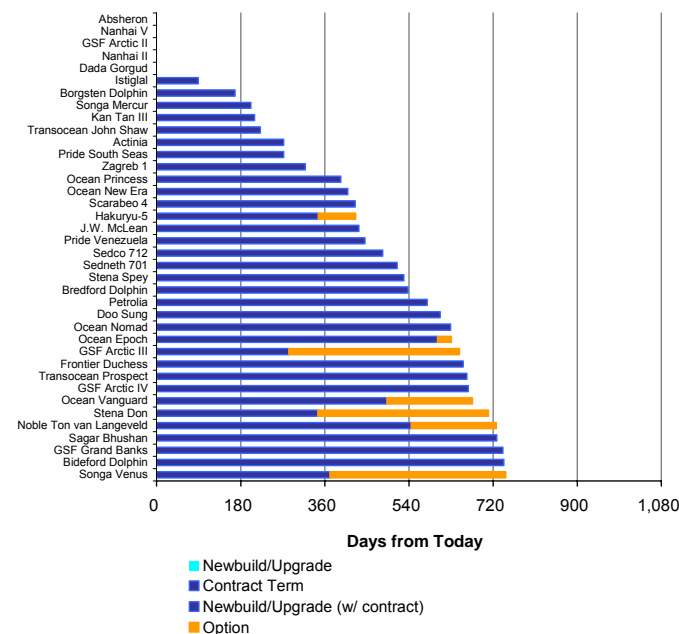
Source: FactSet, Morgan Stanley Research

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Exhibit 4

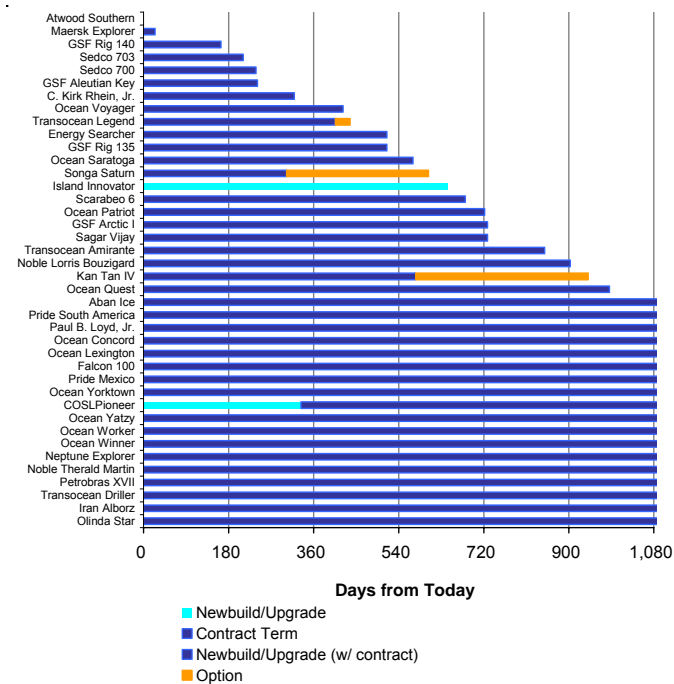
## Floater Contract Status: Less than 2,000 Feet



Source: ODS-Petrodata, Company data, Morgan Stanley Research

Exhibit 5

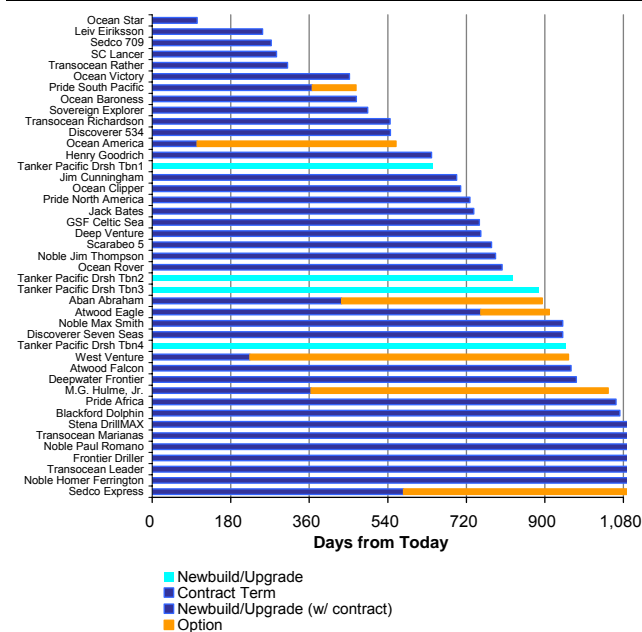
## Floater Contract Status: 2,000-4,000 Feet



Source: Company data, ODS-Petrodata, Morgan Stanley Research

Exhibit 6

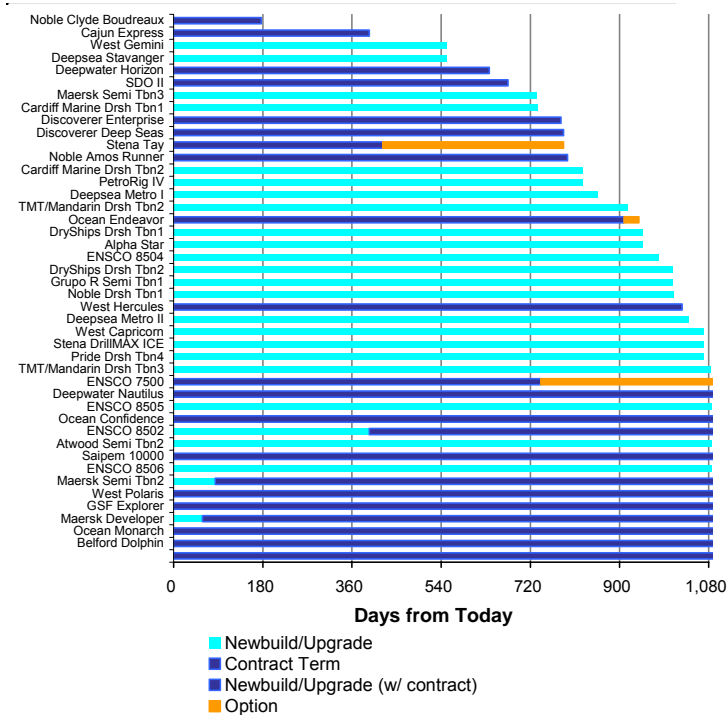
## Floater Contract Status: 4,001-7,500 Feet



Source: Company data, ODS-Petrodata, Morgan Stanley Research

Exhibit 7

## Floater Contract Status: 7,500+ Feet



Source: Company data, ODS-Petrodata, Morgan Stanley Research

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Exhibit 8

## Worldwide Offshore Drilling Snapshot

|  | Supply         | Demand       | Util (%)     | Previous Week | Weekly Change | Current Dayrate Range (\$000) | Last Month Dayrate Range | Monthly Change |
|--|----------------|--------------|--------------|---------------|---------------|-------------------------------|--------------------------|----------------|
| <b>Jackups</b>                             |                |              |              |               |               |                               |                          |                |
| <b>U.S. Gulf of Mexico</b>                 |                |              |              |               |               |                               |                          |                |
| 450'+ IC                                   | 3              | 3            | 100%         | 100%          | --            | \$175.0 -- \$200.0            | \$175.0 -- \$200.0       | --             |
| 328' - 400' IC                             | 9              | 8            | 89%          | 89%           | --            | \$130.0 -- \$220.0            | \$130.0 -- \$220.0       | --             |
| 350' - 380' IS                             | 2              | 2            | 100%         | 100%          | --            | \$115.0 -- \$120.0            | \$115.0 -- \$120.0       | --             |
| 300' IC                                    | 6              | 6            | 100%         | 100%          | --            | \$140.0 -- \$160.0            | \$140.0 -- \$160.0       | --             |
| 250' IC                                    | 7              | 7            | 100%         | 100%          | --            | \$105.0 -- \$110.0            | \$105.0 -- \$125.0       | ▼              |
| 250' MS                                    | 12             | 10           | 83%          | 83%           | --            | \$65.0 -- \$75.0              | \$75.0 -- \$80.0         | ▼              |
| To 225' IC                                 | 3              | 2            | 67%          | 67%           | --            | \$70.0 -- \$80.0              | \$70.0 -- \$80.0         | --             |
| To 200' MC                                 | 23             | 14           | 61%          | 61%           | --            | \$52.0 -- \$65.0              | \$60.0 -- \$85.0         | ▼              |
| Other                                      | 5              | 4            | 80%          | 80%           | --            |                               |                          |                |
| Total U.S. Gulf of Mexico                  | 70             | 56           | 80%          | 80%           | --            | \$88.2 -- \$110.9             | \$90.2 -- \$115.8        | ▼              |
| (Weighted Average Gulf of Mexico Dayrates) |                |              |              |               |               |                               |                          |                |
| <b>International</b>                       |                |              |              |               |               |                               |                          |                |
| Far East                                   | 25             | 25           | 100%         | 100%          | --            | \$185.0 -- \$195.0            | \$185.0 -- \$195.0       | --             |
| Southeast Asia                             | 52             | 36           | 69%          | 71%           | ▼             | \$175.0 -- \$190.0            | \$175.0 -- \$190.0       | --             |
| Indian Ocean                               | 34             | 33           | 97%          | 97%           | --            | \$111.0 -- \$197.0            | \$111.0 -- \$197.0       | --             |
| Middle East                                | 103            | 87           | 84%          | 84%           | ▲             | \$92.0 -- \$199.5             | \$92.0 -- \$199.5        | --             |
| Mediterranean                              | 20             | 16           | 80%          | 80%           | --            | \$120.0 -- \$244.0            | \$120.0 -- \$244.0       | --             |
| Mexico                                     | 33             | 29           | 88%          | 88%           | --            | \$84.0 -- \$150.0             | \$84.0 -- \$150.0        | --             |
| North Sea                                  | 35             | 31           | 89%          | 89%           | --            | \$207.5 -- \$279.0            | \$207.5 -- \$279.0       | --             |
| Latin America                              | 17             | 14           | 82%          | 82%           | --            | \$84.0 -- \$201.0             | \$84.0 -- \$201.0        | --             |
| West Africa                                | 25             | 21           | 84%          | 84%           | --            | \$170.0 -- \$244.0            | \$170.0 -- \$244.0       | --             |
| Other International                        | 14             | 9            | 64%          | 64%           | --            |                               |                          |                |
| Total International                        | 358            | 301          | 84%          | 84%           | --            |                               |                          |                |
| <b>Worldwide Total</b>                     | <b>428</b>     | <b>357</b>   | <b>83%</b>   | <b>81%</b>    | <b>▲</b>      |                               |                          |                |
| <b>Semisubmersibles</b>                    |                |              |              |               |               |                               |                          |                |
| <b>U.S. Gulf of Mexico</b>                 |                |              |              |               |               |                               |                          |                |
| 7,501'+                                    | 11             | 11           | 100%         | 100%          | --            | \$510.0 -- \$535.2            | \$510.0 -- \$535.2       | --             |
| 5,001' - 7,500'                            | 9              | 9            | 100%         | 100%          | --            | \$540.0 -- \$605.0            | \$540.0 -- \$605.0       | --             |
| 3,001 - 5,000'                             | 5              | 5            | 100%         | 100%          | --            | \$335.0 -- \$335.0            | \$335.0 -- \$335.0       | --             |
| To 3,000'                                  | 3              | 2            | 67%          | 67%           | --            | \$285.0 -- \$285.0            | \$285.0 -- \$285.0       | --             |
| Total U.S. Gulf of Mexico                  | 28             | 27           | 96%          | 96%           | --            | \$454.1 -- \$484.9            | \$455.2 -- \$487.4       | ▼              |
| (Weighted Average Gulf of Mexico Dayrates) |                |              |              |               |               |                               |                          |                |
| <b>International</b>                       |                |              |              |               |               |                               |                          |                |
| Far East                                   | 8              | 4            | 50%          | 50%           | --            | \$410.0 -- \$540.0            | \$410.0 -- \$540.0       | --             |
| Southeast Asia                             | 10             | 6            | 60%          | 67%           | ▼             | \$285.0 -- \$530.0            | \$285.0 -- \$530.0       | --             |
| Mediterranean                              | 7              | 6            | 86%          | 86%           | --            | \$240.0 -- \$575.0            | \$240.0 -- \$575.0       | --             |
| Mexico                                     | 5              | 5            | 100%         | 100%          | --            | \$190.0 -- \$520.0            | \$190.0 -- \$520.0       | --             |
| North Sea                                  | 40             | 34           | 85%          | 85%           | --            | \$380.0 -- \$405.0            | \$380.0 -- \$405.0       | --             |
| Latin America                              | 33             | 29           | 88%          | 85%           | ▲             | \$270.0 -- \$580.0            | \$270.0 -- \$580.0       | --             |
| West Africa                                | 24             | 21           | 88%          | 88%           | --            | \$255.0 -- \$495.0            | \$255.0 -- \$495.0       | --             |
| Other International                        | 16             | 12           | 75%          | 56%           | ▲             |                               |                          |                |
| Total International                        | 148            | 121          | 82%          | 80%           | ▲             |                               |                          |                |
| <b>Worldwide Total</b>                     | <b>176</b>     | <b>148</b>   | <b>81%</b>   | <b>81%</b>    | <b>--</b>     |                               |                          |                |
| <b>Drillships</b>                          |                |              |              |               |               |                               |                          |                |
| Indian Ocean                               | 7              | 6            | 86%          | 86%           | --            | \$157.0 -- \$557.0            | \$157.0 -- \$557.0       | --             |
| Latin America                              | 10             | 9            | 90%          | 90%           | --            | \$290.0 -- \$525.0            | \$290.0 -- \$525.0       | --             |
| Southeast Asia                             | 4              | 0            | 0%           | 0%            | --            | \$410.0 -- \$510.0            | \$410.0 -- \$510.0       | --             |
| US Gulf of Mexico                          | 6              | 6            | 100%         | 100%          | --            | \$640.0 -- \$650.0            | \$640.0 -- \$650.0       | --             |
| West Africa                                | 10             | 9            | 90%          | 90%           | --            | \$602.0 -- \$602.0            | \$602.0 -- \$602.0       | --             |
| Other International                        | 0              | 0            | na           | 0%            | ▲             |                               |                          |                |
| <b>Worldwide Total</b>                     | <b>42</b>      | <b>33</b>    | <b>79%</b>   | <b>79%</b>    | <b>--</b>     |                               |                          |                |
|  | <u>Jackups</u> | <u>Semis</u> | <u>Ships</u> | <u>Total</u>  |               |                               |                          |                |
| Shipyard                                   | 30             | 12           | 3            | 45            |               |                               |                          |                |
| Cold Stacked                               | 16             | 2            | 0            | 18            |               |                               |                          |                |

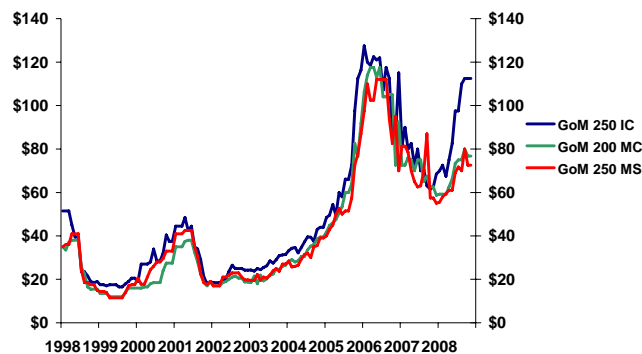
Source: ODS-Petrodata, Morgan Stanley Research

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Exhibit 9

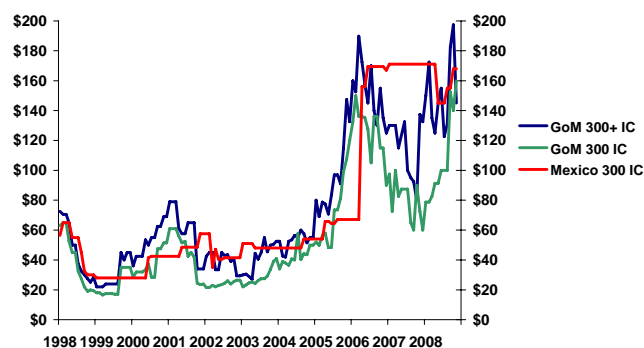
## Average Dayrates for GoM Commodity Jackups



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 11

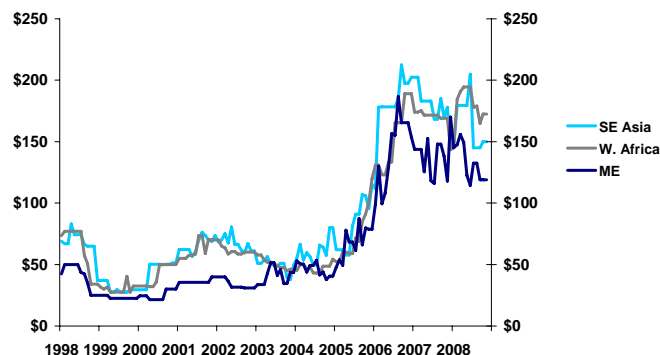
## Average Dayrates for GoM High Spec Jackups



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 10

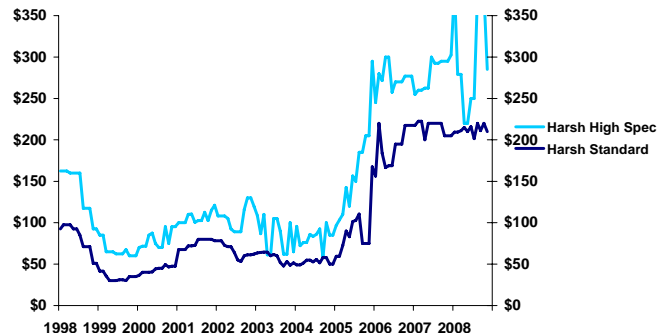
## Average Dayrates for International Jackups



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 12

## Average Dayrates for North Sea Jackups



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 13

## Morgan Stanley: Key Jackup Rollover Assumptions (\$kpd)

| GoM Jackups          | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 |
|----------------------|------|------|------|------|------|------|------|------|
| 250 MS               | 60   | 55   | 55   | 55   | 55   | 55   | 65   | 75   |
| 200 MC               | 63   | 58   | 58   | 58   | 58   | 58   | 68   | 78   |
| 250 IC               | 65   | 60   | 60   | 60   | 60   | 60   | 70   | 80   |
| 300 IC               | 95   | 90   | 90   | 90   | 90   | 90   | 100  | 110  |
| 350 IC               | 110  | 105  | 105  | 105  | 105  | 105  | 115  | 125  |
| International 300 IC | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 |
| Mexico               | 120  | 105  | 105  | 105  | 105  | 105  | 105  | 105  |
| N. Sea (standard)    | 170  | 150  | 120  | 120  | 120  | 120  | 120  | 120  |
| N. Sea (harsh)       | 190  | 170  | 140  | 140  | 140  | 140  | 140  | 140  |
| Middle East          | 145  | 125  | 110  | 110  | 110  | 110  | 110  | 110  |
| Rest of World        | 135  | 115  | 115  | 115  | 115  | 115  | 115  | 115  |

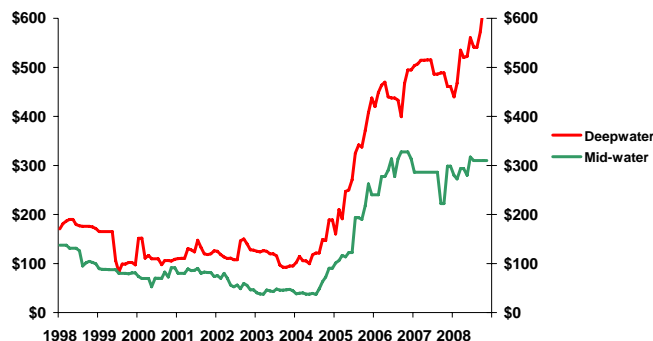
Source: ODS-Petrodata, Morgan Stanley Research estimates

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Exhibit 14

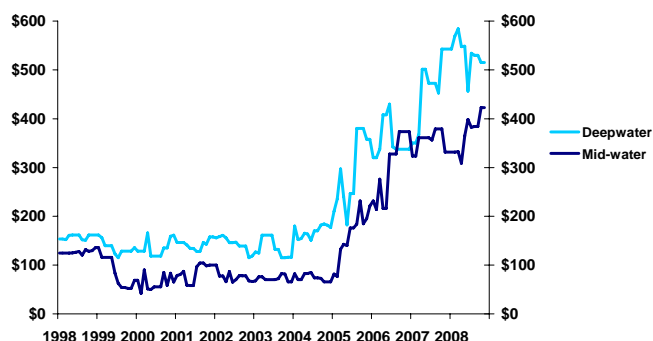
## Average Dayrates for Floaters in the GoM



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 15

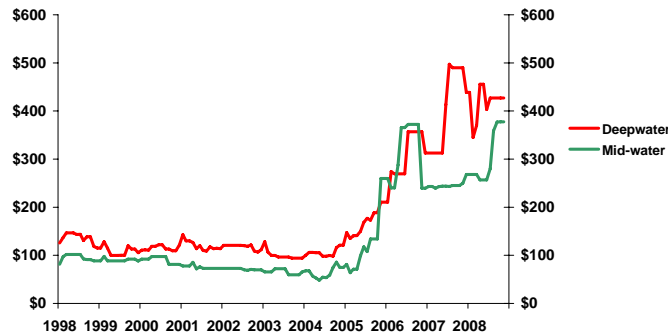
## Average Dayrates for Floaters in West Africa



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 16

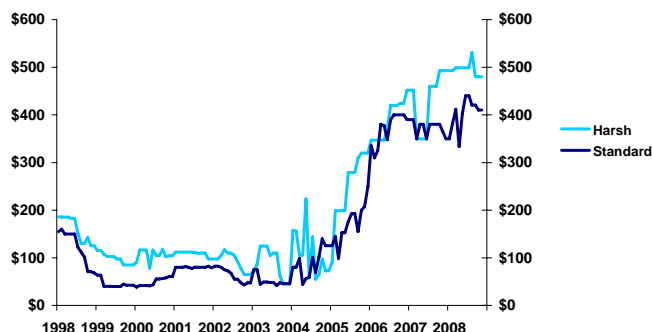
## Average Dayrates for Floaters in Brazil



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 17

## Average Dayrates for Floaters in the North Sea



Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 18

## Morgan Stanley: Key Floater Rollover Assumptions (\$kpd)

| Floater     | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 |
|-------------|------|------|------|------|------|------|------|------|
| <2,000 ft   | 252  | 227  | 205  | 185  | 185  | 185  | 185  | 185  |
| 2,000-4,000 | 312  | 286  | 265  | 245  | 240  | 240  | 240  | 240  |
| 4,001-7,500 | 464  | 436  | 405  | 384  | 384  | 386  | 388  | 390  |
| 7,500+      | 576  | 550  | 530  | 512  | 512  | 514  | 516  | 518  |

| North Sea Floater | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 |
|-------------------|------|------|------|------|------|------|------|------|
| Standard          | 330  | 305  | 280  | 255  | 255  | 255  | 255  | 255  |
| Harsh             | 400  | 385  | 370  | 370  | 370  | 370  | 370  | 370  |

Source: ODS-Petrodata, Morgan Stanley Research estimates

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Exhibit 19

## Morgan Stanley Estimates of Average Achieved Dayrates by Asset Class and Contractor

| AVERAGE RATES BY ASSET CLASS (\$000/day) |          |      |      |      |       |       |       |
|--|----------|------|------|------|-------|-------|-------|
| RIG                                      | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 250 IC                                   | 14       | 48   | 83   | 123  | 135   | 126   | 105   |
| 300 IC                                   | 31       | 65   | 109  | 128  | 161   | 155   | 133   |
| 350 IC                                   | 11       | 69   | 103  | 153  | 175   | 171   | 145   |
| 400 IC                                   | 7        | 86   | 114  | 170  | 189   | 190   | 155   |
| <b>Floaters</b>                          |          |      |      |      |       |       |       |
| 2G                                       | 5        | 84   | 139  | 241  | 326   | 364   | 295   |
| 3G/4G                                    | 41       | 110  | 170  | 265  | 319   | 338   | 344   |
| 5G/6G                                    | 30       | 185  | 226  | 291  | 395   | 451   | 489   |
| DO                                       | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 250 MS                                   | 1        | 43   | 88   | 68   | 61    | 59    | 63    |
| 200 MC                                   | 2        | 46   | 99   | 84   | 65    | 63    | 68    |
| 250 IC                                   | 1        | 48   | 103  | 115  | 125   | 88    | 85    |
| 300 IC                                   | 7        | 60   | 116  | 118  | 123   | 114   | 104   |
| 350 IC                                   | 4        | 60   | 110  | 114  | 138   | 163   | 119   |
| <b>Floaters</b>                          |          |      |      |      |       |       |       |
| 2G                                       | 12       | 73   | 138  | 195  | 286   | 304   | 278   |
| 3G/4G                                    | 13       | 103  | 158  | 248  | 331   | 349   | 376   |
| 5G/6G                                    | 6        | 146  | 211  | 281  | 308   | 370   | 378   |
| NE                                       | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 250 IC                                   | 11       | 54   | 85   | 143  | 166   | 151   | 100   |
| 300 IC                                   | 21       | 53   | 70   | 103  | 138   | 126   | 115   |
| 350 IC                                   | 1        | 75   | 108  | 125  | 164   | 190   | 130   |
| 400 IC                                   | 7        | 65   | 89   | 124  | 156   | 139   | 158   |
| <b>Floaters</b>                          |          |      |      |      |       |       |       |
| 3G/4G                                    | 8        | 120  | 185  | 264  | 335   | 394   | 416   |
| 5G/6G                                    | 9        | 111  | 125  | 161  | 223   | 310   | 371   |
| ESV                                      | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 250 IC                                   | 18       | 60   | 101  | 114  | 118   | 110   | 90    |
| 300 IC                                   | 10       | 64   | 94   | 128  | 150   | 135   | 119   |
| 350 IC                                   | 4        | 80   | 125  | 109  | 156   | 134   | 128   |
| 400 IC                                   | 11       | 85   | 129  | 190  | 205   | 190   | 155   |
| <b>Floaters</b>                          |          |      |      |      |       |       |       |
| 5G/6G                                    | 8        | 161  | 188  | 195  | 395   | 430   | 423   |
| PDE                                      | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 250 MS                                   | 6        | 41   | 88   | 81   | 79    | 73    | 69    |
| 200 MC                                   | 12       | 43   | 85   | 94   | 84    | 69    | 71    |
| 250 IC                                   | 2        | 50   | 50   | 45   | 68    | 90    | 98    |
| 300 IC                                   | 6        | 53   | 63   | 118  | 140   | 114   | 106   |
| <b>Floaters</b>                          |          |      |      |      |       |       |       |
| 2G                                       | 4        | 68   | 83   | 165  | 223   | 246   | 225   |
| 3G/4G                                    | 8        | 121  | 154  | 205  | 274   | 305   | 278   |
| 5G/6G                                    | 6        | 165  | 174  | 196  | 265   | 330   | 378   |
| ATW                                      | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 300 IC                                   | 1        | 65   | 88   | 140  | 155   | 135   | 115   |
| 350 IC                                   | 1        | na   | na   | na   | na    | 165   | 165   |
| 400 IC                                   | 1        | 68   | 75   | 135  | 135   | 131   | 130   |
| <b>Floaters</b>                          |          |      |      |      |       |       |       |
| 2G                                       | 1        | 46   | 88   | 179  | 320   | 150   | 160   |
| 3G/4G                                    | 3        | 85   | 139  | 193  | 269   | 395   | 464   |
| HERO                                     | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 250 MS                                   | 9        | 79   | 79   | 79   | 79    | 76    | 76    |
| 200 MC                                   | 10       | 43   | 89   | 80   | 75    | 69    | 71    |
| 250 IC                                   | 3        | na   | na   | na   | 143   | 135   | 135   |
| 250 IC                                   | 1        | na   | na   | na   | 108   | 106   | 113   |
| Barges                                   | 27       | na   | 39   | 45   | 39    | 38    | 39    |
| GoM Liftboats                            | 45       | na   | na   | 12   | 9     | 8     | 10    |
| Int'l Liftboats                          | 20       | na   | na   | 13   | 17    | 17    | 19    |
| RDC                                      | Quantity | 2005 | 2006 | 2007 | 2008e | 2009e | 2010e |
| <b>Jackups</b>                           |          |      |      |      |       |       |       |
| 300 IC                                   | 7        | 70   | 136  | 144  | 145   | 144   | 148   |
| 350 IC                                   | 11       | 79   | 128  | 135  | 134   | 116   | 115   |
| 400 IC                                   | 11       | 106  | 170  | 219  | 223   | 233   | 200   |

| DAYS CONTRACTED |          |            |        |                 |        |                 |      |
|-----------------|----------|------------|--------|-----------------|--------|-----------------|------|
| JACKUPS         |          |            |        |                 |        |                 |      |
| Contractor      | Quantity | Total Days |        | Contracted Days |        | Percent Covered |      |
|                 |          | 2009       | 2010   | 2009            | 2010   | 2009            | 2010 |
| RIG             | 64       | 23,360     | 23,360 | 18,231          | 7,780  | 78%             | 33%  |
| DO              | 14       | 5,110      | 5,110  | 2,097           | 279    | 41%             | 5%   |
| NE              | 42       | 15,330     | 15,330 | 12,288          | 4,606  | 80%             | 30%  |
| ESV             | 43       | 15,695     | 15,695 | 10,933          | 4,875  | 70%             | 31%  |
| PDE             | 23       | 8,395      | 8,395  | 2,832           | 597    | 34%             | 7%   |
| ATW             | 3        | 1,095      | 1,095  | 569             | 365    | 52%             | 33%  |
| RDC             | 22       | 8,030      | 8,030  | 6,197           | 3,093  | 77%             | 39%  |
| HERO            | 30       | 10,950     | 10,950 | 4,528           | 2,104  | 41%             | 19%  |
| FLOATERS        |          |            |        |                 |        |                 |      |
| Contractor      | Quantity | Total Days |        | Contracted Days |        | Percent Covered |      |
|                 |          | 2009       | 2010   | 2009            | 2010   | 2009            | 2010 |
| RIG             | 66       | 24,090     | 24,090 | 22,366          | 17,838 | 93%             | 74%  |
| DO              | 31       | 11,315     | 11,315 | 11,041          | 8,776  | 98%             | 78%  |
| NE              | 14       | 5,110      | 5,110  | 4,924           | 4,744  | 96%             | 93%  |
| ESV             | 2        | 365        | 365    | 365             | 365    | 100%            | 100% |
| PDE             | 14       | 5,110      | 5,110  | 5,019           | 4,202  | 98%             | 82%  |
| ATW             | 4        | 1,460      | 1,460  | 1,103           | 1,095  | 76%             | 75%  |
| RDC             | 0        | na         | na     | na              | na     | na              | na   |
| HERO            | 0        | na         | na     | na              | na     | na              | na   |

Source: Company data, Morgan Stanley Research. Note: "Average Rates" section includes contracted and estimated dayrates, and includes cold-stacked rigs in the "quantity"; "Days Contracted" section excludes cold-stacked rigs and rigs under construction

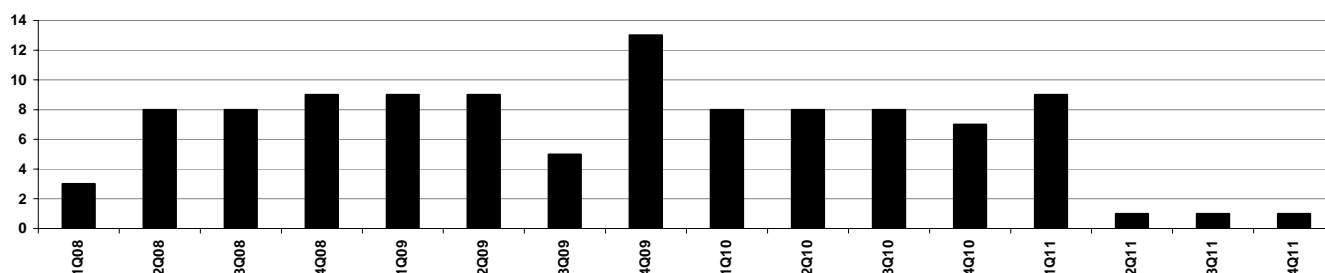


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Exhibit 20

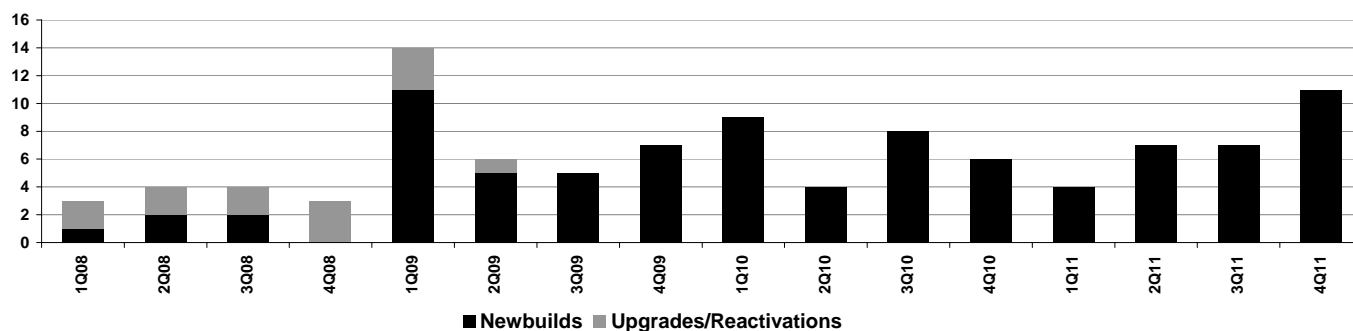
## Jackup Expected Deliveries (Full Delivery Table by Rig and Yard on Page 23)



Source: Company data, ODS-Petrodata, Morgan Stanley Research

Exhibit 21

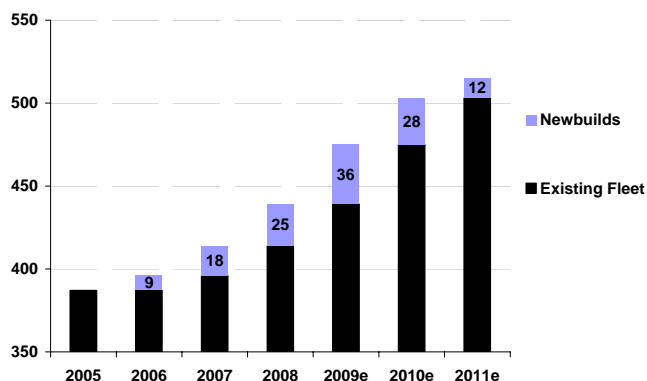
## Floater Expected Deliveries (Full Delivery Table by Rig and Yard on Page 24)



Source: Company data, ODS-Petrodata, Morgan Stanley Research

Exhibit 22

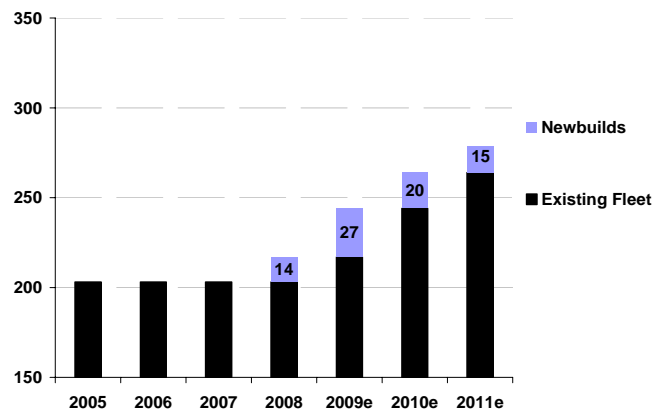
## Jackup Supply



Source: Company data, ODS-Petrodata, Morgan Stanley Research estimates

Exhibit 23

## Floater Supply



Source: Company data, ODS-Petrodata, Morgan Stanley Research estimates

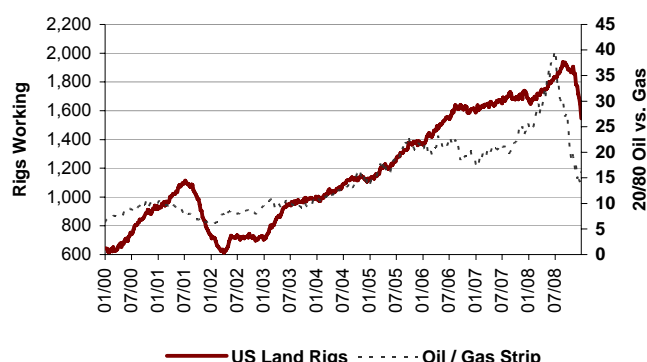
January 5, 2009

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# U.S. and International Rig Counts

Exhibit 24

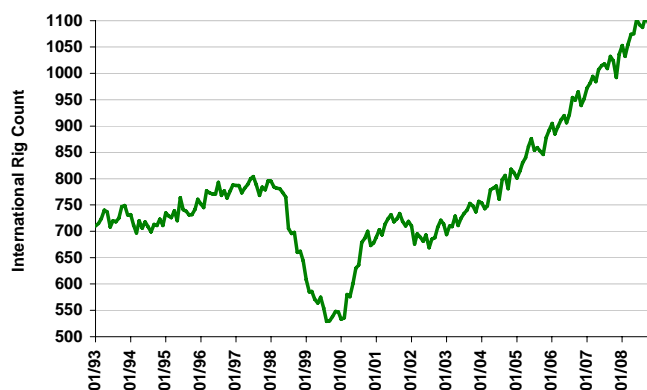
## Weekly US Land Rig Count vs. Oil / Gas Strip



Source: Baker Hughes, Bloomberg

Exhibit 25

## International Rig Count (Updated Dec 05, 2008)



Source: Baker Hughes (adjusted to exclude Iran and Sudan)

Exhibit 26

## Weekly North American Rig Counts

|                     | This Week | Last Week | Change | Last Year | Recent Peak |
|---------------------|-----------|-----------|--------|-----------|-------------|
| 01/02/09            |           |           |        |           |             |
| US Land             | 1,547     | 1,645     | (98)   | 1,682     | 1,938       |
| US Offshore         | 68        | 68        | 0      | 63        | 181         |
| US Inland           | 8         | 8         | 0      | 29        | 31          |
| US Total            | 1,623     | 1,721     | (98)   | 1,774     | 2,031       |
| Canada              | 230       | 279       | (49)   | 319       | 727         |
| Total North America | 1,853     | 2,000     | (147)  | 2,093     | 2,467       |
| Gulf of Mexico      | 63        | 64        | (1)    | 61        | 176         |
| US Gas              | 1,267     | 1,347     | (80)   | 1,450     | 1,606       |
| US Oil              | 346       | 364       | (18)   | 316       | 442         |

Source: Baker Hughes

Exhibit 27

## International Monthly Rig Count (Updated Dec 05, 2008)

| Land            | 11/08 | 10/08 | Change | Last Year | Recent Peak |
|-----------------|-------|-------|--------|-----------|-------------|
| Europe          | 55    | 53    | 2      | 34        | 58          |
| Middle East     | 244   | 253   | (9)    | 235       | 257         |
| Africa          | 45    | 48    | (3)    | 51        | 58          |
| Latin America   | 320   | 325   | (5)    | 271       | 325         |
| Asia / Pacific  | 135   | 133   | 2      | 129       | 142         |
| Total Land      | 799   | 812   | (13)   | 720       | 815         |
| Offshore        |       |       |        |           |             |
| Europe          | 52    | 48    | 4      | 37        | 71          |
| Middle East     | 36    | 35    | 1      | 30        | 43          |
| Africa          | 14    | 12    | 2      | 18        | 35          |
| Latin America   | 77    | 78    | (1)    | 69        | 89          |
| Asia / Pacific  | 118   | 111   | 7      | 118       | 132         |
| Total Offshore  | 297   | 284   | 13     | 272       | 321         |
| US Workover     | 1,496 | 1,480 | 16     | 1,539     | 1,657       |
| Canada Workover | 635   | 826   | (191)  | 488       | 826         |
| NA Workover     | 2,131 | 2,306 | (175)  | 2,027     | 2,407       |

Source: Baker Hughes. Note: updated the first week of every month. Data from Iran and Sudan discontinued on Jan 1, 2006.

Exhibit 28

## Morgan Stanley US and International Rig Count Forecast

|                | 1Q08A | 2Q08A | 3Q08A | 4Q08E | 1Q09E | 2Q09E | 3Q09E | 4Q09E | 2006A | 2007A | 2008E | 2009E | 2010E |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| United States  | 1,770 | 1,864 | 1,978 | 1,879 | 1,663 | 1,476 | 1,369 | 1,332 | 1,647 | 1,767 | 1,873 | 1,460 | 1,449 |
| Change % YoY   | 2%    | 6%    | 11%   | 5%    | -6%   | -21%  | -31%  | -29%  | 19%   | 7%    | 6%    | -22%  | -1%   |
| Canada         | 507   | 169   | 432   | 410   | 457   | 152   | 389   | 369   | 470   | 344   | 380   | 342   | 350   |
| Change % YoY   | -5%   | 21%   | 24%   | 15%   | -10%  | -10%  | -10%  | -10%  | 3%    | -27%  | 10%   | -10%  | 2%    |
| North America  | 2,278 | 2,033 | 2,410 | 2,290 | 2,120 | 1,628 | 1,758 | 1,701 | 2,117 | 2,110 | 2,253 | 1,802 | 1,799 |
| Change % YoY   | 1%    | 7%    | 13%   | 7%    | -7%   | -20%  | -27%  | -26%  | 15%   | 0%    | 7%    | -20%  | 0%    |
| Gulf of Mexico | 57    | 65    | 66    | 56    | 57    | 58    | 58    | 60    | 86    | 71    | 61    | 58    | 61    |
| Europe         | 91    | 97    | 101   | 101   | 100   | 100   | 100   | 100   | 77    | 78    | 97    | 100   | 104   |
| Middle East    | 272   | 278   | 287   | 293   | 284   | 274   | 265   | 257   | 238   | 265   | 282   | 270   | 269   |
| Africa         | 65    | 68    | 64    | 69    | 69    | 68    | 67    | 67    | 58    | 66    | 67    | 68    | 70    |
| Latin America  | 373   | 382   | 386   | 407   | 399   | 391   | 383   | 377   | 324   | 355   | 387   | 388   | 402   |
| Asia/Pacific   | 245   | 259   | 257   | 257   | 255   | 253   | 250   | 249   | 228   | 241   | 255   | 252   | 263   |
| Int'l Land     | 763   | 776   | 797   | 813   | 787   | 762   | 737   | 714   | 656   | 720   | 787   | 750   | 761   |
| Int'l Offshore | 284   | 308   | 299   | 315   | 320   | 326   | 328   | 336   | 269   | 286   | 301   | 328   | 347   |
| Total Int'l    | 1,046 | 1,084 | 1,096 | 1,128 | 1,107 | 1,087 | 1,066 | 1,050 | 925   | 1,005 | 1,088 | 1,078 | 1,108 |
| Change % YoY   | 7%    | 8%    | 7%    | 11%   | 6%    | 0%    | -3%   | -7%   | 2%    | 9%    | 8%    | -1%   | 3%    |

Source: Baker Hughes, Morgan Stanley Research estimates

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# Trading and Valuation Summary: Contract Drillers

Exhibit 29

## Offshore Drillers: Summary of Valuation based on EPS and NAV Projections

| Average Asset Values |      |       |       | Average Asset Values     |       |       |          | 2008e      |            |            |     |            |  |
|----------------------|------|-------|-------|--------------------------|-------|-------|----------|------------|------------|------------|-----|------------|--|
| Water Depth          | Type | Repl. | Mkt.  | Type                     | Repl. | Mkt.  | Company  | Last Price | RVA/ Share | NAV/ Share | RVA | Price/ NAV |  |
| 550'                 | IC   | \$280 | \$180 | 2G Semi                  | \$300 | \$200 | SDRL-OSL | Nkr 58     | Nkr 83     | Nkr 41     | 70% | 143%       |  |
| 450'                 | IC   | \$265 | \$160 | 3G Semi                  | \$350 | \$240 | RIG      | \$52       | \$98       | \$56       | 53% | 94%        |  |
| 400' HD/HE           | IC   | \$280 | \$170 | 4G Semi                  | \$450 | \$300 | DO       | \$63       | \$108      | \$70       | 58% | 90%        |  |
| 400'                 | IC   | \$250 | \$150 | 5G (7,500-ft)            | \$650 | \$450 | ESV      | \$30       | \$92       | \$38       | 33% | 80%        |  |
| 400'                 | IS   | \$205 | \$110 |                          |       |       | HERO     | \$5        | \$64       | \$7        | 8%  | 73%        |  |
| 375'                 | IC   | \$220 | \$135 | 5G (10,000-ft) DP        | \$700 | \$500 | NE       | \$24       | \$58       | \$35       | 41% | 69%        |  |
| 350' HD/HE           | IC   | \$240 | \$140 | 5G (10,000-ft) HE        | \$800 | \$600 | RDC      | \$17       | \$48       | \$25       | 36% | 68%        |  |
| 350'                 | IC   | \$200 | \$130 |                          |       |       | PDE      | \$18       | \$56       | \$34       | 31% | 52%        |  |
| 350'                 | IS   | \$180 | \$100 | Drillship (5,000-ft) DP  | \$650 | \$500 | ATW      | \$18       | \$63       | \$35       | 28% | 50%        |  |
| 328'                 | IC   | \$180 | \$90  | Drillship (10,000-ft) DP | \$800 | \$600 |          |            |            |            |     |            |  |
| 300'                 | IC   | \$170 | \$80  |                          |       |       |          |            |            |            |     |            |  |
| Tarzan               | IC   | \$145 | \$80  |                          |       |       |          |            |            |            |     |            |  |
| 250'                 | IC   | \$135 | \$68  |                          |       |       |          |            |            |            |     |            |  |
| 250'                 | MC   | \$110 | \$50  |                          |       |       |          |            |            |            |     |            |  |
| 250'                 | MS   | \$100 | \$30  |                          |       |       |          |            |            |            |     |            |  |
| 250'                 | IS   | \$95  | \$30  |                          |       |       |          |            |            |            |     |            |  |
| 200'                 | IC   | \$115 | \$55  |                          |       |       |          |            |            |            |     |            |  |
| 200'                 | MC   | \$115 | \$35  |                          |       |       |          |            |            |            |     |            |  |
| 200'                 | MS   | \$95  | \$28  |                          |       |       |          |            |            |            |     |            |  |
| 150'                 | IC   | \$95  | \$25  |                          |       |       |          |            |            |            |     |            |  |

North Sea Certification: \$10-20 MM

North Sea Certification: \$10-20 MM

Source: Company data, Morgan Stanley Research estimates

Exhibit 30

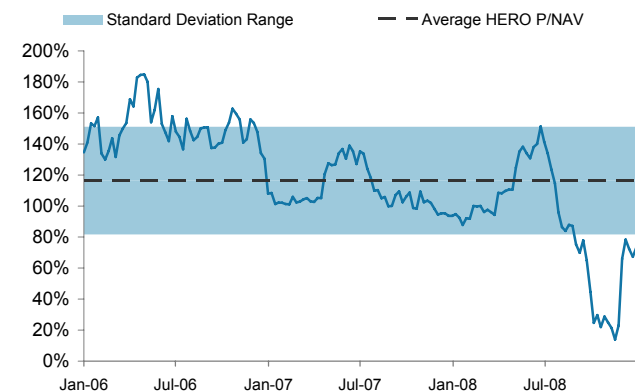
## Second-Hand Market Values for Offshore Rigs

|                                  | 2000 Oct | 2001 Oct | 2002 Oct | 2003 Oct | 2004 Oct | 2005 Oct | 2006 Oct | 2007 Oct | 2008 Oct | 2008E Dec |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| <b>Jacksups built after 1980</b> |          |          |          |          |          |          |          |          |          |           |
| 150 feet ind cantilever          | 21       | 17       | 10       | 10       | 18       | 28       | 40       | 40       | 40       | 25        |
| 200 feet mat cantilever          | 25       | 21       | 19       | 22       | 25       | 38       | 55       | 55       | 55       | 35        |
| 250 feet mat slot                | 21       | 19       | 16       | 16       | 21       | 33       | 45       | 45       | 50       | 30        |
| 250 feet ind cantilever          | 35       | 32       | 40       | 30       | 45       | 65       | 100      | 100      | 100      | 68        |
| 300 feet ind cant international  | 55       | 50       | 60       | 48       | 65       | 85       | 130      | 130      | 135      | 80        |
| 300 feet ind cant N Sea          | 55       | 55       | 70       | 50       | 65       | 90       | 150      | 150      | 150      | 85        |
| New 350 feet IC                  | n/a      | 135      | 135      | 125      | 135      | 145      | 210      | 210      | 220      | 175       |
| <b>Semisubmersibles</b>          |          |          |          |          |          |          |          |          |          |           |
| Aker H-3 North Sea               | 45       | 40       | 25       | 25       | 25       | 80       | 225      | 225      | 275      | 200       |
| 3rd gen North Sea                | 90       | 90       | 70       | 60       | 60       | 115      | 250      | 250      | 325      | 240       |
| 4th generation                   | 200      | 200      | 180      | 170      | 135      | 240      | 300      | 300      | 400      | 300       |
| 5th gen 8,000 ft +               | n/a      | 340      | 325      | 290      | 270      | 390      | 450      | 450      | 650      | 450       |
| New 6th gen 10,000 ft +          | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      | 600      | 675      | 700      | 600       |
| <b>Drillships</b>                |          |          |          |          |          |          |          |          |          |           |
| Conventional mid 1970s           | 25       | 30       | 23       | 17       | 17       | 45       | 170      | 200      | 250      | 150       |
| DP 4000 feet+ (not newbuild)     | 120      | 100      | 70       | 60       | 55       | 125      | 270      | 285      | 300      | 250       |
| 5th gen 8,000 ft +               | n/a      | 325      | 325      | 270      | 265      | 390      | 450      | 450      | 650      | 450       |
| New 6th gen 10,000 ft +          | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      | 600      | 675      | 725      | 600       |

Source: ODS-Petrodata, Morgan Stanley Research

Exhibit 32

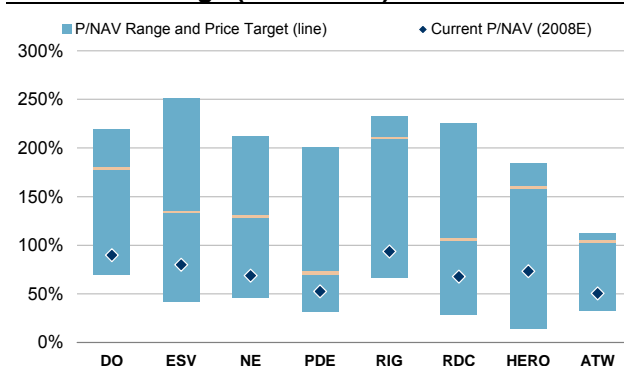
## HERO P/NAV Trading Range



Source: FactSet, Morgan Stanley Research

Exhibit 31

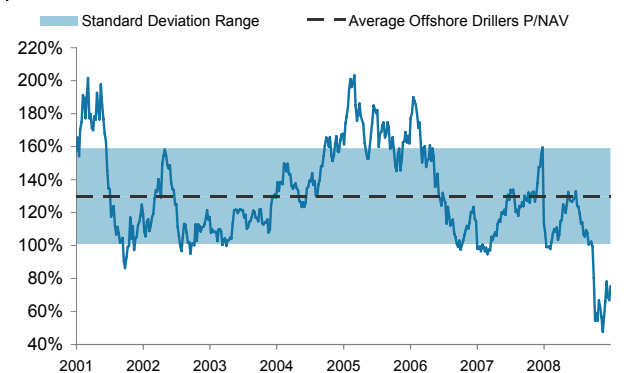
## Price/NAV Range (Since 2001)



Source: FactSet, Morgan Stanley Research

Exhibit 33

## Equal-Weighted P/NAV Trading Range



Source: FactSet, Morgan Stanley Research, Companies included: DO, ESV, NE, PDE, RDC and RIG.

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Exhibit 34

## Global Valuation Summary

| Company                          | Reuters Symbol | MS Rating | Recent Price | Price Target | Mkt Cap (\$MM) | Earnings per Share |          |          |          | P/E  |      |      | EV/EBITDA |      |      | RNOA  |       |       | Net Debt/Market Capitalization |        |        |
|----------------------------------|----------------|-----------|--------------|--------------|----------------|--------------------|----------|----------|----------|------|------|------|-----------|------|------|-------|-------|-------|--------------------------------|--------|--------|
|                                  |                |           |              |              |                | 07A                | 08E      | 09E      | 10E      | 08E  | 09E  | 10E  | 08E       | 09E  | 10E  | 08E   | 09E   | 10E   | 08E                            | 09E    | 10E    |
| Oil Services:                    |                |           |              |              |                |                    |          |          |          |      |      |      |           |      |      |       |       |       |                                |        |        |
| Schlumberger                     | SLB.N          | O         | \$45.62      | \$88         | \$54,569       | \$4.18             | \$4.48   | \$3.65   | \$4.09   | 10.2 | 12.5 | 11.2 | 5.6       | 6.3  | 5.6  | 27.5% | 19.6% | 20.8% | 2.9%                           | 0.4%   | -0.6%  |
| Halliburton                      | HAL.N          | O         | \$19.45      | \$36         | \$17,384       | \$2.47             | \$2.75   | \$2.00   | \$2.20   | 7.1  | 9.7  | 8.8  | 4.0       | 5.0  | 4.7  | 18.2% | 10.9% | 12.0% | 14.7%                          | 5.0%   | 7.9%   |
| Weatherford                      | WFT.N          | O         | \$11.66      | \$29         | \$8,019        | \$1.67             | \$1.93   | \$1.35   | \$1.65   | 6.0  | 8.7  | 7.1  | 4.7       | 5.1  | 4.6  | 12.2% | 7.8%  | 9.0%  | 64.9%                          | 54.0%  | 49.2%  |
| Baker Hughes                     | BHI.N          | O         | \$34.33      | \$53         | \$10,558       | \$4.75             | \$5.03   | \$3.58   | \$3.90   | 6.8  | 9.6  | 8.8  | 3.3       | 4.3  | 4.0  | 22.9% | 14.9% | 15.1% | 0.7%                           | -2.4%  | -2.8%  |
| Smith International              | SII.N          | O         | \$25.03      | \$51         | \$5,478        | \$3.17             | \$3.82   | \$3.15   | \$3.61   | 6.6  | 7.9  | 6.9  | 4.5       | 4.4  | 4.0  | 25.8% | 11.9% | 13.6% | 44.5%                          | 23.1%  | 14.8%  |
| BJ Services                      | BJS.N          | E-W       | \$12.43      | \$21         | \$3,630        | \$2.55             | \$2.07   | \$1.26   | \$1.58   | 6.0  | 9.9  | 7.9  | 5.2       | 4.7  | 3.9  | 18.0% | 10.3% | 12.1% | 11.2%                          | 7.5%   | 2.3%   |
| Average                          |                |           |              |              |                |                    |          |          |          | 7.1  | 9.7  | 8.4  | 4.5       | 5.0  | 4.5  | 20.8% | 12.6% | 13.8% | 23.2%                          | 14.6%  | 11.8%  |
| Offshore Drillers:               |                |           |              |              |                |                    |          |          |          |      |      |      |           |      |      |       |       |       |                                |        |        |
| Transocean                       | RIG.N          | O         | \$52.01      | \$117        | \$16,600       | \$8.52             | \$14.45  | \$14.25  | \$14.10  | 3.6  | 3.7  | 3.7  | 4.0       | 3.7  | 3.1  | 17.3% | 16.2% | 14.9% | 79.0%                          | 60.5%  | 36.6%  |
| Diamond Offshore                 | DO.N           | O         | \$63.12      | \$126        | \$8,774        | \$6.56             | \$9.60   | \$9.75   | \$10.50  | 6.6  | 6.5  | 6.0  | 3.7       | 3.8  | 3.5  | 44.9% | 40.3% | 40.8% | 1.7%                           | 1.7%   | 1.8%   |
| Noble Corporation                | NE.N           | E-W       | \$23.75      | \$45         | \$6,265        | \$4.60             | \$5.70   | \$5.80   | \$5.40   | 4.2  | 4.1  | 4.4  | 2.9       | 2.7  | 2.4  | 30.1% | 25.7% | 21.5% | 9.1%                           | 1.6%   | -8.2%  |
| Seadrill Limited                 | SDRL.OL        | E-W       | Nkr 58       | Nkr 65       | \$3,378        | \$0.31             | \$1.19   | \$2.55   | \$3.00   | 7.1  | 3.3  | 2.8  | 16.8      | 6.4  | 4.9  | 3.9%  | 9.1%  | 10.8% | 277.5%                         | 239.6% | 190.6% |
| ENSCO International              | ESV.N          | U         | \$30.33      | \$51         | \$4,301        | \$6.68             | \$8.11   | \$6.50   | \$6.20   | 3.7  | 4.7  | 4.9  | 2.1       | 2.4  | 2.1  | 29.0% | 19.4% | 16.2% | -12.9%                         | -20.3% | -25.9% |
| Pride International              | PDE.N          | U         | \$17.58      | \$24         | \$3,043        | \$2.61             | \$3.54   | \$2.85   | \$2.70   | 5.0  | 6.2  | 6.5  | 3.0       | 3.8  | 4.0  | 13.6% | 8.9%  | 7.6%  | 7.9%                           | 10.7%  | 16.4%  |
| Rowan Companies                  | RDC.N          | E-W       | \$17.25      | \$27         | \$1,949        | \$4.14             | \$3.82   | \$3.50   | \$3.20   | 4.5  | 4.9  | 5.4  | 2.6       | 3.0  | 2.9  | 16.8% | 12.7% | 10.0% | 14.6%                          | 18.8%  | 8.5%   |
| Hercules Offshore                | HERO.O         | O         | \$5.04       | \$11         | \$443          | \$2.35             | \$0.78   | \$0.00   | \$0.65   | 6.5  | NM   | 7.8  | 3.9       | 4.1  | 2.9  | 4.0%  | 1.5%  | 3.5%  | 236.3%                         | 196.8% | 175.6% |
| Atwood Oceanics                  | ATW.N          | E-W       | \$17.52      | \$36         | \$1,122        | \$2.16             | \$3.34   | \$3.85   | \$4.60   | 5.2  | 4.6  | 3.8  | 8.6       | 4.5  | 3.8  | 41.3% | 29.9% | 22.3% | 4.4%                           | 31.9%  | 33.1%  |
| Average                          |                |           |              |              |                |                    |          |          |          | 5.2  | 4.7  | 5.0  | 5.3       | 3.8  | 3.3  | 22.3% | 18.2% | 16.4% | 68.2%                          | 59.8%  | 47.2%  |
| Land Drillers:                   |                |           |              |              |                |                    |          |          |          |      |      |      |           |      |      |       |       |       |                                |        |        |
| Nabors Industries                | NBR.N          | O         | \$13.27      | \$27         | \$3,776        | \$2.96             | \$3.11   | \$2.00   | \$1.70   | 4.3  | 6.6  | 7.8  | 3.7       | 4.3  | 4.5  | 13.4% | 8.2%  | 6.9%  | 80.5%                          | 69.0%  | 63.2%  |
| Patterson-UTI                    | PTEN.O         | E-W       | \$12.58      | \$17         | \$1,945        | \$2.55             | \$2.31   | \$0.50   | \$0.40   | 5.4  | 25.1 | 31.4 | 2.1       | 4.9  | 5.1  | 10.8% | 2.2%  | 1.8%  | -4.0%                          | 0.9%   | 3.4%   |
| Average                          |                |           |              |              |                |                    |          |          |          | 4.9  | 15.8 | 19.6 | 2.9       | 4.6  | 4.8  | 12.1% | 5.2%  | 4.3%  | 38.3%                          | 35.0%  | 33.3%  |
| Equipment:                       |                |           |              |              |                |                    |          |          |          |      |      |      |           |      |      |       |       |       |                                |        |        |
| Tenaris S.A.                     | TS.N           | O         | \$22.02      | \$40         | \$12,998       | \$3.16             | \$3.73   | \$3.20   | \$3.20   | 5.9  | 6.9  | 6.9  | 3.6       | 3.3  | 2.9  | 22.6% | 17.4% | 19.6% | 15.0%                          | -13.0% | -28.2% |
| National Oilwell Varco           | NOV.N          | O         | \$26.83      | \$44         | \$11,197       | \$3.74             | \$4.90   | \$3.50   | \$3.15   | 5.5  | 7.7  | 8.5  | 2.8       | 3.0  | 2.7  | 30.1% | 11.2% | 10.6% | -7.6%                          | -28.6% | -40.4% |
| Vallourec                        | VLLP.PA        | E-W       | € 86.32      | € 115        | \$6,470        | € 18.71            | € 18.04  | € 16.12  | € 14.74  | 4.8  | 5.4  | 5.9  | 2.9       | 3.0  | 3.1  | 42.3% | 24.2% | 21.7% | 9.6%                           | 1.4%   | -7.5%  |
| Cameron International            | CAM.N          | E-W       | \$22.07      | \$36         | \$4,845        | \$2.10             | \$2.61   | \$2.36   | \$2.52   | 8.5  | 9.4  | 8.7  | 4.7       | 4.6  | 3.9  | 27.9% | 24.0% | 26.0% | 0.7%                           | 0.5%   | 3.7%   |
| FMC Technologies                 | FTI.N          | U         | \$25.32      | \$44         | \$3,166        | \$2.29             | \$2.89   | \$2.80   | \$2.90   | 8.8  | 9.0  | 8.7  | 5.2       | 5.6  | 5.2  | 34.0% | 30.5% | 26.8% | 7.8%                           | 9.6%   | 13.1%  |
| Oceaneering International        | OII.N          | O         | \$30.34      | \$48         | \$1,653        | \$3.29             | \$3.48   | \$3.06   | \$3.48   | 8.7  | 9.9  | 8.7  | 4.6       | 4.8  | 4.1  | 17.7% | 12.8% | 14.3% | 20.1%                          | 10.1%  | 5.9%   |
| Dresser-Rand                     | DRC.N          | E-W       | \$18.77      | \$33         | \$1,538        | \$1.57             | \$2.23   | \$2.38   | \$2.15   | 8.4  | 7.9  | 8.7  | 4.7       | 4.1  | 3.8  | 19.4% | 20.5% | 19.0% | 14.6%                          | 0.5%   | -13.3% |
| Dril Quip                        | DRQ.N          | O         | \$22.03      | \$40         | \$860          | \$2.52             | \$2.53   | \$2.41   | \$2.55   | 8.7  | 9.2  | 8.7  | 4.6       | 4.5  | 4.1  | 23.4% | 17.6% | 18.7% | -10.8%                         | -24.6% | -30.5% |
| Chart Industries                 | GTLS.O         | U         | \$11.02      | \$19         | \$313          | \$1.78             | \$2.64   | \$2.20   | \$1.70   | 4.2  | 5.0  | 6.5  | 2.8       | 2.2  | 2.2  | 17.5% | 14.7% | 13.4% | 28.7%                          | -6.4%  | -18.5% |
| Average                          |                |           |              |              |                |                    |          |          |          | 7.0  | 7.8  | 7.9  | 4.0       | 3.9  | 3.5  | 26.1% | 19.2% | 18.9% | 8.7%                           | -5.9%  | -12.9% |
| Engineering & Construction:      |                |           |              |              |                |                    |          |          |          |      |      |      |           |      |      |       |       |       |                                |        |        |
| Helix Energy Solutions           | HLX.N          | NA        | \$7.86       | NA           | \$722          | \$2.90             | \$2.08   | \$2.24   | \$3.05   | 3.8  | 3.5  | 2.6  | 3.4       | 2.9  | 2.2  | 8.3%  | 8.2%  | 10.0% | 244.3%                         | 220.0% | 166.9% |
| Saipem                           | SPMI.MI        | O         | € 12.19      | € 23         | \$7,495        | € 1.31             | € 1.58   | € 1.66   | € 2.02   | 7.7  | 7.4  | 6.0  | 5.5       | 5.5  | 4.4  | 18.2% | 13.7% | 13.2% | 46.6%                          | 67.1%  | 64.1%  |
| Technip                          | TECF.PA        | E-W       | € 23.74      | € 34         | \$3,613        | € 1.03             | € 3.98   | € 3.38   | € 3.49   | 6.0  | 7.0  | 6.8  | 3.0       | 3.4  | 3.0  | 17.9% | 14.0% | 12.9% | 4.2%                           | 1.1%   | 9.4%   |
| SBM Offshore                     | SBMO.AS        | E-W       | € 10.00      | € 15         | \$2,028        | \$1.83             | \$1.47   | \$1.97   | \$1.79   | 9.5  | 7.1  | 7.8  | 5.4       | 4.2  | 4.7  | 11.5% | 13.0% | 12.2% | 50.6%                          | 41.8%  | 64.1%  |
| Acergy                           | ACY.OL         | E-W       | Nkr 42       | Nkr 65       | \$1,176        | \$0.63             | \$1.43   | \$1.11   | \$1.08   | 4.2  | 5.5  | 5.6  | 2.2       | 1.9  | 1.8  | 44.0% | 23.4% | 22.0% | 1.2%                           | 15.6%  | 25.0%  |
| Wood Group                       | WG.L           | O         | £2.00        | £3.40        | \$1,527        | \$0.37             | \$0.51   | \$0.46   | \$0.49   | 5.6  | 6.4  | 5.8  | 3.4       | 3.4  | 2.9  | 22.2% | 16.5% | 17.6% | 17.6%                          | 3.5%   | 5.0%   |
| Subsea 7                         | SUB.OL         | O         | Nkr 43       | Nkr 85       | \$921          | \$1.39             | \$1.83   | \$1.61   | \$1.44   | 3.4  | 3.9  | 4.4  | 2.5       | 2.6  | 2.6  | 29.4% | 18.3% | 14.5% | 48.4%                          | 38.3%  | 27.7%  |
| Sevan Marine                     | SEVAN.OL       | O         | Nkr 8        | Nkr 39       | \$238          | (\$0.57)           | (\$0.35) | \$0.05   | \$0.31   | NM   | NM   | 4.0  | NM        | 16.0 | 10.8 | 4.0%  | 4.1%  | 5.2%  | 474.5%                         | 791.4% | 986.6% |
| Average (excludes Sevan Marine)  |                |           |              |              |                |                    |          |          |          | 5.7  | 5.8  | 5.6  | 3.6       | 3.4  | 3.1  | 21.7% | 15.3% | 14.6% | 57.4%                          | 50.6%  | 40.5%  |
| Reservoir Information / Seismic: |                |           |              |              |                |                    |          |          |          |      |      |      |           |      |      |       |       |       |                                |        |        |
| ION Geophysical                  | IO.N           | U         | \$3.78       | NA           | \$376          | \$0.52             | \$0.66   | (\$0.48) | (\$0.00) | 5.8  | NM   | NM   | 2.8       | 12.2 | 7.5  | 11.3% | -3.8% | 1.0%  | 63.2%                          | 50.0%  | 63.9%  |
| CGG Veritas                      | GEPH.PA        | U         | € 11.59      | € 13         | \$2,431        | € 2.49             | € 3.50   | € 2.60   | € 2.32   | 3.3  | 4.5  | 5.0  | 2.1       | 2.7  | 2.7  | 11.0% | 7.9%  | 7.0%  | 51.1%                          | 31.0%  | 19.6%  |
| Petroleum Geo-Services           | PGS.OL         | U         | Nkr 30       | Nkr 40       | \$776          | \$1.81             | \$2.43   | \$1.85   | \$1.34   | 1.8  | 2.3  | 3.2  | 2.0       | 2.2  | 2.1  | 23.6% | 13.2% | 8.3%  | 150.5%                         | 133.7% | 96.7%  |
| Average                          |                |           |              |              |                |                    |          |          |          | 3.6  | 3.4  | 4.1  | 2.3       | 5.7  | 4.1  | 15.3% | 5.8%  | 5.4%  | 88.3%                          | 71.6%  | 60.0%  |

Source: FactSet, Company data, Morgan Stanley Research;

e = Morgan Stanley Research estimates

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Oil Services, Drilling &amp; Equipment

# Price Target and Valuation Summary: Oil Services & Drillers

Exhibit 35

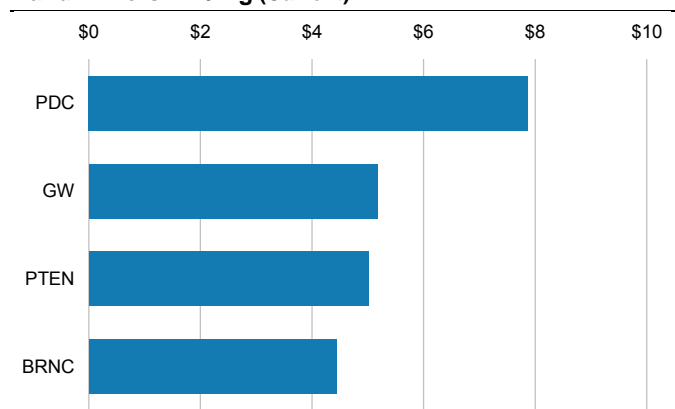
## Service/Equipment: Price Target Summary

| Symbol | MS Rating | Last Price | 2010 EPS | 2010 P/E | Target P/E | Target Price | Target Upside |
|--------|-----------|------------|----------|----------|------------|--------------|---------------|
| WFT    | O         | \$11.7     | \$1.65   | 7.1x     | 17.6x      | \$29         | 149%          |
| SII    | O         | \$25.0     | \$3.61   | 6.9x     | 14.1x      | \$51         | 104%          |
| SLB    | O         | \$45.6     | \$4.09   | 11.2x    | 21.5x      | \$88         | 93%           |
| HAL    | O         | \$19.5     | \$2.20   | 8.8x     | 16.3x      | \$36         | 85%           |
| TS     | O         | \$22.0     | \$3.20   | 6.9x     | 12.5x      | \$40         | 82%           |
| DRQ    | O         | \$22.0     | \$2.55   | 8.7x     | 15.7x      | \$40         | 82%           |
| DRC    | E-W       | \$18.8     | \$2.15   | 8.7x     | 15.3x      | \$33         | 76%           |
| FTI    | U         | \$25.3     | \$2.90   | 8.7x     | 15.2x      | \$44         | 74%           |
| GTLS   | U         | \$11.0     | \$1.70   | 6.5x     | 11.2x      | \$19         | 72%           |
| BJS    | E-W       | \$12.4     | \$1.58   | 7.9x     | 13.3x      | \$21         | 69%           |
| NOV    | O         | \$26.8     | \$3.15   | 8.5x     | 14.0x      | \$44         | 64%           |
| CAM    | E-W       | \$22.1     | \$2.52   | 8.7x     | 14.3x      | \$36         | 63%           |
| OII    | O         | \$30.3     | \$3.48   | 8.7x     | 13.8x      | \$48         | 58%           |
| BHI    | O         | \$34.3     | \$3.90   | 8.8x     | 13.6x      | \$53         | 54%           |

Source: FactSet; Company data, Morgan Stanley Research

Exhibit 37

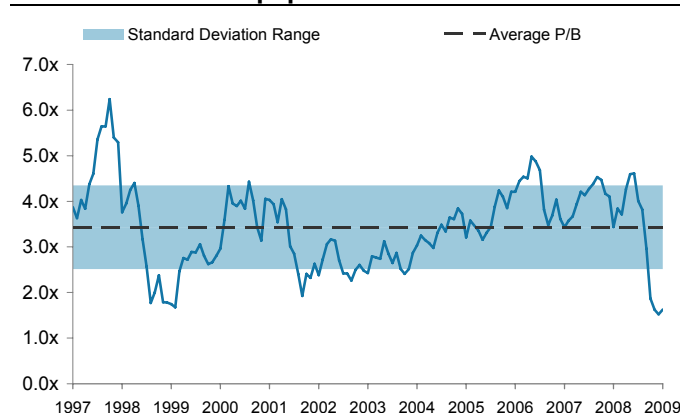
## Land Drillers: EV/Rig (Current)



Source: FactSet; Morgan Stanley Research

Exhibit 39

## Oil Services and Equipment: Price/Book



Source: FactSet, Morgan Stanley Research. Includes Services, Equipment and Land Drillers

Exhibit 36

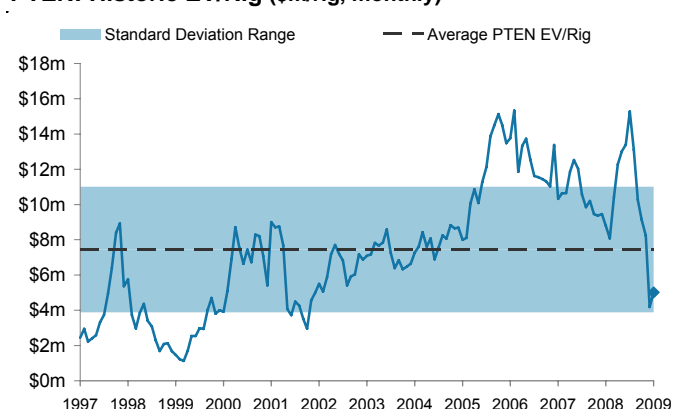
## Contract Drillers: Price Target Summary

| Symbol | MS Rating | Last Price | 2010 EPS | 2010 P/E | Target P/E | Target Price | Target Upside |
|--------|-----------|------------|----------|----------|------------|--------------|---------------|
| RIG    | O         | \$52.0     | \$14.10  | 3.7x     | 8.3x       | \$117        | 125%          |
| HERO   | O         | \$5.0      | \$0.65   | 7.8x     | 17.0x      | \$11         | 118%          |
| ATW    | E-W       | \$17.5     | \$4.60   | 3.8x     | 7.8x       | \$36         | 105%          |
| NBR    | O         | \$13.3     | \$1.70   | 7.8x     | 15.9x      | \$27         | 103%          |
| DO     | O         | \$63.1     | \$10.50  | 6.0x     | 12.0x      | \$126        | 100%          |
| NE     | E-W       | \$23.8     | \$5.40   | 4.4x     | 8.3x       | \$45         | 89%           |
| ESV    | U         | \$30.3     | \$6.20   | 4.9x     | 8.2x       | \$51         | 68%           |
| RDC    | E-W       | \$17.3     | \$3.20   | 5.4x     | 8.4x       | \$27         | 57%           |
| PDE    | U         | \$17.6     | \$2.70   | 6.5x     | 8.9x       | \$24         | 37%           |
| PTEN   | E-W       | \$12.6     | \$0.40   | 31.4x    | 42.4x      | \$17         | 35%           |

Source: FactSet; Company data, Morgan Stanley Research

Exhibit 38

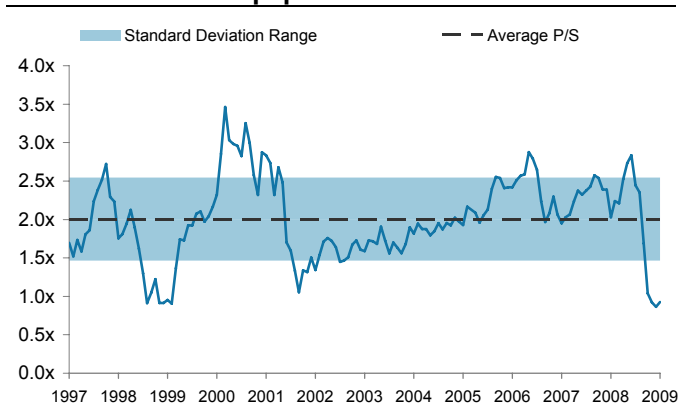
## PTEN: Historic EV/Rig (\$m/rig, monthly)



Source: Company reports, FactSet, Morgan Stanley Research

Exhibit 40

## Oil Services and Equipment: Price/Sales



Source: FactSet, Morgan Stanley Research. Includes Services, Equipment and Land Drillers

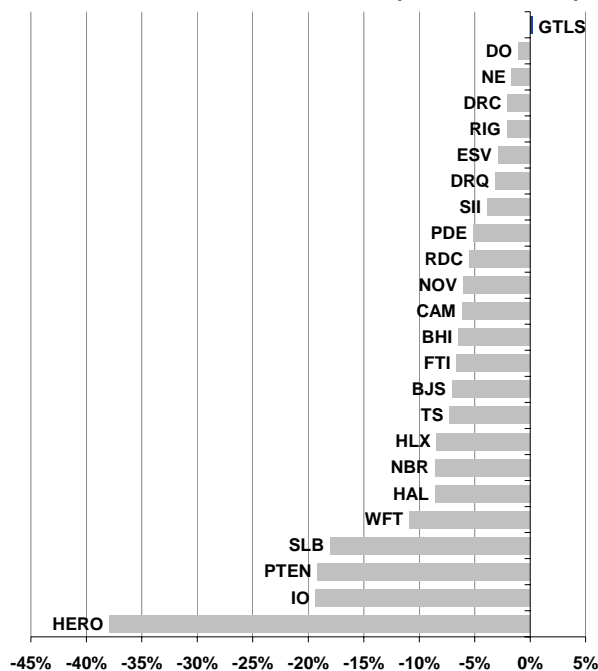
January 5, 2009

Oil Services, Drilling &amp; Equipment

## Consensus Earnings Revisions and Short Interest Ratios

Exhibit 41

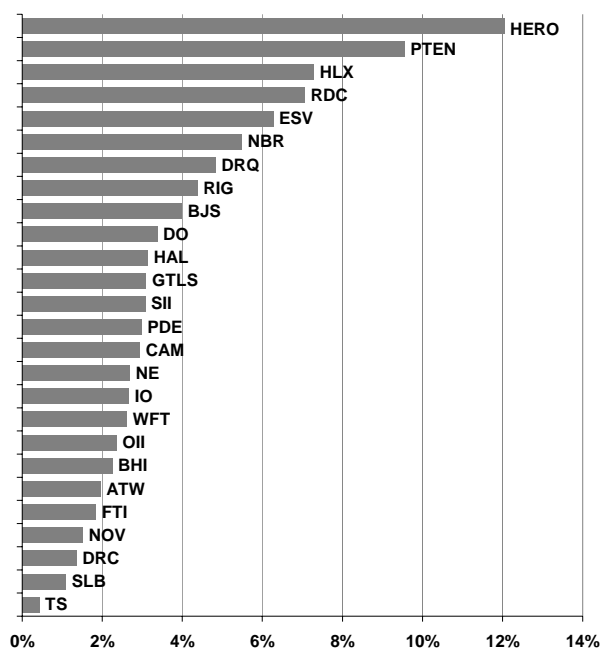
### 2009 Consensus EPS Revisions (Past 4-Weeks)



Source: FactSet; Morgan Stanley Research

Exhibit 42

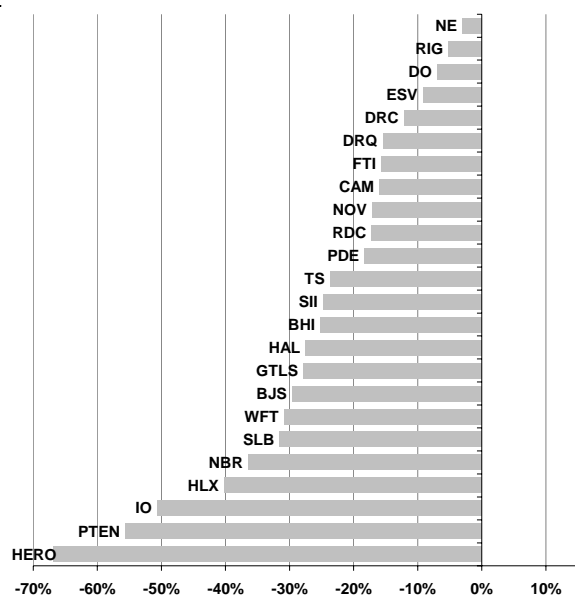
### Short Interest Ratio



Source: FactSet; Morgan Stanley Research

Exhibit 43

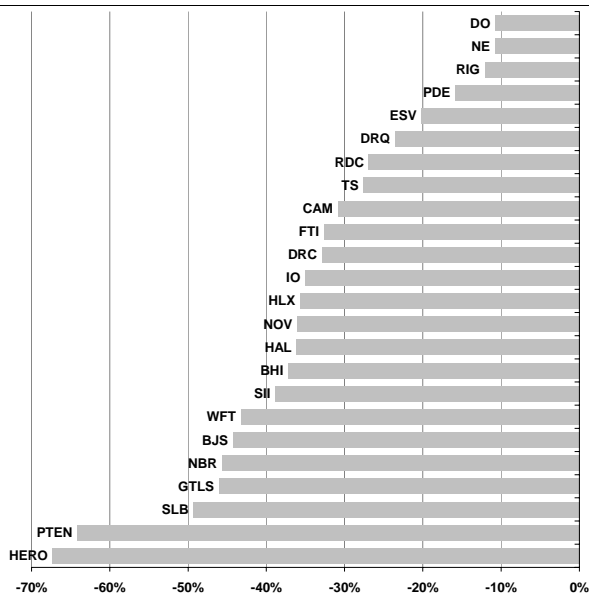
### 2009 Consensus EPS Revisions (Past 3-Months)



Source: FactSet; Morgan Stanley Research

Exhibit 44

### 2010 Consensus EPS Revisions (Past 3-Months)



Source: FactSet; Morgan Stanley Research

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Oil Services, Drilling & Equipment

Exhibit 45

## Morgan Stanley EPS Estimates versus FactSet Consensus

| Reuters<br>Symbol | Mar-08 | Jun-08 | Sep-08 | Dec-08 | Mar-09 | Jun-09 | Sep-09 | Dec-09 | 2007A | 2008E | 2009E | 2010E | 08 vs 07 | 09 vs 08 | 10 vs 09 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|----------|----------|----------|
| SLB.N             | 1.05   | 1.16   | 1.25   | 1.02   | 0.97   | 0.93   | 0.90   | 0.85   | 4.18  | 4.48  | 3.65  | 4.09  | 7%       | -19%     | 12%      |
| Consensus         | 1.05   | 1.16   | 1.25   | 1.14   | 1.07   | 1.02   | 1.03   | 1.07   | 4.18  | 4.75  | 4.15  | 3.64  | 14%      | -13%     | -12%     |
| HAL.N             | 0.63   | 0.69   | 0.76   | 0.68   | 0.50   | 0.50   | 0.52   | 0.47   | 2.47  | 2.75  | 2.00  | 2.20  | 11%      | -27%     | 10%      |
| Consensus         | 0.63   | 0.69   | 0.76   | 0.76   | 0.67   | 0.66   | 0.66   | 0.72   | 2.47  | 2.82  | 2.63  | 2.73  | 14%      | -7%      | 4%       |
| BHI.N             | 1.21   | 1.36   | 1.29   | 1.16   | 1.07   | 0.85   | 0.85   | 0.81   | 4.75  | 5.03  | 3.58  | 3.90  | 6%       | -29%     | 9%       |
| Consensus         | 1.21   | 1.36   | 1.29   | 1.36   | 1.23   | 1.16   | 1.18   | 1.21   | 4.75  | 5.29  | 4.85  | 4.76  | 11%      | -8%      | -2%      |
| WFT.N             | 0.50   | 0.43   | 0.55   | 0.45   | 0.38   | 0.29   | 0.33   | 0.35   | 1.67  | 1.93  | 1.35  | 1.65  | 16%      | -30%     | 22%      |
| Consensus         | 0.50   | 0.43   | 0.55   | 0.55   | 0.51   | 0.44   | 0.51   | 0.58   | 1.67  | 2.04  | 2.02  | 1.98  | 23%      | -1%      | -2%      |
| BJS.N             | 0.43   | 0.48   | 0.58   | 0.41   | 0.31   | 0.24   | 0.30   | 0.34   | 2.55  | 2.07  | 1.26  | 1.58  | -19%     | -39%     | 25%      |
| Consensus         | 0.43   | 0.48   | 0.58   | 0.57   | 0.49   | 0.41   | 0.33   | 0.40   | 2.55  | 2.06  | 1.74  | 1.58  | -19%     | -16%     | -9%      |
| SII.N             | 0.87   | 0.91   | 1.01   | 1.03   | 0.87   | 0.75   | 0.77   | 0.77   | 3.17  | 3.82  | 3.15  | 3.61  | 21%      | -18%     | 14%      |
| Consensus         | 0.87   | 0.91   | 1.01   | 1.07   | 0.95   | 0.88   | 0.88   | 0.94   | 3.17  | 3.84  | 3.68  | 3.78  | 21%      | -4%      | 2%       |
| IO.N              | 0.08   | 0.16   | 0.25   | 0.17   | -0.15  | -0.13  | -0.13  | -0.07  | 0.52  | 0.66  | -0.48 | 0.00  | 26%      | -173%    | NM       |
| Consensus         | 0.08   | 0.16   | 0.25   | 0.21   | 0.01   | 0.04   | 0.13   | 0.19   | 0.52  | 0.72  | 0.53  | 0.88  | 37%      | -25%     | 64%      |
| TS.N              | 0.77   | 0.96   | 0.97   | 1.03   | 0.91   | 0.81   | 0.69   | 0.79   | 3.16  | 3.73  | 3.20  | 3.20  | 18%      | -14%     | 0%       |
| Consensus         | 0.77   | 0.96   | 0.97   | 1.03   | 0.95   | 0.91   | 0.72   | 0.74   | 3.16  | 3.95  | 3.41  | 3.46  | 25%      | -14%     | 1%       |
| NOV.N             | 1.11   | 1.20   | 1.35   | 1.22   | 1.01   | 0.86   | 0.83   | 0.80   | 3.74  | 4.90  | 3.50  | 3.15  | 31%      | -29%     | -10%     |
| Consensus         | 1.11   | 1.20   | 1.35   | 1.35   | 1.27   | 1.21   | 1.19   | 1.21   | 3.74  | 4.98  | 4.97  | 4.47  | 33%      | 0%       | -10%     |
| CAM.N             | 0.55   | 0.65   | 0.73   | 0.68   | 0.61   | 0.55   | 0.64   | 0.55   | 2.10  | 2.61  | 2.36  | 2.52  | 24%      | -10%     | 7%       |
| Consensus         | 0.55   | 0.65   | 0.73   | 0.75   | 0.67   | 0.69   | 0.71   | 0.75   | 2.10  | 2.67  | 2.77  | 2.75  | 27%      | 3%       | -1%      |
| FTI.N             | 0.70   | 0.80   | 0.67   | 0.72   | 0.67   | 0.69   | 0.70   | 0.74   | 2.29  | 2.89  | 2.80  | 2.90  | 26%      | -3%      | 4%       |
| Consensus         | 0.70   | 0.80   | 0.67   | 0.70   | 0.69   | 0.73   | 0.73   | 0.79   | 2.29  | 2.73  | 2.83  | 2.81  | 19%      | 3%       | -1%      |
| OII.N             | 0.74   | 0.91   | 0.99   | 0.85   | 0.63   | 0.82   | 0.84   | 0.77   | 3.29  | 3.48  | 3.06  | 3.48  | 6%       | -12%     | 14%      |
| Consensus         | 0.74   | 0.91   | 0.99   | 0.95   | 0.79   | 0.97   | 1.03   | 1.02   | 3.29  | 3.58  | 3.86  | 4.24  | 9%       | 8%       | 10%      |
| DRC.N             | 0.26   | 0.55   | 0.57   | 0.87   | 0.28   | 0.54   | 0.64   | 0.91   | 1.57  | 2.23  | 2.38  | 2.15  | 42%      | 6%       | -10%     |
| Consensus         | 0.26   | 0.55   | 0.57   | 0.81   | 0.42   | 0.58   | 0.65   | 0.84   | 1.57  | 2.18  | 2.45  | 2.28  | 39%      | 13%      | -7%      |
| DRQ.N             | 0.62   | 0.68   | 0.69   | 0.55   | 0.56   | 0.59   | 0.66   | 0.59   | 2.52  | 2.53  | 2.41  | 2.55  | 1%       | -5%      | 6%       |
| Consensus         | 0.62   | 0.68   | 0.69   | 0.68   | 0.69   | 0.71   | 0.71   | 0.72   | 2.52  | 2.65  | 2.95  | 3.13  | 5%       | 11%      | 6%       |
| GTLS.O            | 0.51   | 0.73   | 0.76   | 0.65   | 0.56   | 0.54   | 0.64   | 0.45   | 1.78  | 2.64  | 2.20  | 1.70  | 48%      | -17%     | -23%     |
| Consensus         | 0.51   | 0.73   | 0.76   | 0.64   | 0.56   | 0.58   | 0.66   | 0.61   | 1.78  | 2.62  | 2.34  | 2.08  | 47%      | -11%     | -11%     |
| RIG.N             | 3.80   | 3.46   | 3.45   | 3.74   | 3.56   | 3.54   | 3.62   | 3.53   | 8.52  | 14.45 | 14.25 | 14.10 | 70%      | -1%      | -1%      |
| Consensus         | 3.80   | 3.46   | 3.45   | 3.73   | 3.85   | 3.69   | 3.94   | 4.12   | 8.52  | 14.23 | 15.43 | 16.65 | 67%      | 8%       | 8%       |
| NE.N              | 1.45   | 1.30   | 1.47   | 1.48   | 1.33   | 1.49   | 1.50   | 1.49   | 4.60  | 5.70  | 5.80  | 5.40  | 24%      | 2%       | -7%      |
| Consensus         | 1.45   | 1.30   | 1.47   | 1.51   | 1.58   | 1.75   | 1.81   | 1.87   | 4.60  | 5.69  | 7.07  | 7.26  | 24%      | 24%      | 3%       |
| DO.N              | 2.09   | 2.93   | 2.39   | 2.18   | 2.12   | 2.61   | 2.44   | 2.58   | 6.56  | 9.60  | 9.75  | 10.50 | 46%      | 2%       | 8%       |
| Consensus         | 2.09   | 2.93   | 2.39   | 2.46   | 2.75   | 3.00   | 2.71   | 3.19   | 6.56  | 9.76  | 11.46 | 12.89 | 49%      | 17%      | 13%      |
| ESV.N             | 1.91   | 2.07   | 2.13   | 2.00   | 1.62   | 1.79   | 1.55   | 1.53   | 6.68  | 8.11  | 6.50  | 6.20  | 21%      | -20%     | -5%      |
| Consensus         | 1.91   | 2.07   | 2.13   | 2.08   | 1.99   | 2.08   | 2.12   | 2.15   | 6.68  | 8.16  | 8.27  | 8.10  | 22%      | 1%       | -2%      |
| PDE.N             | 0.70   | 0.80   | 1.03   | 1.02   | 0.84   | 0.71   | 0.77   | 0.53   | 2.61  | 3.54  | 2.85  | 2.70  | 36%      | -20%     | NM       |
| Consensus         | 0.70   | 0.80   | 1.03   | 1.07   | 0.92   | 0.84   | 0.87   | 0.78   | 2.61  | 3.65  | 3.38  | 3.60  | 40%      | -7%      | 7%       |
| HERO.O            | 0.05   | 0.22   | 0.37   | 0.13   | 0.07   | 0.02   | -0.04  | -0.05  | 2.35  | 0.78  | 0.00  | 0.65  | -67%     | -100%    | NM       |
| Consensus         | 0.05   | 0.22   | 0.37   | 0.28   | 0.17   | 0.23   | 0.19   | 0.21   | 2.35  | 0.95  | 0.98  | 1.06  | -59%     | 3%       | 9%       |
| RDC.N             | 0.84   | 1.05   | 0.88   | 1.04   | 0.82   | 0.94   | 0.83   | 0.90   | 4.14  | 3.82  | 3.50  | 3.20  | -8%      | -8%      | -9%      |
| Consensus         | 0.84   | 1.05   | 0.88   | 1.12   | 1.05   | 1.07   | 1.11   | 1.15   | 4.14  | 3.90  | 4.27  | 4.04  | -6%      | 10%      | -6%      |
| ATW.N             | 0.65   | 0.93   | 1.16   | 1.14   | 0.82   | 0.77   | 1.12   | 1.18   | 2.16  | 3.34  | 3.85  | 4.60  | 55%      | 15%      | 19%      |
| Consensus         | 0.65   | 0.93   | 1.16   | 1.20   | 0.93   | 1.09   | 1.20   | 1.35   | 2.16  | 3.34  | 4.48  | 5.10  | 55%      | 34%      | 14%      |
| NBR.N             | 0.81   | 0.72   | 0.76   | 0.82   | 0.72   | 0.44   | 0.44   | 0.40   | 2.96  | 3.11  | 2.00  | 1.70  | 5%       | -36%     | -15%     |
| Consensus         | 0.81   | 0.72   | 0.76   | 0.85   | 0.74   | 0.56   | 0.55   | 0.58   | 2.96  | 3.10  | 2.50  | 2.49  | 5%       | -19%     | -1%      |
| PTEN.O            | 0.50   | 0.51   | 0.70   | 0.60   | 0.34   | 0.15   | 0.04   | -0.02  | 2.55  | 2.31  | 0.50  | 0.40  | -10%     | -78%     | -20%     |
| Consensus         | 0.50   | 0.51   | 0.70   | 0.62   | 0.40   | 0.26   | 0.21   | 0.22   | 2.55  | 2.32  | 1.21  | 1.09  | -9%      | -48%     | -10%     |
| HLX.N             | 0.37   | 0.86   | 0.65   | 0.20   | 0.34   | 0.54   | 0.71   | 0.65   | 2.90  | 2.08  | 2.24  | 3.05  | -28%     | 7%       | 36%      |
| Consensus         | 0.37   | 0.86   | 0.65   | 0.43   | 0.54   | 0.66   | 0.74   | 0.69   | 2.90  | 2.82  | 2.65  | 3.16  | -3%      | -6%      | 19%      |

Source: FactSet; Company data, Morgan Stanley Research;

e = Morgan Stanley Research estimates

January 5, 2009

Oil Services, Drilling & Equipment

Exhibit 46

## Morgan Stanley Revenue Growth Projections by Area for Top Five Service Names

| REVENUE BY REGION |          |          |          |          |          |          |          | GROWTH IN REVENUE |        |       |       |       |       |        |       |
|-------------------|----------|----------|----------|----------|----------|----------|----------|-------------------|--------|-------|-------|-------|-------|--------|-------|
| SLB               | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| North America     | 3,107.0  | 3,760.3  | 5,273.4  | 5,345.0  | 5,797.5  | 4,172.6  | 4,414.1  | 15.2%             | 20.8%  | 21.0% | 40.2% | 1.4%  | 8.5%  | -28.0% | 5.8%  |
| Latin America     | 1,746.0  | 2,209.1  | 2,563.4  | 3,295.1  | 4,320.5  | 4,243.5  | 4,588.7  | 8.9%              | 23.1%  | 26.5% | 16.0% | 28.5% | 31.1% | -1.8%  | 8.1%  |
| Europe/CIS/Africa | 2,788.0  | 3,533.3  | 5,054.0  | 6,590.1  | 8,329.1  | 7,844.2  | 8,464.2  | 4.4%              | 11.9%  | 26.7% | 43.0% | 30.4% | 26.4% | -5.8%  | 7.9%  |
| Middle East/Asia  | 2,477.0  | 3,032.6  | 3,723.8  | 4,880.8  | 5,752.3  | 5,669.3  | 5,750.7  | 9.3%              | 20.6%  | 22.4% | 22.8% | 31.1% | 17.9% | -1.4%  | 1.4%  |
| OFS               | 10,240.0 | 12,648.2 | 16,762.6 | 20,306.3 | 24,414.5 | 22,149.3 | 23,437.3 | 9.2%              | 19.1%  | 23.5% | 32.5% | 21.1% | 20.2% | -9.3%  | 5.8%  |
| WesternGeco       | 1,239.0  | 1,661.8  | 2,475.8  | 2,962.9  | 2,799.4  | 2,542.0  | 2,788.1  | -19.8%            | 4.7%   | 34.1% | 49.0% | 19.7% | -5.5% | -9.2%  | 9.7%  |
| SLB               | 11,479.0 | 14,310.0 | 19,238.4 | 23,269.2 | 27,213.9 | 24,691.3 | 26,225.4 | 4.6%              | 17.4%  | 24.7% | 34.4% | 21.0% | 17.0% | -9.3%  | 6.2%  |
| Consensus         |          |          | 19,238.4 | 23,269.2 | 27,302.6 | 26,740.8 | 26,264.2 | 4.6%              | 17.4%  | 24.7% | 34.4% | 21.0% | 17.3% | -2.1%  | -1.8% |
| HAL               | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| North America     | 3,609.0  | 4,819.0  | 6,458.0  | 7,133.0  | 7,907.0  | 5,362.0  | 5,684.1  | 1.8%              | 17.0%  | 33.5% | 34.0% | 10.5% | 10.9% | -32.2% | 6.0%  |
| Latin America     | 1,082.0  | 1,344.0  | 1,514.0  | 1,798.0  | 2,444.3  | 2,435.9  | 2,523.2  | 7.2%              | 19.3%  | 24.2% | 12.6% | 18.8% | 35.9% | -0.3%  | 3.6%  |
| Europe/CIS/Africa | 1,924.0  | 2,274.0  | 2,860.0  | 3,700.0  | 4,354.5  | 4,121.8  | 4,244.4  | 7.0%              | 14.0%  | 18.2% | 25.8% | 29.4% | 17.7% | -5.3%  | 3.0%  |
| Middle East/Asia  | 1,383.0  | 1,663.0  | 2,123.0  | 2,633.0  | 3,140.1  | 3,041.5  | 3,090.9  | -4.8%             | 5.2%   | 20.2% | 27.7% | 24.0% | 19.3% | -3.1%  | 1.6%  |
| Total             | 7,998.0  | 10,100.0 | 12,955.0 | 15,264.0 | 17,846.0 | 14,961.3 | 15,542.6 | 2.3%              | 14.3%  | 26.3% | 28.3% | 17.8% | 16.9% | -16.2% | 3.9%  |
| Consensus         |          |          | 12,955.0 | 15,264.0 | 18,158.6 | 18,155.9 | 18,270.8 | 2.3%              | 14.3%  | 26.3% | 28.3% | 17.8% | 19.0% | 0.0%   | 0.6%  |
| BHI               | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| North America     | 2,539.9  | 3,141.2  | 4,076.2  | 4,440.4  | 4,969.3  | 3,770.3  | 4,067.3  | 14.1%             | 14.4%  | 23.7% | 29.8% | 8.9%  | 11.9% | -24.1% | 7.9%  |
| Latin America     | 622.9    | 638.2    | 751.0    | 903.3    | 1,071.3  | 1,048.6  | 1,097.5  | 1.4%              | 20.1%  | 2.5%  | 17.7% | 20.3% | 18.6% | -2.1%  | 4.7%  |
| Europe/CIS/Africa | 1,765.5  | 2,006.6  | 2,489.6  | 3,076.3  | 3,437.7  | 3,324.9  | 3,397.0  | 0.9%              | 14.7%  | 13.7% | 24.1% | 23.6% | 11.7% | -3.3%  | 2.2%  |
| Middle East/Asia  | 1,172.1  | 1,398.2  | 1,710.6  | 2,008.2  | 2,126.3  | 2,086.2  | 2,112.3  | 11.1%             | 20.4%  | 19.3% | 22.3% | 17.4% | 5.9%  | -1.9%  | 1.3%  |
| Total             | 6,100.4  | 7,184.2  | 9,027.4  | 10,428.2 | 11,604.7 | 10,230.0 | 10,674.0 | 8.1%              | 16.1%  | 17.8% | 25.7% | 15.5% | 11.3% | -11.8% | 4.3%  |
| Consensus         |          |          | 9,027.4  | 10,428.2 | 11,724.2 | 11,591.0 | 11,933.3 | 8.1%              | 16.1%  | 17.8% | 25.7% | 15.5% | 12.4% | -1.1%  | 3.0%  |
| WFT               | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| North America     | 1,887.6  | 2,400.7  | 3,672.6  | 3,937.5  | 4,347.0  | 3,129.0  | 3,475.9  | 11.3%             | 4.1%   | 27.2% | 53.0% | 7.2%  | 10.4% | -28.0% | 11.1% |
| Latin America     | 283.1    | 424.0    | 726.2    | 882.3    | 1,169.0  | 1,858.2  | 2,011.3  | 11.3%             | 118.5% | 49.7% | 71.3% | 21.5% | 32.5% | 59.0%  | 8.2%  |
| Europe/CIS/Africa | 409.0    | 617.6    | 827.3    | 1,188.5  | 1,594.7  | 1,548.2  | 1,677.4  | 11.3%             | 5.2%   | 51.0% | 34.0% | 43.7% | 34.2% | -2.9%  | 8.3%  |
| Middle East/Asia  | 566.3    | 891.0    | 1,352.8  | 1,823.8  | 2,360.4  | 2,325.6  | 2,521.4  | 11.3%             | 118.5% | 57.3% | 51.8% | 34.8% | 29.4% | -1.5%  | 8.4%  |
| Total             | 3,145.9  | 4,333.2  | 6,578.9  | 7,832.1  | 9,471.1  | 8,860.9  | 9,686.0  | 11.3%             | 21.4%  | 37.7% | 51.8% | 19.0% | 20.9% | -6.4%  | 9.3%  |
| Consensus         |          |          | 6,578.9  | 7,832.1  | 9,593.8  | 10,321.9 | 11,213.6 | 11.3%             | 21.4%  | 37.7% | 51.8% | 19.0% | 22.5% | 7.6%   | 8.6%  |
| SII               | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| North America     | 2,470.0  | 3,234.3  | 4,276.0  | 4,739.2  | 5,819.6  | 6,069.8  | 6,561.1  | 9.9%              | 26.3%  | 30.9% | 32.2% | 10.8% | 22.8% | 4.3%   | 8.1%  |
| Latin America     | 424.1    | 452.3    | 543.8    | 738.0    | 997.1    | 945.4    | 984.7    | 12.7%             | 23.2%  | 6.7%  | 20.2% | 35.7% | 35.1% | -5.2%  | 4.2%  |
| Europe/CIS/Africa | 961.8    | 1,188.0  | 1,605.6  | 2,105.7  | 2,656.8  | 2,556.9  | 2,702.3  | 25.5%             | 12.4%  | 23.5% | 35.1% | 31.2% | 26.2% | -3.8%  | 5.7%  |
| Middle East/Asia  | 563.2    | 704.3    | 908.1    | 1,181.3  | 1,254.6  | 1,171.0  | 1,202.3  | 9.0%              | 28.1%  | 25.1% | 28.9% | 30.1% | 6.2%  | -6.7%  | 2.7%  |
| Total             | 4,419.0  | 5,579.0  | 7,333.6  | 8,764.3  | 10,728.0 | 10,743.1 | 11,450.4 | 13.4%             | 22.9%  | 26.2% | 31.4% | 19.5% | 22.4% | 0.1%   | 6.6%  |
| Consensus         |          |          | 7,333.6  | 8,764.3  | 10,786.5 | 11,547.6 | 11,874.6 | 13.4%             | 22.9%  | 26.2% | 31.4% | 19.5% | 23.1% | 7.1%   | 2.8%  |
| TOP FIVE          | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| North America     | 13,613.5 | 17,355.5 | 23,756.2 | 25,595.1 | 28,840.4 | 22,503.8 | 24,202.5 | 9.7%              | 16.9%  | 27.5% | 36.9% | 7.7%  | 12.7% | -22.0% | 7.5%  |
| Latin America     | 4,158.1  | 5,067.6  | 6,098.4  | 7,616.7  | 10,002.2 | 10,531.7 | 11,205.3 | 7.7%              | 25.3%  | 21.9% | 20.3% | 24.9% | 31.3% | 5.3%   | 6.4%  |
| Europe/CIS/Africa | 7,848.2  | 9,619.5  | 12,836.5 | 16,660.7 | 20,372.8 | 19,396.0 | 20,485.4 | 6.8%              | 12.7%  | 22.6% | 33.4% | 29.8% | 22.3% | -4.8%  | 5.6%  |
| Middle East/Asia  | 6,161.6  | 7,689.1  | 9,818.3  | 12,527.1 | 14,633.8 | 14,293.6 | 14,677.5 | 5.6%              | 22.2%  | 24.8% | 27.7% | 27.6% | 16.8% | -2.3%  | 2.7%  |
| Total             | 33,142.4 | 41,506.4 | 55,133.3 | 65,557.8 | 76,863.7 | 69,486.6 | 73,578.4 | 6.3%              | 17.5%  | 25.2% | 32.8% | 18.9% | 17.2% | -9.6%  | 5.9%  |
| Consensus         | 33,142.4 | 41,506.4 | 55,133.3 | 65,557.8 | 77,565.6 | 78,357.1 | 79,556.5 | 6.3%              | 17.5%  | 25.2% | 32.8% | 18.9% | 18.3% | 1.0%   | 1.5%  |
| TOP FIVE          | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| International     | 18,167.9 | 22,376.3 | 28,753.2 | 36,804.5 | 45,008.8 | 44,221.2 | 46,368.3 | 6.6%              | 18.6%  | 23.2% | 28.5% | 28.0% | 22.3% | -1.7%  | 4.9%  |
| SLB               | 7,011.0  | 8,775.0  | 11,341.2 | 14,766.0 | 18,401.9 | 17,757.1 | 18,803.6 | 7.1%              | 17.6%  | 25.2% | 29.2% | 30.2% | 24.6% | -3.5%  | 5.9%  |
| HAL               | 4,389.0  | 5,281.0  | 6,497.0  | 8,131.0  | 9,939.0  | 9,599.2  | 9,858.5  | 2.8%              | 12.3%  | 20.3% | 23.0% | 25.2% | 22.2% | -3.4%  | 2.7%  |
| BHI               | 3,560.5  | 4,043.0  | 4,951.2  | 5,987.8  | 6,635.4  | 6,459.7  | 6,606.8  | 4.1%              | 17.4%  | 13.6% | 22.5% | 20.9% | 10.8% | -2.6%  | 2.3%  |
| WFT               | 1,258.4  | 1,932.5  | 2,906.3  | 3,894.6  | 5,124.1  | 5,732.0  | 6,210.1  | 11.3%             | 61.9%  | 53.6% | 50.4% | 34.0% | 31.6% | 11.9%  | 8.3%  |
| SII               | 1,949.0  | 2,344.7  | 3,057.5  | 4,025.1  | 4,908.5  | 4,673.2  | 4,889.3  | 17.9%             | 18.9%  | 20.3% | 30.4% | 31.6% | 21.9% | -4.8%  | 4.6%  |
| TOP FIVE          | 2004     | 2005     | 2006     | 2007     | 2008E    | 2009E    | 2010E    | 2003              | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| North America     | 13,613.5 | 17,355.5 | 23,756.2 | 25,595.1 | 28,840.4 | 22,503.8 | 24,202.5 | 9.7%              | 16.9%  | 27.5% | 36.9% | 7.7%  | 12.7% | -22.0% | 7.5%  |
| SLB               | 3,107.0  | 3,760.3  | 5,273.4  | 5,345.0  | 5,797.5  | 4,172.6  | 4,414.1  | 15.2%             | 20.8%  | 21.0% | 40.2% | 1.4%  | 8.5%  | -28.0% | 5.8%  |
| HAL               | 3,609.0  | 4,819.0  | 6,458.0  | 7,133.0  | 7,907.0  | 5,362.0  | 5,684.1  | 1.8%              | 17.0%  | 33.5% | 34.0% | 10.5% | 10.9% | -32.2% | 6.0%  |
| BHI               | 2,539.9  | 3,141.2  | 4,076.2  | 4,440.4  | 4,969.3  | 3,770.3  | 4,067.3  | 14.1%             | 14.4%  | 23.7% | 29.8% | 8.9%  | 11.9% | -24.1% | 7.9%  |
| WFT               | 1,887.6  | 2,400.7  | 3,672.6  | 3,937.5  | 4,347.0  | 3,129.0  | 3,475.9  | 11.3%             | 4.1%   | 27.2% | 53.0% | 7.2%  | 10.4% | -28.0% | 11.1% |
| SII               | 2,470.0  | 3,234.3  | 4,276.0  | 4,739.2  | 5,819.6  | 6,069.8  | 6,561.1  | 9.9%              | 26.3%  | 30.9% | 32.2% | 10.8% | 22.8% | 4.3%   | 8.1%  |

Source: FactSet, Morgan Stanley Research

e = Morgan Stanley Research estimates



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Oil Services, Drilling & Equipment

Exhibit 47

## Morgan Stanley EBIT Margins Projections by Area for Top Five Service Names

| EBIT MARGINS BY REGION |       |       |       |       |       |       |       | CHANGE IN EBIT MARGINS |         |         |          |        |
|------------------------|-------|-------|-------|-------|-------|-------|-------|------------------------|---------|---------|----------|--------|
| SLB                    | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| North America          | 16.7% | 24.8% | 30.4% | 28.7% | 22.4% | 19.3% | 20.5% | 560bps                 | -167bps | -634bps | -307bps  | 121bps |
| Latin America          | 12.7% | 14.9% | 19.3% | 22.9% | 20.6% | 20.4% | 21.7% | 439bps                 | 357bps  | -228bps | -18bps   | 130bps |
| Europe/CIS/Africa      | 16.0% | 19.9% | 25.5% | 28.5% | 27.9% | 25.7% | 25.8% | 562bps                 | 299bps  | -62bps  | -221bps  | 13bps  |
| Middle East/Asia       | 26.2% | 28.7% | 32.1% | 35.1% | 34.9% | 32.4% | 33.5% | 339bps                 | 299bps  | -19bps  | -247bps  | 110bps |
| OFS                    | 17.6% | 22.2% | 27.7% | 29.3% | 26.8% | 25.2% | 25.9% | 552bps                 | 164bps  | -257bps | -156bps  | 73bps  |
| WesternGeco            | 10.1% | 19.0% | 32.8% | 35.8% | 30.1% | 17.6% | 21.8% | 1377bps                | 300bps  | -568bps | -1255bps | 424bps |
| Total                  | 14.7% | 20.2% | 26.6% | 28.8% | 26.1% | 23.4% | 24.5% | 634bps                 | 225bps  | -271bps | -270bps  | 103bps |
| Consensus              |       |       | 26.0% | 28.4% | 26.2% | 23.6% | 22.8% |                        | 240bps  | -221bps | -260bps  | -79bps |
| HAL                    | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| North America          | 19.0% | 26.8% | 32.1% | 27.8% | 24.4% | 17.9% | 18.5% | 526bps                 | -431bps | -338bps | -648bps  | 60bps  |
| Latin America          | 11.4% | 15.0% | 19.8% | 19.4% | 20.8% | 19.2% | 19.3% | 486bps                 | -40bps  | 136bps  | -155bps  | 10bps  |
| Europe/CIS/Africa      | 10.8% | 17.8% | 18.8% | 20.1% | 18.5% | 17.5% | 18.6% | 108bps                 | 126bps  | -161bps | -105bps  | 119bps |
| Middle East/Asia       | 14.2% | 20.2% | 24.0% | 25.4% | 24.9% | 23.8% | 24.8% | 382bps                 | 139bps  | -46bps  | -110bps  | 93bps  |
| Total                  | 15.2% | 22.1% | 26.4% | 24.5% | 22.6% | 19.2% | 19.9% | 429bps                 | -188bps | -196bps | -335bps  | 72bps  |
| Consensus              |       |       | 26.4% | 23.0% | 21.4% | 19.0% | 19.7% |                        | -338bps | -162bps | -236bps  | 70bps  |
| BHI                    | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| North America          |       | 21.6% | 26.7% | 26.5% | 24.6% | 17.3% | 17.8% | 506bps                 | -15bps  | -187bps | -737bps  | 50bps  |
| Latin America          |       | 21.0% | 20.3% | 19.4% | 17.8% | 16.7% | 17.7% | -74bps                 | -88bps  | -162bps | -102bps  | 96bps  |
| Europe/CIS/Africa      |       | 17.6% | 21.3% | 22.3% | 22.5% | 21.8% | 22.9% | 372bps                 | 96bps   | 22bps   | -74bps   | 113bps |
| Middle East/Asia       |       | 18.2% | 23.0% | 23.4% | 19.5% | 18.1% | 19.1% | 472bps                 | 47bps   | -392bps | -144bps  | 106bps |
| Total                  | 14.0% | 19.8% | 24.0% | 24.1% | 22.4% | 18.8% | 19.7% | 418bps                 | 10bps   | -162bps | -360bps  | 82bps  |
| Consensus              |       |       | 23.3% | 22.0% | 20.5% | 18.3% | 18.4% |                        | -126bps | -151bps | -221bps  | 7bps   |
| WFT                    | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| North America          |       |       | 28.0% | 25.7% | 24.5% | 17.4% | 19.7% |                        | -232bps | -118bps | -708bps  | 225bps |
| Latin America          |       |       | 18.3% | 23.0% | 22.5% | 21.9% | 22.2% |                        | 471bps  | -50bps  | -68bps   | 33bps  |
| Europe/CIS/Africa      |       |       | 20.6% | 24.2% | 25.5% | 24.1% | 24.4% |                        | 355bps  | 126bps  | -131bps  | 26bps  |
| Middle East/Asia       |       |       | 20.2% | 22.8% | 23.0% | 21.6% | 21.9% |                        | 261bps  | 17bps   | -136bps  | 28bps  |
| Total                  | 12.5% | 15.4% | 20.7% | 21.0% | 20.6% | 17.3% | 18.3% | 530bps                 | 29bps   | -36bps  | -334bps  | 107bps |
| Consensus              |       |       | 20.7% | 21.3% | 21.4% | 19.2% | 19.5% |                        | 60bps   | 13bps   | -222bps  | 31bps  |
| SII                    | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| Total                  | 10.6% | 12.1% | 14.7% | 15.6% | 15.8% | 13.9% | 14.4% | 261bps                 | 90bps   | 15bps   | -190bps  | 49bps  |
| Consensus              |       |       | 14.5% | 15.4% | 15.7% | 14.5% | 13.5% |                        | 91bps   | 26bps   | -120bps  | -92bps |
| TOP FIVE               | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| North America          | 17.8% | 24.4% | 29.3% | 27.2% | 24.0% | 18.0% | 19.1% | 487bps                 | -211bps | -319bps | -600bps  | 114bps |
| Latin America          | 12.0% | 17.0% | 19.4% | 21.2% | 20.4% | 19.6% | 20.2% | 247bps                 | 175bps  | -76bps  | -85bps   | 67bps  |
| Europe/CIS/Africa      | 13.4% | 18.4% | 21.6% | 23.8% | 23.6% | 22.3% | 22.9% | 316bps                 | 219bps  | -18bps  | -133bps  | 67bps  |
| Middle East/Asia       | 20.2% | 22.4% | 24.8% | 26.7% | 25.6% | 24.0% | 24.8% | 244bps                 | 186bps  | -110bps | -159bps  | 84bps  |
| Total                  | 14.0% | 18.3% | 22.7% | 22.9% | 21.6% | 18.9% | 19.6% | 438bps                 | 21bps   | -127bps | -275bps  | 77bps  |
| Consensus              |       |       | 22.2% | 22.0% | 21.0% | 18.9% | 18.8% |                        | -15bps  | -99bps  | -212bps  | -12bps |
| TOP FIVE               | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| International          | 15.2% | 19.3% | 21.9% | 23.9% | 23.2% | 21.9% | 22.7% | 269bps                 | 193bps  | -68bps  | -126bps  | 73bps  |
| SLB                    | 18.3% | 21.2% | 25.7% | 28.8% | 27.8% | 26.2% | 27.0% | 447bps                 | 318bps  | -103bps | -162bps  | 84bps  |
| HAL                    | 12.1% | 17.6% | 20.9% | 21.6% | 21.4% | 20.2% | 20.9% | 325bps                 | 75bps   | -24bps  | -123bps  | 74bps  |
| BHI                    |       | 18.9% | 21.5% | 21.7% | 19.9% | 18.9% | 19.9% | 257bps                 | 18bps   | -107bps | -107bps  | 105bps |
| WFT                    |       |       | 19.7% | 23.3% | 23.7% | 22.5% | 22.8% |                        | 362bps  | 31bps   | -112bps  | 29bps  |
| TOP FIVE               | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2006                   | 2007    | 2008E   | 2009E    | 2010E  |
| North America          | 17.8% | 24.4% | 29.3% | 27.2% | 24.0% | 18.0% | 19.1% | 487bps                 | -211bps | -319bps | -600bps  | 114bps |
| SLB                    | 16.7% | 24.8% | 30.4% | 28.7% | 22.4% | 19.3% | 20.5% | 560bps                 | -167bps | -634bps | -307bps  | 121bps |
| HAL                    | 19.0% | 26.8% | 32.1% | 27.8% | 24.4% | 17.9% | 18.5% | 526bps                 | -431bps | -338bps | -648bps  | 60bps  |
| BHI                    |       | 21.6% | 26.7% | 26.5% | 24.6% | 17.3% | 17.8% | 506bps                 | -15bps  | -187bps | -737bps  | 50bps  |
| WFT                    |       |       | 28.0% | 25.7% | 24.5% | 17.4% | 19.7% |                        | -232bps | -118bps | -708bps  | 225bps |

Source: FactSet, Morgan Stanley Research

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Oil Services, Drilling &amp; Equipment

Exhibit 48

### Oil Services: Revenue Growth and EPS Assumptions

|                   |           | Top Line |        |        |        |        |        |        |        | Top Line Growth |       |       |       |       |       |        |       |
|-------------------|-----------|----------|--------|--------|--------|--------|--------|--------|--------|-----------------|-------|-------|-------|-------|-------|--------|-------|
|                   |           | 2003     | 2004   | 2005   | 2006   | 2007   | 2008E  | 2009E  | 2010E  | 2003            | 2004  | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E |
| SLB               | MS        | 9,779    | 11,479 | 14,310 | 19,238 | 23,269 | 27,214 | 24,691 | 26,225 | 4.6%            | 17.4% | 24.7% | 34.4% | 21.0% | 17.0% | -9.3%  | 6.2%  |
|                   | Consensus | 9,779    | 11,479 | 14,310 | 19,238 | 23,269 | 27,303 | 26,741 | 26,264 | 4.6%            | 17.4% | 24.7% | 34.4% | 21.0% | 17.3% | -2.1%  | -1.8% |
| HAL               | MS        | 6,995    | 7,998  | 10,100 | 12,955 | 15,264 | 17,846 | 14,961 | 15,543 | 2.3%            | 14.3% | 26.3% | 28.3% | 17.8% | 16.9% | -16.2% | 3.9%  |
|                   | Consensus | 6,995    | 7,998  | 10,100 | 12,955 | 15,264 | 18,159 | 18,156 | 18,271 | 2.3%            | 14.3% | 26.3% | 28.3% | 17.8% | 19.0% | 0.0%   | 0.6%  |
| BHI               | MS        | 5,252    | 6,100  | 7,184  | 9,027  | 10,428 | 11,605 | 10,230 | 10,674 | 8.1%            | 16.1% | 17.8% | 25.7% | 15.5% | 11.3% | -11.8% | 4.3%  |
|                   | Consensus | 5,252    | 6,100  | 7,184  | 9,027  | 10,428 | 11,724 | 11,591 | 11,933 | 8.1%            | 16.1% | 17.8% | 25.7% | 15.5% | 12.4% | -1.1%  | 3.0%  |
| BJS               | MS        | 2,143    | 2,601  | 3,243  | 4,368  | 4,802  | 5,426  | 4,439  | 4,663  | 14.9%           | 21.4% | 24.7% | 34.7% | 9.9%  | 13.0% | -18.2% | 5.0%  |
|                   | Consensus | 2,143    | 2,601  | 3,243  | 4,368  | 4,802  | 5,426  | 5,182  | 5,030  | 14.9%           | 21.4% | 24.7% | 34.7% | 9.9%  | 13.0% | -4.5%  | -2.9% |
| WFT               | MS        | 2,591    | 3,146  | 4,333  | 6,579  | 7,832  | 9,471  | 8,861  | 9,686  | 11.3%           | 21.4% | 37.7% | 51.8% | 19.0% | 20.9% | -6.4%  | 9.3%  |
|                   | Consensus | 2,591    | 3,146  | 4,333  | 6,579  | 7,832  | 9,594  | 10,322 | 11,214 | 11.3%           | 21.4% | 37.7% | 51.8% | 19.0% | 22.5% | 7.6%   | 8.6%  |
| SII               | MS        | 3,595    | 4,419  | 5,579  | 7,334  | 8,764  | 10,728 | 10,743 | 11,450 | 13.4%           | 22.9% | 26.2% | 31.4% | 19.5% | 22.4% | 0.1%   | 6.6%  |
|                   | Consensus | 3,595    | 4,419  | 5,579  | 7,334  | 8,764  | 10,786 | 11,548 | 11,875 | 13.4%           | 22.9% | 26.2% | 31.4% | 19.5% | 23.1% | 7.1%   | 2.8%  |
| Average MS        |           | 5,059    | 5,957  | 7,458  | 9,917  | 11,727 | 13,715 | 12,321 | 13,040 | 9.1%            | 18.9% | 26.2% | 34.4% | 17.1% | 16.9% | -10.3% | 5.9%  |
| Average Consensus |           | 5,059    | 5,957  | 7,458  | 9,917  | 11,727 | 13,832 | 13,923 | 14,098 | 9.1%            | 18.9% | 26.2% | 34.4% | 17.1% | 17.9% | 1.2%   | 1.7%  |

Source: FactSet, Company data, Morgan Stanley Research. Note: top line figures for SLB excludes Sema prior to 2004, top line figures for HAL excludes KBR prior to 2007

Exhibit 49

### Oil Services Revenue Growth: MS vs. Consensus

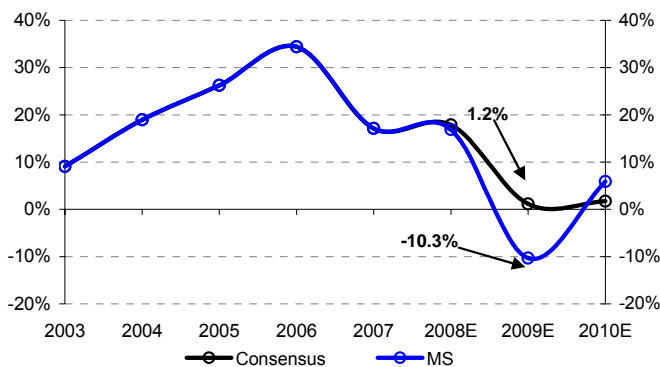

Source: FactSet, Company data, Morgan Stanley Research  
Includes historical figures and MS vs. consensus projection of top line growth for the average of SLB, HAL, WFT, BHI, SII, and BJS

Exhibit 50

### Oil Services EPS Growth: MS vs. Consensus

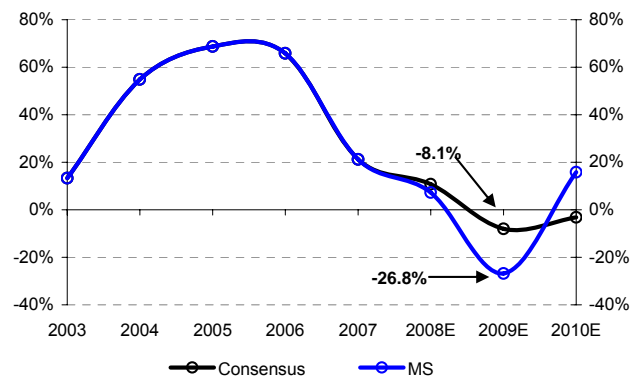

Source: FactSet, Company data, Morgan Stanley Research  
Includes historical figures and MS vs. consensus projection of EPS growth for the average of SLB, HAL, WFT, BHI, SII and BJS

Exhibit 51

### Oil Services: EBIT Margins Assumptions

|                   |           | EBIT Margins |       |       |       |       |       |       |       | Incremental EBIT Margins (bps) |      |      |      |      |       |       |       |
|-------------------|-----------|--------------|-------|-------|-------|-------|-------|-------|-------|--------------------------------|------|------|------|------|-------|-------|-------|
|                   |           | 2003         | 2004  | 2005  | 2006  | 2007  | 2008E | 2009E | 2010E | 2003                           | 2004 | 2005 | 2006 | 2007 | 2008E | 2009E | 2010E |
| SLB               | MS        | 0.0%         | 0.0%  | 20.2% | 26.6% | 28.8% | 26.1% | 23.4% | 24.5% | 0                              | 0    | 2024 | 634  | 225  | -271  | -270  | 103   |
|                   | Consensus | 0.0%         | 0.0%  | 20.2% | 26.6% | 28.8% | 26.2% | 23.6% | 22.8% | 0                              | 0    | 2024 | 634  | 225  | -264  | -260  | -79   |
| HAL               | MS        | 12.3%        | 15.2% | 22.1% | 26.0% | 24.5% | 22.6% | 19.2% | 19.9% | 99                             | 290  | 694  | 391  | -151 | -196  | -335  | 72    |
|                   | Consensus | 12.3%        | 15.2% | 22.1% | 26.0% | 24.5% | 21.4% | 19.0% | 19.7% | 99                             | 290  | 694  | 391  | -151 | -312  | -236  | 70    |
| BHI               | MS        | 11.5%        | 14.0% | 18.6% | 22.4% | 21.7% | 20.0% | 16.7% | 17.6% | -52                            | 258  | 458  | 374  | -67  | -166  | -330  | 82    |
|                   | Consensus | 11.5%        | 14.0% | 18.6% | 22.4% | 21.7% | 20.5% | 18.3% | 18.4% | -52                            | 258  | 458  | 374  | -67  | -119  | -221  | 7     |
| BJS               | MS        | 13.7%        | 16.9% | 20.0% | 26.8% | 24.0% | 16.7% | 13.3% | 15.3% | -41                            | 317  | 318  | 679  | -286 | -724  | -342  | 199   |
|                   | Consensus | 13.7%        | 16.9% | 20.0% | 26.8% | 24.0% | 16.7% | 14.2% | 14.8% | -41                            | 317  | 318  | 679  | -286 | -724  | -248  | 54    |
| WFT               | MS        | 10.6%        | 12.5% | 15.4% | 20.7% | 21.0% | 20.6% | 17.3% | 18.3% | -116                           | 188  | 291  | 530  | 29   | -36   | -334  | 107   |
|                   | Consensus | 10.6%        | 12.5% | 15.4% | 20.7% | 21.0% | 21.4% | 19.2% | 19.5% | -116                           | 188  | 291  | 530  | 29   | 43    | -222  | 31    |
| SII               | MS        | 9.3%         | 10.6% | 12.1% | 14.7% | 15.6% | 15.8% | 13.9% | 14.4% | 119                            | 137  | 148  | 261  | 90   | 15    | -190  | 49    |
|                   | Consensus | 9.3%         | 10.6% | 12.1% | 14.7% | 15.6% | 15.7% | 14.5% | 13.5% | 119                            | 137  | 148  | 261  | 90   | 3     | -120  | -92   |
| Average MS        |           | 9.5%         | 11.5% | 18.1% | 22.9% | 22.6% | 20.3% | 17.3% | 18.3% | 2                              | 198  | 656  | 478  | -27  | -230  | -300  | 102   |
| Average Consensus |           | 9.5%         | 11.5% | 18.1% | 22.9% | 22.6% | 20.3% | 18.1% | 18.1% | 2                              | 198  | 656  | 478  | -27  | -229  | -218  | -1    |

Source: FactSet, Company data, Morgan Stanley Research. Note: figures for SLB excludes Sema prior to 2004, figures for HAL excludes KBR prior to 2007

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Oil Services, Drilling & Equipment

Exhibit 52

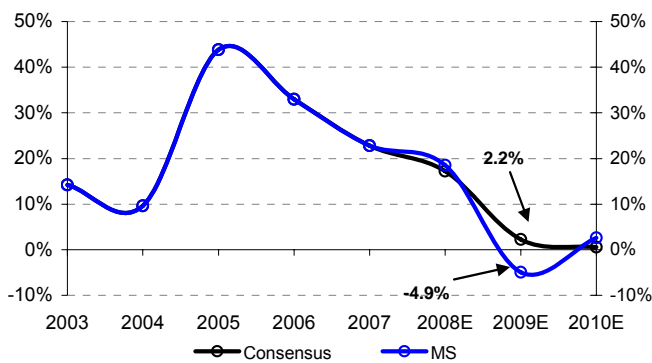
## Equipment: Revenue Growth and EPS Assumptions

|                   |           | Top Line |       |       |       |        |        |        |        | Top Line Growth |        |       |       |       |       |        |        |
|-------------------|-----------|----------|-------|-------|-------|--------|--------|--------|--------|-----------------|--------|-------|-------|-------|-------|--------|--------|
|                   |           | 2003     | 2004  | 2005  | 2006  | 2007   | 2008E  | 2009E  | 2010E  | 2003            | 2004   | 2005  | 2006  | 2007  | 2008E | 2009E  | 2010E  |
| NOV               | MS        | 2,582    | 3,044 | 5,642 | 8,419 | 11,614 | 13,719 | 11,129 | 10,191 | 37.9%           | 17.9%  | 85.3% | 49.2% | 38.0% | 18.1% | -18.9% | -8.4%  |
|                   | Consensus | 2,582    | 3,044 | 5,642 | 8,419 | 11,614 | 13,365 | 14,144 | 12,108 | 37.9%           | 17.9%  | 85.3% | 49.2% | 38.0% | 15.1% | 5.8%   | -14.4% |
| CAM               | MS        | 1,634    | 2,093 | 2,518 | 3,743 | 4,666  | 5,756  | 5,641  | 6,247  | 6.3%            | 28.1%  | 20.3% | 48.7% | 24.7% | 23.4% | -2.0%  | 10.7%  |
|                   | Consensus | 1,634    | 2,093 | 2,518 | 3,743 | 4,666  | 5,841  | 6,102  | 6,171  | 6.3%            | 28.1%  | 20.3% | 48.7% | 24.7% | 25.2% | 4.5%   | 1.1%   |
| FTI               | MS        | 2,307    | 2,768 | 3,227 | 3,905 | 4,632  | 5,039  | 4,896  | 5,396  | 11.4%           | 20.0%  | 16.6% | 21.0% | 18.6% | 8.8%  | -2.8%  | 10.2%  |
|                   | Consensus | 2,307    | 2,768 | 3,227 | 3,905 | 4,632  | 4,785  | 4,754  | 4,953  | 11.4%           | 20.0%  | 16.6% | 21.0% | 18.6% | 3.3%  | -0.6%  | 4.2%   |
| TS                | MS        | 3,180    | 3,718 | 6,210 | 7,728 | 10,180 | 12,599 | 11,776 | 10,902 | -1.2%           | 16.9%  | 67.0% | 24.4% | 31.7% | 23.8% | -6.5%  | -7.4%  |
|                   | Consensus | 3,180    | 3,718 | 6,210 | 7,728 | 10,180 | 12,138 | 11,313 | 11,185 | -1.2%           | 16.9%  | 67.0% | 24.4% | 31.7% | 19.2% | -6.8%  | -1.1%  |
| DRC               | MS        | 1,335    | 916   | 1,208 | 1,502 | 1,665  | 2,198  | 2,283  | 2,455  | 29.5%           | -31.4% | 31.9% | 24.3% | 10.9% | 32.0% | 3.9%   | 7.5%   |
|                   | Consensus | 1,335    | 916   | 1,208 | 1,502 | 1,665  | 2,217  | 2,291  | 2,289  | 29.5%           | -31.4% | 31.9% | 24.3% | 10.9% | 33.2% | 3.3%   | -0.1%  |
| DRQ               | MS        | 219      | 222   | 341   | 443   | 496    | 540    | 515    | 535    | 1.7%            | 1.0%   | 53.8% | 29.9% | 11.9% | 9.0%  | -4.5%  | 3.7%   |
|                   | Consensus | 219      | 222   | 341   | 443   | 496    | 549    | 600    | 663    | 1.7%            | 1.0%   | 53.8% | 29.9% | 11.9% | 10.7% | 9.4%   | 10.4%  |
| GTLS              | MS        | 266      | 306   | 403   | 537   | 666    | 765    | 737    | 751    | N/A             | 15.1%  | 31.9% | 33.3% | 24.0% | 14.7% | -3.7%  | 2.0%   |
|                   | Consensus | 266      | 306   | 403   | 537   | 666    | 759    | 759    | 790    | N/A             | 15.1%  | 31.9% | 33.3% | 24.0% | 13.9% | 0.1%   | 4.0%   |
| Average MS        |           | 1,646    | 1,867 | 2,793 | 3,754 | 4,846  | 5,802  | 5,283  | 5,211  | 14.2%           | 9.6%   | 43.8% | 33.0% | 22.8% | 18.5% | -4.9%  | 2.6%   |
| Average Consensus |           | 1,646    | 1,867 | 2,793 | 3,754 | 4,846  | 5,665  | 5,709  | 5,451  | 14.2%           | 9.6%   | 43.8% | 33.0% | 22.8% | 17.2% | 2.2%   | 0.6%   |

Source: FactSet, Company data, Morgan Stanley Research. Note: top line for NOV includes GRP for all periods; some consensus numbers might lack relevance due to the low number of estimates

Exhibit 53

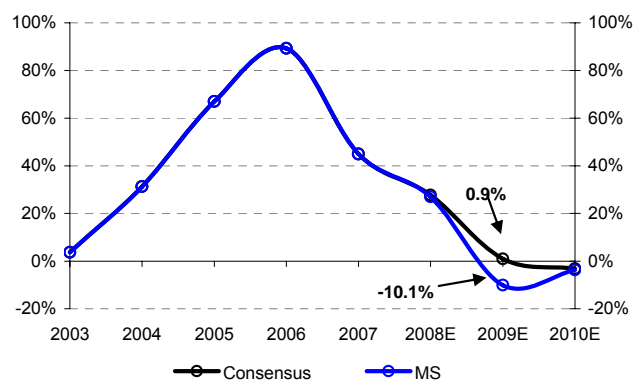
## Equipment Revenue Growth: MS vs. Consensus



Source: FactSet, Company data, Morgan Stanley Research  
Includes historical figures and MS vs. consensus projection of top line growth for the average of NOV, CAM, FTI, TS, DRC, DRQ and GTLS

Exhibit 54

## Equipment EPS Growth: MS vs. Consensus



Source: FactSet, Company data, Morgan Stanley Research  
Includes historical figures and MS vs. consensus projection of top line growth for the average of NOV, CAM, FTI, TS, DRC, DRQ and GTLS

Exhibit 55

## Equipment: EBIT Margins Assumptions

|                   |           | EBIT Margins |       |       |       |       |       |       |       | Incremental EBIT Margins (bps) |      |      |      |      |       |       |       |
|-------------------|-----------|--------------|-------|-------|-------|-------|-------|-------|-------|--------------------------------|------|------|------|------|-------|-------|-------|
|                   |           | 2003         | 2004  | 2005  | 2006  | 2007  | 2008E | 2009E | 2010E | 2003                           | 2004 | 2005 | 2006 | 2007 | 2008E | 2009E | 2010E |
| NOV               | MS        | 8.2%         | 9.6%  | 13.2% | 18.3% | 22.6% | 21.2% | 19.6% | 18.8% | -76                            | 132  | 368  | 510  | 428  | -145  | -155  | -82   |
|                   | Consensus | 8.2%         | 9.6%  | 13.2% | 18.3% | 22.6% | 22.2% | 21.2% | 18.6% | -76                            | 132  | 368  | 510  | 428  | -41   | -97   | -266  |
| CAM               | MS        | 5.6%         | 7.1%  | 10.4% | 13.9% | 15.8% | 15.4% | 14.7% | 14.2% | -204                           | 153  | 326  | 351  | 188  | -38   | -68   | -50   |
|                   | Consensus | 5.6%         | 7.1%  | 10.4% | 13.9% | 15.8% | 15.7% | 15.6% | 14.0% | -204                           | 153  | 326  | 351  | 188  | -4    | -18   | -155  |
| FTI               | MS        | 5.6%         | 4.7%  | 5.0%  | 8.9%  | 10.4% | 11.7% | 11.5% | 10.9% | 13                             | -88  | 33   | 394  | 146  | 126   | -13   | -67   |
|                   | Consensus | 5.6%         | 4.7%  | 5.0%  | 8.9%  | 10.4% | 11.4% | 11.4% | 10.4% | 13                             | -88  | 33   | 394  | 146  | 100   | 0     | -99   |
| TS                | MS        | 9.1%         | 21.7% | 31.3% | 36.1% | 29.3% | 27.6% | 26.4% | 27.1% | N/A                            | 1260 | 967  | 480  | -685 | -167  | -119  | 62    |
|                   | Consensus | 9.1%         | 21.7% | 31.3% | 36.1% | 29.3% | 28.0% | 27.1% | 27.0% | N/A                            | 1260 | 967  | 480  | -685 | -132  | -91   | -2    |
| DRC               | MS        | 2.9%         | 8.4%  | 9.6%  | 12.5% | 14.5% | 14.4% | 14.5% | 12.2% | 109                            | 547  | 121  | 291  | 197  | -10   | 11    | -230  |
|                   | Consensus | 2.9%         | 8.4%  | 9.6%  | 12.5% | 14.5% | 14.1% | 14.1% | 12.1% | 109                            | 547  | 121  | 291  | 197  | -41   | 1     | -196  |
| DRQ               | MS        | 7.3%         | 8.3%  | 14.4% | 27.6% | 27.9% | 25.5% | 24.9% | 24.3% | -32                            | 100  | 617  | 1321 | 28   | -240  | -61   | -63   |
|                   | Consensus | 7.3%         | 8.3%  | 14.4% | 27.6% | 27.9% | 26.2% | 25.6% | 24.4% | -32                            | 100  | 617  | 1321 | 28   | -168  | -67   | -115  |
| GTLS              | MS        | 13.4%        | 12.1% | 8.5%  | 12.4% | 13.9% | 17.0% | 15.5% | 12.6% | N/A                            | -123 | -366 | 397  | 148  | 308   | -152  | -289  |
|                   | Consensus | 13.4%        | 12.1% | 8.5%  | 12.4% | 13.9% | 17.1% | 16.1% | 14.3% | N/A                            | -123 | -366 | 397  | 148  | 319   | -97   | -182  |
| Average MS        |           | 7.4%         | 10.3% | 13.2% | 18.6% | 19.2% | 19.0% | 18.2% | 17.1% | -38                            | 283  | 295  | 535  | 64   | -24   | -79   | -103  |
| Average Consensus |           | 7.4%         | 10.3% | 13.2% | 18.6% | 19.2% | 19.3% | 18.7% | 17.3% | -38                            | 283  | 295  | 535  | 64   | 5     | -53   | -145  |

Source: FactSet, Company data, Morgan Stanley Research. Note: figures for NOV include GRP for all periods; some consensus numbers might lack relevance due to the low number of estimates

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Oil Services, Drilling & Equipment

Exhibit 56

## 12-Month Forward Rolling Consensus EPS

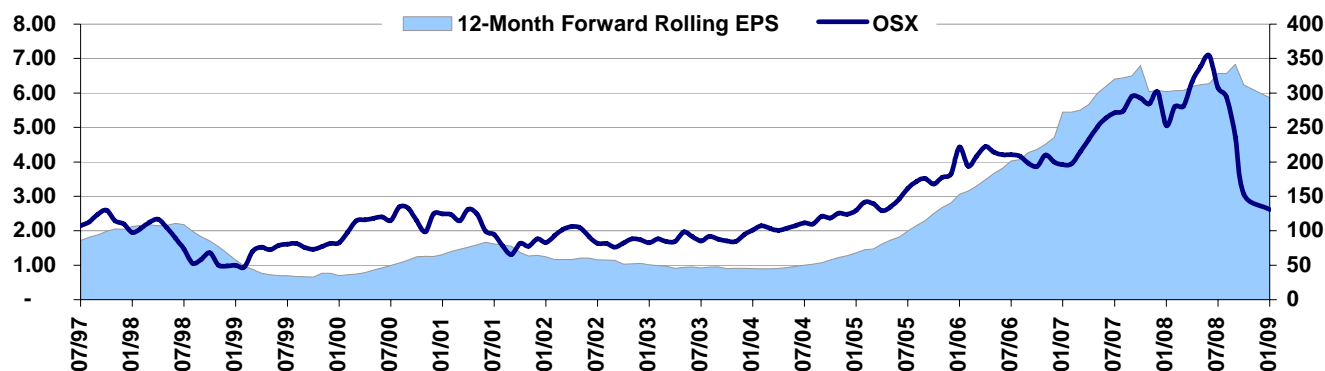
| Company                     | Symbol | Recent Price | Consensus            |       | Price-to-12-Month Rolling EPS |      |      |         |         | Price-to-12-Month Rolling CEPS |      |      |         |         |
|-----------------------------|--------|--------------|----------------------|-------|-------------------------------|------|------|---------|---------|--------------------------------|------|------|---------|---------|
|                             |        |              | 12-Month Rolling EPS | CEPS  | High                          | Low  | Avg  | Std Dev | Current | High                           | Low  | Avg  | Std Dev | Current |
| Oil Services:               |        |              |                      |       |                               |      |      |         |         |                                |      |      |         |         |
| Schlumberger                | SLB    | 45.62        | 4.15                 | 5.57  | 51.9                          | 9.9  | 27.3 | 9.6     | 11.0    | 22.3                           | 7.7  | 14.4 | 3.3     | 8.2     |
| Halliburton                 | HAL    | 19.45        | 2.63                 | 3.13  | 41.5                          | 6.0  | 19.8 | 7.9     | 7.4     | 21.0                           | 4.8  | 12.1 | 3.6     | 6.2     |
| Baker Hughes                | BHI    | 34.33        | 4.85                 | 6.24  | 55.7                          | 6.5  | 23.9 | 10.7    | 7.1     | 17.3                           | 4.8  | 12.2 | 2.6     | 5.5     |
| BJ Services                 | BJS    | 12.43        | 1.70                 | 3.12  | 47.6                          | 6.3  | 18.8 | 8.7     | 7.3     | 25.1                           | 4.0  | 12.5 | 4.2     | 4.0     |
| Weatherford                 | WFT    | 11.66        | 2.02                 | 2.75  | 51.8                          | 5.4  | 32.6 | 12.9    | 5.8     | 31.3                           | 3.7  | 15.5 | 4.6     | 4.2     |
| Smith International         | SII    | 25.03        | 3.68                 | 4.32  | 56.4                          | 6.2  | 22.9 | 10.5    | 6.8     | 27.8                           | 4.8  | 14.4 | 4.2     | 5.8     |
| ION Geophysical             | IO     | 3.78         | 0.54                 | 1.16  | 57.9                          | 4.5  | 26.8 | 10.8    | 7.1     | 44.1                           | 1.7  | 15.3 | 7.3     | 3.3     |
| Average (excludes IO)       |        |              |                      |       | 50.8                          | 6.7  | 24.2 | 10.1    | 7.6     | 24.1                           | 5.0  | 13.5 | 3.8     | 5.7     |
| Offshore Drillers:          |        |              |                      |       |                               |      |      |         |         |                                |      |      |         |         |
| Atwood Oceanics             | ATW    | 17.52        | 4.64                 | 3.27  | 44.2                          | 3.3  | 16.8 | 9.3     | 3.8     | 49.8                           | 3.0  | 12.0 | 6.5     | 5.4     |
| Diamond Offshore            | DO     | 63.12        | 11.46                | 8.32  | 5.1                           | 19.5 | 10.0 | 0.0     | 5.5     | 4.5                            | 11.7 | 3.2  | 0.0     | 7.6     |
| ENSCO International         | ESV    | 30.33        | 8.27                 | 8.17  | 43.1                          | 3.4  | 17.1 | 9.5     | 3.7     | 30.0                           | 3.0  | 12.1 | 5.9     | 3.7     |
| Noble Corporation           | NE     | 23.75        | 7.07                 | 5.72  | 49.0                          | 3.1  | 26.8 | 13.1    | 3.4     | 31.6                           | 2.8  | 16.7 | 6.6     | 4.2     |
| Pride International         | PDE    | 17.58        | 3.38                 | 4.47  | 47.7                          | 4.5  | 18.3 | 10.8    | 5.2     | 12.4                           | 2.2  | 7.0  | 2.0     | 3.9     |
| Rowan Companies             | RDC    | 17.25        | 4.27                 | 5.13  | 50.0                          | 3.7  | 19.3 | 13.1    | 4.0     | 27.7                           | 3.0  | 12.1 | 5.6     | 3.4     |
| Transocean                  | RIG    | 52.01        | 15.44                | 13.21 | 32.5                          | 3.1  | 14.9 | 6.1     | 3.4     | 22.4                           | 2.8  | 9.5  | 3.1     | 3.9     |
| Hercules Offshore           | HERO   | 5.04         | 0.98                 | 4.02  | 15.4                          | 3.8  | 8.7  | 3.0     | 5.1     | 12.6                           | 1.3  | 6.6  | 2.5     | 1.3     |
| Nabors Industries           | NBR    | 13.27        | 2.50                 | 5.07  | 47.0                          | 4.8  | 19.0 | 10.1    | 5.3     | 23.0                           | 2.6  | 11.1 | 4.9     | 2.6     |
| Patterson-UTI               | PTEN   | 12.58        | 1.20                 | 4.39  | 49.6                          | 5.3  | 18.4 | 11.3    | 10.4    | 18.2                           | 2.9  | 9.5  | 3.8     | 2.9     |
| Average                     |        |              |                      |       | 38.4                          | 5.5  | 16.9 | 8.7     | 5.0     | 23.2                           | 3.5  | 10.0 | 4.1     | 3.9     |
| Equipment:                  |        |              |                      |       |                               |      |      |         |         |                                |      |      |         |         |
| Tenaris                     | TS     | 22.02        | 3.41                 | 3.47  | 23.1                          | 3.7  | 12.3 | 3.6     | 6.5     | 15.8                           | 2.9  | 9.2  | 2.7     | 6.3     |
| National Oilwell Varco      | NOV    | 26.83        | 4.97                 | 4.31  | 50.7                          | 4.9  | 30.3 | 12.3    | 5.4     | 42.9                           | 4.6  | 22.7 | 8.8     | 6.2     |
| Cameron International       | CAM    | 22.07        | 2.77                 | 2.60  | 48.9                          | 7.2  | 33.4 | 12.7    | 8.0     | 31.4                           | 6.3  | 18.9 | 5.0     | 8.5     |
| FMC Technologies            | FTI    | 25.32        | 2.83                 | 2.96  | 25.1                          | 8.4  | 19.5 | 3.2     | 9.0     | 21.1                           | 2.9  | 13.5 | 3.0     | 8.5     |
| Oceaneering International   | OII    | 30.34        | 3.86                 | 5.04  | 21.4                          | 6.5  | 16.0 | 2.9     | 7.9     | 14.7                           | 4.3  | 8.1  | 2.1     | 6.0     |
| Dril-Quip                   | DRQ    | 22.03        | 2.95                 | 2.62  | 45.9                          | 6.5  | 23.5 | 7.7     | 7.5     | 37.4                           | 5.7  | 16.5 | 5.3     | 8.4     |
| Dresser-Rand                | DRC    | 18.77        | 2.45                 | 2.40  | 24.5                          | 6.8  | 16.8 | 4.2     | 7.7     | 16.0                           | 5.4  | 12.2 | 2.4     | 7.8     |
| Chart Industries            | GTLS   | 11.02        | 2.33                 | 2.59  | 18.5                          | 4.1  | 11.9 | 4.0     | 4.7     | 14.9                           | 3.1  | 9.0  | 3.2     | 4.3     |
| Average                     |        |              |                      |       | 32.2                          | 6.0  | 20.5 | 6.3     | 7.1     | 24.3                           | 4.4  | 13.8 | 4.1     | 7.0     |
| Engineering & Construction: |        |              |                      |       |                               |      |      |         |         |                                |      |      |         |         |
| Helix Energy Solutions      | HLX    | 7.86         | 2.65                 | 7.06  | 34.9                          | 2.2  | 16.2 | 7.1     | 3.0     | 18.4                           | 1.1  | 8.8  | 3.5     | 1.1     |

Source: FactSet, Morgan Stanley Research

CEPS = cash EPS is equal to net income + depreciation and amortization + convertible interest (where applicable)

Exhibit 57

## OSX versus Weighted 12-Month Forward Rolling Consensus EPS of OSX Constituents



Source: FactSet, Morgan Stanley Research

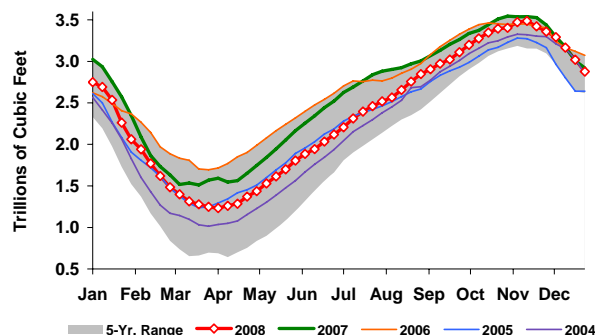
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## Commodity Data

Exhibit 58

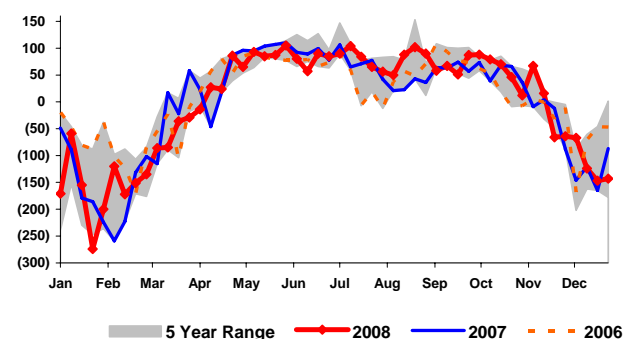
### US Natural Gas Storage



Source: Energy Information Administration (EIA)

Exhibit 59

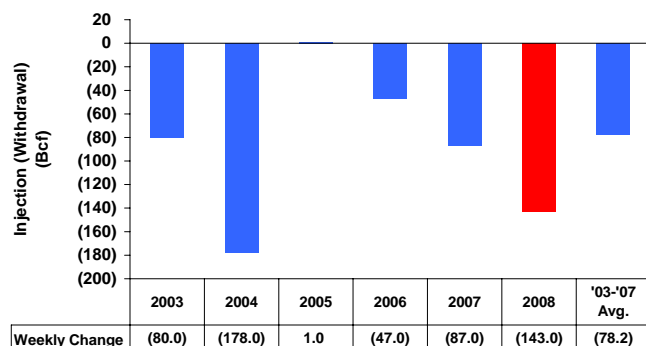
### Natural Gas Injection Rate



Source: Energy Information Administration (EIA), Morgan Stanley Research

Exhibit 60

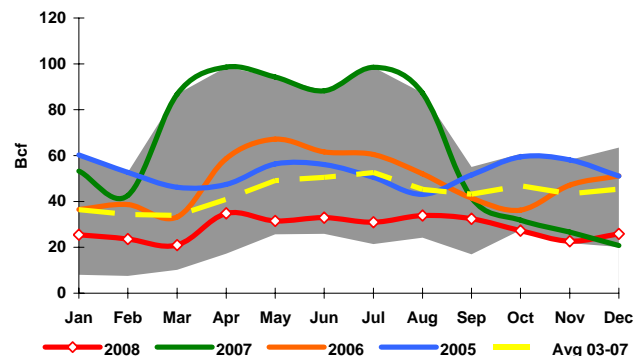
### Weekly US Natural Gas Storage: Injection (Withdrawal)



Source: Department of Energy (DOE), Morgan Stanley Research

Exhibit 61

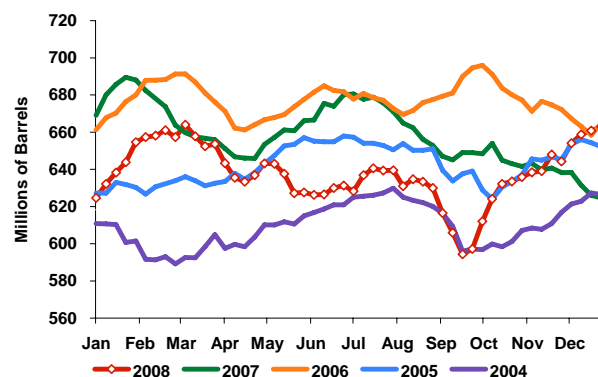
### US LNG Monthly Imports



Source: Waterborne, Morgan Stanley Research

Exhibit 62

### US Total Oil Inventories



Source: Energy Information Administration (EIA), Morgan Stanley Research

Exhibit 63

### US Oil Inventory Data

| API                | 12/26/08     | Prior Week   | Weekly Change | Previous Year | 5-Yr. Avg.   |
|--------------------|--------------|--------------|---------------|---------------|--------------|
| Crude Oil          | 324.6        | 316.7        | 7.9           | 297.7         | 296.5        |
| Motor Gasoline     | 206.6        | 204.8        | 1.8           | 212.9         | 212.9        |
| Middle Distillates | 175.6        | 172.0        | 3.6           | 173.3         | 178.6        |
| Distillates        | 137.9        | 134.1        | 3.9           | 133.7         | 138.5        |
| Kerosene           | 37.7         | 37.9         | (0.2)         | 39.6          | 40.1         |
| Naphtha            | -            | -            | -             | -             | 0.0          |
| Residual           | 36.1         | 36.4         | (0.3)         | 39.1          | 40.0         |
| Unfinished         | 85.9         | 87.4         | (1.5)         | 85.3          | 83.9         |
| <b>Total Oil</b>   | <b>828.8</b> | <b>817.2</b> | <b>11.6</b>   | <b>808.3</b>  | <b>811.9</b> |
| DOE                |              |              |               |               |              |
| Crude Oil          | 318.7        | 318.2        | 0.5           | 289.6         | 293.8        |
| Motor Gasoline     | 208.1        | 207.3        | 0.8           | 207.8         | 211.8        |
| Distillates        | 136.0        | 135.3        | 0.7           | 127.2         | 132.9        |
| <b>Total Oil</b>   | <b>662.9</b> | <b>660.8</b> | <b>2.1</b>    | <b>624.6</b>  | <b>638.5</b> |

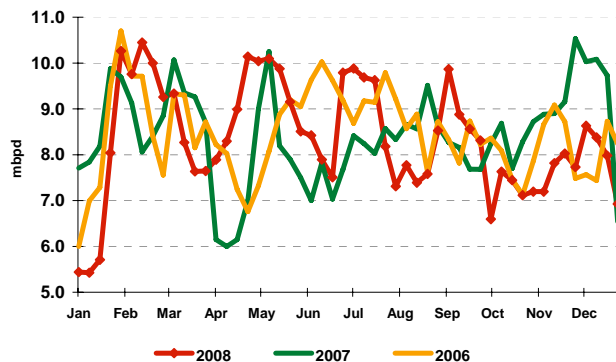
Source: American Petroleum Institute (API), Department of Energy (DOE), Morgan Stanley Research

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Exhibit 64

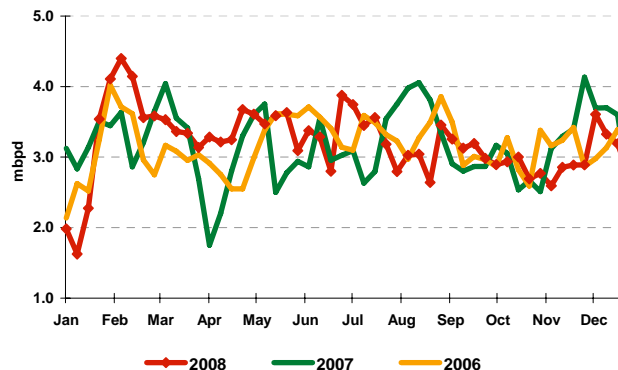
## Middle East Total Fixings



Source: Oil Movements, Morgan Stanley Research. Note: 4-week average

Exhibit 65

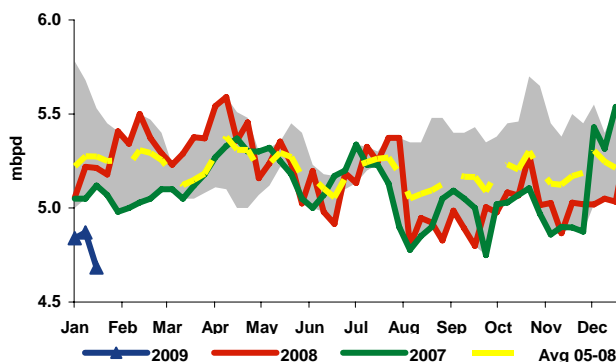
## Middle East Westbound Fixings



Source: Oil Movements, Morgan Stanley Research. Note: 4-week average

Exhibit 66

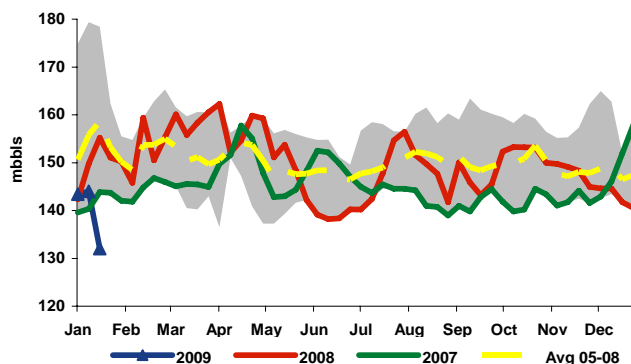
## Middle East Westbound Sailings



Source: Oil Movements, Morgan Stanley Research. Note: 4-week average

Exhibit 67

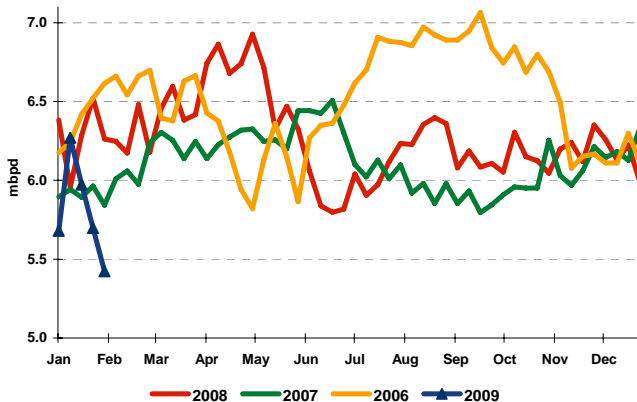
## Middle East Westbound Oil in Transit



Source: Oil Movements, Morgan Stanley Research. Note: 4-week average

Exhibit 68

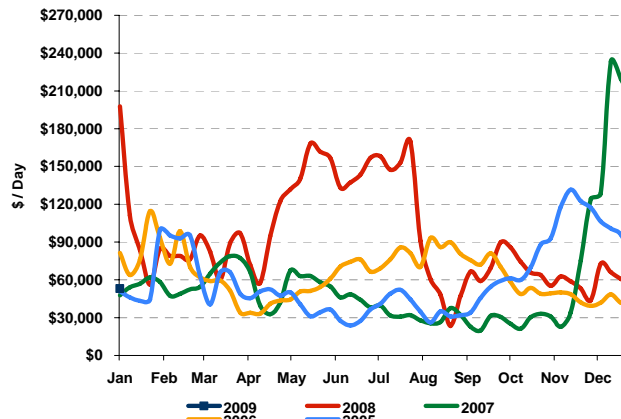
## North American Long Haul Arrivals



Source: Oil Movements, Morgan Stanley Research. Note: 4-week average

Exhibit 69

## VLCC Rates



Source: CRS, Morgan Stanley Research

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Oil Services, Drilling & Equipment

Exhibit 70

## Future Deliveries of Newbuild Jackups

| Owner                       | Manager               | Rig Name                 | Design                           | Water Depth (ft) | Type | Est. Cost | Expected Delivery | Shipyard         | Region    | Date of Delivery | Term Contract      |
|-----------------------------|-----------------------|--------------------------|----------------------------------|------------------|------|-----------|-------------------|------------------|-----------|------------------|--------------------|
| 1 Aban Offshore (Sinvest)   | Premium Drilling      | Deep Driller 8           | KFELS MOD V Super B Class (HP/H  | 350              | IC   | \$197     | 1Q09              | Keppel FELS      | Sing.     | 2009             | Industan Petroleum |
| 3 Awilco AS                 | Premium Drilling      | WilStrike                | KFELS Mod V B                    | 400              | IC   | \$163     | 2Q09              | Keppel FELS      | Sing.     | 2009             | --                 |
| 4 Awilco AS                 | Premium Drilling      | Wil Confidence           | Baker Marine Pacific Class 375   | 375              | IC   | \$149     | 3Q09              | Jurong           | Sing.     | 2009             | --                 |
| 5 Chekovo (Saudi interests) | Contractor TBC        | Thule Power              | Baker Marine BMC-200-H           | 250              | IC   | \$350     | 1Q09              | QGM Group        | M.E.      | 2009             | --                 |
| 6 COSL                      | COSL                  | COSL 936                 | MSC CJ46-X100D                   | 350              | IC   | --        | 1Q10              | Yiu Lian         | China     | 2010             | --                 |
| 7 COSL                      | COSL                  | COSL 937                 | MSC CJ46-X100D                   | 350              | IC   | --        | 1Q10              | Dalian           | China     | 2010             | --                 |
| 8 COSL                      | COSL                  | COSL 921                 | Friede & Goldman L-780 MOD II    | 200              | IC   | --        | 4Q09              | --               | China     | 2009             | --                 |
| 9 COSL                      | COSL                  | COSL 922                 | Friede & Goldman L-780 MOD II    | 200              | IC   | --        | 2Q10              | Tanggu           | China     | 2010             | --                 |
| 10 COSL                     | COSL                  | COSL 923                 | Friede & Goldman L-780 MOD II    | 200              | IC   | --        | 2Q10              | Tanggu           | China     | 2010             | --                 |
| 11 COSL                     | COSL                  | COSL 924                 | Friede & Goldman L-780 MOD II    | 200              | IC   | --        | 3Q10              | Tanggu           | China     | 2010             | --                 |
| 12 CPOE                     | CPOE                  | CPOE-7                   | Offshore Engineering & Equipment | 131              | IC   | --        | 2Q09              | Qingdao Beihai   | China     | 2009             | CPOE               |
| 13 CPOE                     | CPOE                  | CPOE-8                   | Offshore Engineering & Equipment | 131              | IC   | --        | 2Q09              | Qingdao Beihai   | China     | 2009             | CPOE               |
| 14 CPOE                     | CPOE                  | CPOE-9                   | Fried & Goldman                  | 300              | IC   | --        | 2Q09              | Dalian           | China     | 2009             | CPOE               |
| 15 CPOE                     | CPOE                  | CPOE-10                  | Friede & Goldman L-780 MOD II    | 300              | IC   | --        | 4Q09              | Dalian           | China     | 2009             | CPOE               |
| 16 Drydocks World           | Drydocks World        | Unnamed                  | GustoMSC CJ46-X100D              | 350              | IC   | --        | 4Q10              | Drydocks         | Indonesia | 2010             | --                 |
| 17 Drydocks World           | Drydocks World        | Unnamed                  | GustoMSC CJ46-X100D              | 350              | IC   | --        | 1Q11              | Drydocks         | Indonesia | 2011             | --                 |
| 18 EODC                     | EGAS                  | Unnamed                  | Baker Marine Pacific Class 375   | 375              | IC   | \$213     | 4Q10              | Jurong           | Sing.     | 2010             | --                 |
| 19 EODC                     | EGAS                  | Unnamed                  | Baker Marine Pacific Class 375   | 375              | IC   | \$213     | 1Q11              | Jurong           | Sing.     | 2011             | --                 |
| 20 Egyptian Drilling        | Egyptian Drilling     | Unnamed                  | Baker Marine Pacific Class 375   | 375              | IC   | \$201     | 1Q10              | Jurong           | Sing.     | 2010             | --                 |
| 21 Egyptian Drilling        | Egyptian Drilling     | Unnamed                  | Baker Marine Pacific Class 375   | 375              | IC   | \$220     | 3Q10              | Jurong           | Sing.     | 2010             | --                 |
| 22 Essar                    | Essar                 | Unnamed                  | F&G JU-2000-A                    | 350              | IC   | \$240     | 4Q10              | ABG Shipyard     | India     | 2010             | --                 |
| 23 Essar                    | Essar                 | Unnamed                  | F&G JU-2000-A                    | 350              | IC   | \$240     | 2Q11              | ABG Shipyard     | India     | 2011             | --                 |
| 24 Gazflot                  | Gazflot               | Arkticheskaya            | CDB Corral 6500/10-30            | 328              | IC   | \$100     | 2Q09              | Zvezdochka       | Russia    | 2009             | --                 |
| 25 Great Offshore           | Great Offshore        | Samed Shikhar            | LeTourneau Super 116E            | 350              | IC   | \$230     | 2Q09              | Bharati Shipyard | India     | 2009             | ONGC               |
| 26 Greatship                | Greatship             | Greatdrill Chitra        | KFELS MOD V B                    | 350              | IC   | \$182     | 4Q09              | Keppel FELS      | Sing.     | 2009             | ONGC               |
| 27 KS Energy                | KS Energy             | KS Endeavour             | F&G Super M2                     | 300              | IC   | \$148     | 3Q09              | MIS Shipyard     | M.E.      | 2009             | --                 |
| 28 Maersk                   | Maersk                | Maersk High Efficiency 3 | CJ50-X100MC                      | 350              | IC   | \$153     | 1Q09              | Keppel FELS      | Sing.     | 2009             | Private            |
| 29 Maersk                   | Maersk                | Maersk High Efficiency 4 | CJ50-X100MC                      | 350              | IC   | \$153     | 2Q09              | Keppel FELS      | Sing.     | 2009             | --                 |
| 30 MEANDrill                | MEANDrill             | Unnamed                  | Friede & Goldman Super M2        | 300              | IC   | \$182     | 4Q10              | MIS Shipyard     | Sing.     | 2010             | --                 |
| 31 MEANDrill                | MEANDrill             | Unnamed                  | Friede & Goldman Super M2        | 300              | IC   | \$182     | 1Q11              | MIS Shipyard     | Sing.     | 2011             | --                 |
| 32 Mercator Offshore        | Greatship             | Greatdrill Chetna        | KFELS Mod V B                    | 350              | IC   | \$211     | 1Q09              | Keppel FELS      | Sing.     | 2009             | ONGC               |
| 33 Mosvold ME Jackup        | Mosvold ME Jackup     | Mosvold 106              | F&G Super M2                     | 300              | IC   | \$184     | 1Q10              | MIS Shipyard     | M.E.      | 2010             | --                 |
| 34 Mosvold ME Jackup        | Mosvold ME Jackup     | Mosvold 108              | F&G Super M2                     | 300              | IC   | \$184     | 2Q10              | MIS Shipyard     | M.E.      | 2010             | --                 |
| 35 NIDC                     | NIDC                  | Unnamed                  | ---                              | 300              | IC   | \$117     | 1Q11              | Khorramshahr     | M.E.      | 2011             | Pars Oil & Gas     |
| 36 NIDC                     | NIDC                  | Unnamed                  | ---                              | 300              | IC   | \$117     | 1Q11              | Khorramshahr     | M.E.      | 2011             | Pars Oil & Gas     |
| 37 NIDC                     | NIDC                  | Unnamed                  | ---                              | 300              | IC   | --        | 4Q09              | Sanaye Farasahel | M.E.      | 2009             | Pars Oil & Gas     |
| 38 NIDC                     | NIDC                  | Unnamed                  | ---                              | 300              | IC   | --        | 4Q09              | Sanaye Farasahel | M.E.      | 2009             | Pars Oil & Gas     |
| 39 NIDC                     | NIDC                  | Unnamed                  | ---                              | 300              | IC   | --        | 4Q10              | Khorramshahr     | M.E.      | 2010             | Pars Oil & Gas     |
| 40 Noble Corp.              | Noble Corp.           | Noble Scott Marks        | F&G JU 2000E (HE)                | 400              | IC   | \$190     | 3Q09              | Dalian           | China     | 2009             | Venture            |
| 41 Odebrecht                | Odebrecht             | Unnamed                  | LeTourneau                       | 350              | IC   | --        | 3Q10              | Bahia            | Brazil    | 2010             | Petrobras          |
| 42 Odebrecht                | Odebrecht             | Unnamed                  | LeTourneau                       | 350              | IC   | --        | 3Q10              | Bahia            | Brazil    | 2010             | Petrobras          |
| 43 Perforadora Central      | Perforadora Central   | Tuxpan                   | LeTourneau Super 116E            | 350              | IC   | \$190     | 4Q09              | AMFELS           | USA       | 2009             | PEMEX              |
| 44 PetroProd                | PetroProd             | Unnamed                  | GustoMSC CJ-70-X-150A            | 492              | IC   | \$560     | 3Q10              | Jurong           | Sing.     | 2010             | --                 |
| 45 PV Drilling              | PV Drilling           | PV Drilling II           | KFELS Mod V B                    | 375              | IC   | \$191     | 4Q09              | Keppel FELS      | Sing.     | 2009             | Undisclosed        |
| 46 PV Drilling              | PV Drilling           | PV Drilling III          | KFELS Mod V B                    | 360              | IC   | \$205     | 4Q09              | Keppel FELS      | Sing.     | 2009             | --                 |
| 47 Riginvest                | Riginvest             | Unnamed                  | LeTourneau Super 116E            | 350              | IC   | \$186     | 2Q10              | Lamprell         | M.E.      | 2010             | --                 |
| 48 Rowan                    | Rowan                 | Ralph Coffman            | LeTourneau 240-C (HT/HP)         | 400              | IC   | \$165     | 3Q09              | LeTourneau       | USA       | 2009             | --                 |
| 49 Rowan                    | Rowan                 | Unnamed                  | LeTourneau Super 116E            | 350              | IC   | \$175     | 2Q10              | AMFELS           | USA       | 2010             | --                 |
| 50 Rowan                    | Rowan                 | Unnamed                  | LeTourneau Super 116E            | 350              | IC   | \$175     | 3Q10              | AMFELS           | USA       | 2010             | --                 |
| 51 Rowan                    | Rowan                 | Unnamed                  | LeTourneau Super 116E            | 350              | IC   | \$175     | 1Q11              | AMFELS           | USA       | 2011             | --                 |
| 52 Rowan                    | Rowan                 | Unnamed                  | LeTourneau Super 116E            | 350              | IC   | \$175     | 1Q11              | AMFELS           | USA       | 2011             | --                 |
| 53 Rowan                    | Rowan                 | Unnamed                  | LeTourneau 240-C (HT/HP)         | 400              | IC   | \$200     | 3Q10              | LeTourneau       | USA       | 2010             | --                 |
| 54 Rowan                    | Rowan                 | Unnamed                  | LeTourneau 240-C (HT/HP)         | 400              | IC   | \$200     | 3Q11              | LeTourneau       | USA       | 2011             | --                 |
| 55 Saipem                   | Saipem                | Perro Negro 6            | GustoMSC CJ-46-X 100D            | 350              | IC   | \$147     | 2Q09              | Drydocks World   | Indonesia | 2009             | --                 |
| 56 Saipem                   | Saipem                | Unnamed                  | GustoMSC CJ-46-X 100D            | 350              | IC   | \$154     | 4Q09              | Drydocks World   | Indonesia | 2009             | --                 |
| 57 Scorpion Offshore        | Scorpion Offshore     | Offshore Intrepid        | LeTourneau Super 116             | 350              | IC   | \$144     | 1Q09              | AMFELS           | USA       | 2009             | Khafji O&G (LOI)   |
| 58 Scorpion Offshore        | Scorpion Offshore     | Offshore Freedom         | LeTourneau Super 116E            | 350              | IC   | \$200     | 1Q09              | Lamprell         | M.E.      | 2009             | Khafji O&G (LOI)   |
| 59 Scorpion Offshore        | Scorpion Offshore     | Offshore Mischief        | LeTourneau Super 116E            | 350              | IC   | \$211     | 1Q10              | Lamprell         | M.E.      | 2010             | --                 |
| 60 SeaWolf                  | SeaWolf               | SeaWolf Oritsetimeyin    | F&G Super M2                     | 300              | IC   | \$143     | 1Q09              | MIS Shipyard     | M.E.      | 2009             | TBA                |
| 61 SeaWolf                  | SeaWolf               | SeaWolf Onome            | F&G Super M2                     | 300              | IC   | \$143     | 1Q09              | MIS Shipyard     | M.E.      | 2009             | TBA                |
| 62 SeaDrill                 | SeaDrill              | West Callisto            | KFELS Mod V B                    | 400              | IC   | \$210     | 2Q10              | Keppel FELS      | Sing.     | 2010             | --                 |
| 63 SeaDrill                 | SeaDrill              | West Juno                | KFELS Mod V B                    | 400              | IC   | \$210     | 4Q10              | Keppel FELS      | Sing.     | 2010             | --                 |
| 64 SeaDrill                 | SeaDrill              | West Leda                | Baker Marine Pacific Class 375   | 375              | IC   | \$220     | 1Q10              | Jurong           | Sing.     | 2010             | --                 |
| 65 SeaDrill                 | SeaDrill              | West Elara               | Baker Marine Pacific Class 375   | 375              | IC   | \$220     | 4Q10              | Jurong           | Sing.     | 2010             | --                 |
| 66 Sinopec                  | Sinopec               | Unnamed                  | Baker Marine Pacific Class 375   | 375              | IC   | \$229     | 1Q11              | Jurong           | Sing.     | 2011             | --                 |
| 67 Skeie                    | Skeie                 | Unnamed                  | KFELS N Class                    | 400              | IC   | \$450     | 2Q10              | Keppel FELS      | Sing.     | 2010             | --                 |
| 68 Skeie                    | Skeie                 | Unnamed                  | KFELS N Class                    | 430              | IC   | \$480     | 3Q10              | Keppel FELS      | Sing.     | 2010             | Skeie              |
| 69 Skeie                    | Skeie                 | Unnamed                  | KFELS N Class                    | 430              | IC   | \$504     | 1Q11              | Keppel FELS      | Sing.     | 2011             | --                 |
| 70 Thule Drilling           | Thule Drilling        | Thule Energy             | F&G Super M2                     | 300              | IC   | \$160     | 1Q10              | QGM Group        | M.E.      | 2010             | --                 |
| 71 Thule Drilling           | Thule Drilling        | Thule Force              | F&G Super M2                     | 300              | IC   | \$160     | 2Q10              | QGM Group        | M.E.      | 2010             | --                 |
| 72 Togico/SAAG              | SAAG Drilling         | Unnamed                  | MSC CJ46-X 100D                  | 300              | IC   | \$155     | 4Q11              | Labuan Shipyard  | Malaysia  | 2010             | TBA                |
| 73 UMW Standard Drilling    | UMW Standard Drilling | Naga-2                   | MSC CJ46-X 100D                  | 350              | IC   | \$177     | 1Q09              | Drydocks World   | Indonesia | 2009             | PCPP JOC           |
| 74 UMW Standard Drilling    | UMW Standard Drilling | Naga-3                   | MSC CJ46-X 100D                  | 350              | IC   | \$154     | 2Q09              | Drydocks World   | Indonesia | 2009             | --                 |
| 75 Vantage                  | Vantage               | Aquamarine Driller       | Baker Marine Pacific Class 375   | 375              | IC   | \$190     | 1Q10              | Jurong           | Sing.     | 2010             | --                 |
| 29 Vantage                  | Vantage               | Sapphire Driller         | Baker Marine Pacific Class 375   | 375              | IC   | \$155     | 3Q09              | Jurong           | Sing.     | 2009             | --                 |
| 30 Vantage                  | Vantage               | Topaz Driller            | Baker Marine Pacific Class 375   | 375              | IC   | \$198     | 4Q09              | Jurong           | Sing.     | 2009             | --                 |
| 31 Yantai Raffles           | Yantai Raffles        | Unnamed                  | Friede & Goldman Super M2        | 300              | IC   | --        | 4Q09              | Yantai Raffles   | China     | 2009             | --                 |
| 32 Yantai Raffles           | Yantai Raffles        | Unnamed                  | Friede & Goldman Super M2        | 300              | IC   | --        | 4Q09              | Yantai Raffles   | China     | 2009             | --                 |
| 33 Yantai Raffles           | Yantai Raffles        | Unnamed                  | Friede & Goldman Super M2        | 300              | IC   | --        | 4Q09              | Yantai Raffles   | China     | 2009             | --                 |

Source: Company data, ODS-Petrodata, Morgan Stanley Research

January 5, 2009

Oil Services, Drilling &amp; Equipment

Exhibit 71

## Future Deliveries of Newbuild Floaters

| Owner                          | Manager             | Rig Name                     | Design                          | Water<br>Depth (ft) | Est.<br>Cost | Expected<br>Delivery | Shipyard              | Region    | Date of<br>Delivery | Term<br>Contract        |
|--------------------------------|---------------------|------------------------------|---------------------------------|---------------------|--------------|----------------------|-----------------------|-----------|---------------------|-------------------------|
| <b>Newbuilds:</b>              |                     |                              |                                 |                     |              |                      |                       |           |                     |                         |
| 1 Aker Drilling                | Aker Drilling       | Aker Spitsbergen             | Aker H-6e (Harsh)               | 10,000              | \$615        | 1Q09                 | Aker Kvaerner         | Norway    | 2009                | Statoil                 |
| 2 Aker Drilling                | Aker Drilling       | Aker Barents                 | Aker H-6e (Harsh)               | 10,000              | \$603        | 2Q09                 | Aker Stord            | Norway    | 2009                | Aker Exploration/Pertra |
| 3 Atwood Oceanics              | Atwood Oceanics     | Unnamed                      | Friede & Goldman Ex-D Millenium | 6,000               | \$580        | 1Q11                 | Jurong                | Sing.     | 2011                | Chevron                 |
| 4 Atwood Oceanics              | Atwood Oceanics     | Unnamed                      | Friede & Goldman Ex-D Millenium | 10,000              | \$750        | 2Q12                 | Jurong                | Sing.     | 2012                | --                      |
| 5 CNOOC                        | COSL                | Unnamed                      | Friede & Goldman ExD            | 9,843               | \$599        | 1Q11                 | Shanghai Waigaoqiao   | China     | 2011                | CNOOC                   |
| 6 COSL                         | COSL                | COSLPioneer                  | GM-4000                         | 2,460               | \$365        | 3Q09                 | Yantai Raffles        | China     | 2009                | British Petroleum       |
| 7 COSL                         | COSL                | COSLInnovator                | GM-4000                         | 2,460               | \$380        | 1Q10                 | Yantai Raffles        | China     | 2009                | Norsk Hydro             |
| 8 COSL                         | COSL                | COSLPromoter                 | GM-4000                         | 2,460               | \$380        | 3Q10                 | Yantai Raffles        | China     | 2010                | Norsk Hydro             |
| 9 Delba                        | Delba               | Delba III                    | GustoMSC TDS 2500               | 7,874               | \$611        | 2Q10                 | IMAC                  | Abu Dhabi | 2010                | Petrobras               |
| 10 Delba                       | Delba               | Delba IV                     | GustoMSC TDS-2500               | 7,874               | --           | 4Q11                 | --                    | UAE       | 2011                | Petrobras               |
| 11 Delba                       | Delba               | Delba V                      | ----                            | 8,000               | --           | 2Q12                 | --                    | --        | 2012                | Petrobras               |
| 12 Delba                       | Delba               | Delba VI                     | ----                            | 8,000               | --           | 2Q12                 | --                    | --        | 2012                | Petrobras               |
| 13 Delba                       | Delba               | Delba VII                    | Samsung Heavy Industries        | 10,000              | \$700        | 1Q12                 | Samsung Heavy         | Korea     | 2012                | Petrobras               |
| 14 Delba                       | Delba               | Delba VIII                   | Samsung Heavy Industries        | 10,000              | \$740        | 2Q12                 | Samsung Heavy         | Korea     | 2012                | Petrobras               |
| 15 Dryships                    | Ocean Rig           | Unnamed (Drillship)          | Samsung Heavy Industries        | 10,000              | \$790        | 3Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 16 Dryships                    | Ocean Rig           | Unnamed (Drillship)          | Samsung Heavy Industries        | 10,000              | \$792        | 4Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 17 Dryships                    | Ocean Rig           | Unnamed (Drillship)          | Samsung Heavy Industries        | 10,000              | \$713        | 1Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 18 Dryships                    | Ocean Rig           | Unnamed (Drillship)          | Samsung Heavy Industries        | 10,000              | \$713        | 2Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 19 ENSCO                       | ENSCO               | ENSCO 8501                   | ENSCO 8500                      | 8,500               | \$338        | 2Q09                 | Keppel FELS           | Sing.     | 2009                | Nexen/Noble             |
| 20 ENSCO                       | ENSCO               | ENSCO 8502                   | ENSCO 8500                      | 8,500               | \$385        | 4Q09                 | Keppel FELS           | Sing.     | 2009                | Nexen                   |
| 21 ENSCO                       | ENSCO               | ENSCO 8503                   | ENSCO 8500                      | 8,500               | \$427        | 3Q10                 | Keppel FELS           | Sing.     | 2010                | Cobalt                  |
| 22 ENSCO                       | ENSCO               | ENSCO 8504                   | ENSCO 8500                      | 8,500               | \$515        | 3Q11                 | Keppel FELS           | Sing.     | 2011                | --                      |
| 23 ENSCO                       | ENSCO               | ENSCO 8505                   | ENSCO 8500                      | 8,500               | \$537        | 2Q12                 | Keppel FELS           | Sing.     | 2012                | --                      |
| 24 ENSCO                       | ENSCO               | ENSCO 8506                   | ENSCO 8500                      | 8,500               | \$560        | 3Q12                 | Keppel FELS           | Sing.     | 2012                | --                      |
| 25 Etesco                      | Etesco              | ET-VIII                      | ----                            | 10,000              | \$709        | 2Q12                 | Samsung Heavy         | Korea     | 2012                | Petrobras               |
| 26 Frontier/Shell              | Frontier Drilling   | Bully                        | GustoMSC PRD12,000 (Harsh)      | 12,000              | --           | 1Q10                 | Keppel FELS           | Sing.     | 2010                | Frontier/Shell          |
| 27 Frontier/Shell              | Frontier Drilling   | Bully 2                      | GustoMSC PRD12,000 (Harsh)      | 12,000              | \$632        | 3Q10                 | Keppel FELS           | Sing.     | 2010                | Frontier/Shell          |
| 28 Gazflot                     | Gazflot             | Unnamed (Semi)               | Moss Maritime CS-50             | 1,148               | \$573        | 2Q10                 | Samsung Heavy         | Korea     | 2010                | Gazflot                 |
| 29 Gazflot                     | Gazflot             | Unnamed (Semi)               | Moss Maritime CS-50             | 1,148               | \$573        | 2Q11                 | Samsung Heavy         | Korea     | 2011                | Gazflot                 |
| 30 Grupo R                     | IPC                 | Unnamed (Semi)               | GVA 7500-N                      | 8,200               | \$709        | 4Q11                 | Daewoo                | Korea     | 2011                | --                      |
| 31 Grupo R                     | IPC                 | La Muralla III               | GVA 7500-N                      | 7,500               | \$633        | 3Q10                 | Daewoo                | Korea     | 2010                | PEMEX                   |
| 32 Maersk                      | Maersk Drilling     | Maersk Developer             | DSS 21                          | 10,000              | \$450        | 1Q09                 | Keppel FELS           | Sing.     | 2009                | Statoil                 |
| 33 Maersk                      | Maersk Drilling     | Unnamed                      | DSS 21                          | 10,000              | \$450        | 1Q09                 | Keppel FELS           | Sing.     | 2009                | Woodside                |
| 34 Maersk                      | Maersk Drilling     | Unnamed                      | DSS 21                          | 10,000              | \$415        | 4Q10                 | Keppel FELS           | Sing.     | 2010                | --                      |
| 35 MARACC                      | Offshore Offshore   | Island Innovator             | Global Maritime GM-4000         | 2,460               | \$633        | 4Q10                 | COSCO                 | China     | 2010                | --                      |
| 36 Metrostar                   | Offfield Drilling   | Deepsea Metro I              | GustoMSC P10000                 | 10,000              | \$668        | 2Q11                 | Hyundai Heavy         | Korea     | 2011                | --                      |
| 37 Metrostar                   | Offfield Drilling   | Deepsea Metro II             | GustoMSC P10000                 | 10,000              | \$668        | 4Q11                 | Hyundai Heavy         | Korea     | 2011                | --                      |
| 38 NIOC                        | COSL                | Iran Alborz                  | GVA4000                         | 3,281               | \$270        | 1Q09                 | Sadra                 | Iran      | 2009                | Caspian Oil/NOIC        |
| 39 Noble Corp.                 | Noble Corp.         | Noble Danny Adkins           | Bingo 9000                      | 12,000              | \$500        | 1Q09                 | Jurong                | Sing.     | 2009                | Shell                   |
| 40 Noble Corp.                 | Noble Corp.         | Noble Jim Day                | Bingo 9000                      | 12,000              | \$550        | 4Q09                 | Jurong                | Sing.     | 2009                | Marathon                |
| 41 Noble Corp.                 | Noble Corp.         | Unnamed                      | Huisman Globetrotter            | 10,000              | \$585        | 4Q11                 | Dalian                | China     | 2011                | --                      |
| 42 Odebrecht                   | Odebrecht           | Norbe VI                     | GustoMSC TDS-2000Plus           | 7,874               | --           | 1Q10                 | IMAC                  | Abu Dhabi | 2010                | Petrobras               |
| 43 Odebrecht                   | Odebrecht           | Norbe VIII                   | ----                            | 10,000              | \$690        | 4Q11                 | Daewoo                | Korea     | 2011                | Petrobras               |
| 44 Odebrecht                   | Odebrecht           | Norbe IX                     | ----                            | 10,000              | \$690        | 4Q11                 | Daewoo                | Korea     | 2011                | Petrobras               |
| 45 Offfield Drilling           | Offfield Drilling   | Deepsea Stavanger            | GVA 7500-N-E                    | 10,000              | \$674        | 3Q10                 | Daewoo                | Korea     | 2010                | --                      |
| 46 Petrobras                   | Petrobras           | Unnamed                      | Samsung Heavy Industries        | 10,000              | \$616        | 2Q10                 | Samsung Heavy         | Korea     | 2010                | Petrobras               |
| 47 Petromena                   | Larsen Oil & Gas    | PetroRig IV                  | F&G Ex-D                        | 10,000              | \$640        | 2Q11                 | Jurong                | Sing.     | 2011                | --                      |
| 48 Petromena                   | Larsen Oil & Gas    | PetroRig III                 | F&G Ex-D                        | 10,000              | \$620        | 1Q10                 | Jurong                | Sing.     | 2010                | PEMEX                   |
| 49 Petromena                   | Larsen Oil & Gas    | PetroRig II                  | F&G Ex-D                        | 10,000              | \$563        | 4Q09                 | Jurong                | Sing.     | 2009                | Petrobras               |
| 50 Petromena                   | Larsen Oil & Gas    | PetroRig I                   | F&G Ex-D                        | 10,000              | \$535        | 1Q09                 | Jurong                | Sing.     | 2009                | Petrobras               |
| 51 Petroserv                   | Petroserv           | SSV Victoria                 | GVA 7500-N                      | 7,874               | \$485        | 2Q09                 | Daewoo                | Korea     | 2009                | Petrobras               |
| 52 Petroserv                   | Petroserv           | Unnamed                      | ----                            | 10,000              | \$755        | 2Q11                 | Daewoo                | Korea     | 2011                | Petrobras               |
| 53 Pride International/Pacific | Pride International | Unnamed                      | Saipem 1000 (Harsh)             | 10,000              | \$730        | 1Q10                 | Samsung Heavy         | Korea     | 2010                | BP                      |
| 54 Pride International         | Pride International | Unnamed                      | Samsung Heavy Industries        | 12,000              | \$725        | 3Q10                 | Samsung Heavy         | Korea     | 2010                | BP                      |
| 55 Pride International         | Pride International | Unnamed                      | Samsung Heavy Industries        | 12,000              | \$720        | 2Q11                 | Samsung Heavy         | Korea     | 2011                | Petrobras               |
| 56 Pride International         | Pride International | Unnamed                      | Samsung Heavy Industries        | 12,000              | \$745        | 4Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 57 Queiroz Galvao              | Queiroz Galvao      | Lone Star                    | GustoMSC TDS-2000Plus           | 7,874               | \$480        | 2Q09                 | IMAC                  | Abu Dhabi | 2009                | Petrobras               |
| 58 Queiroz Galvao              | Queiroz Galvao      | Gold Star                    | KFELS/MSC DSS 38                | 9,000               | --           | 4Q09                 | Keppel FELS           | Sing.     | 2009                | Petrobras               |
| 59 Queiroz Galvao              | Queiroz Galvao      | Alpha Star                   | KFELS/MSC DSS 38                | 9,000               | --           | 3Q11                 | Keppel FELS           | Sing.     | 2011                | Petrobras               |
| 60 Saipem                      | Saipem              | Scarabeo 8                   | Moss Maritime CS-50 MkII (N)    | 9,843               | \$615        | 1Q10                 | Fincantieri           | Italy     | 2010                | Eni                     |
| 61 Saipem                      | Saipem              | Saipem 12000                 | Samsung/Saipem 12,000           | 12,000              | \$660        | 1Q10                 | Samsung Heavy         | Korea     | 2010                | Total                   |
| 62 Saipem                      | Saipem              | Scarabeo 9                   | D90 DRR DP3                     | 12,000              | \$533        | 3Q09                 | Yantai Raffles        | China     | 2009                | Eni                     |
| 63 Schahin                     | Schahin             | Schahin III                  | Friede & Goldman ExD            | 7,875               | --           | 3Q09                 | Yantai Raffles        | China     | 2009                | Petrobras               |
| 64 Schahin                     | Schahin             | Schahin I                    | Friede & Goldman ExD            | 6,560               | --           | 1Q10                 | Yantai Raffles        | China     | 2010                | Petrobras               |
| 65 Schahin                     | Schahin             | Unnamed                      | ----                            | 10,000              | \$682        | 3Q11                 | Samsung Heavy         | Korea     | 2011                | Petrobras               |
| 66 Schahin                     | Schahin             | Unnamed                      | ----                            | 10,000              | --           | 4Q12                 | Samsung Heavy         | Korea     | 2012                | Petrobras               |
| 67 Scorpion Offshore           | Scorpion Offshore   | Unnamed                      | KFELS/MSC DSS 38                | 7,874               | \$714        | 2Q12                 | Keppel FELS           | Sing.     | 2012                | Petrobras               |
| 68 SeaDragon Offshore          | SeaDragon Offshore  | Oban B                       | Moss CS50 6G                    | 10,000              | \$510        | 4Q09                 | Haverton/Severodvinsk | Russia    | 2009                | PEMEX                   |
| 69 SeaDragon Offshore          | SeaDragon Offshore  | SDO II                       | Moss CS50 6G                    | 10,000              | \$510        | 4Q10                 | Haverton/Vyborg       | Russia    | 2010                | --                      |
| 70 SeaDrill                    | SeaDrill            | West Aquarius                | GVA 7500-N (Harsh)              | 7,500               | \$526        | 1Q09                 | Daewoo                | Korea     | 2009                | ExxonMobil              |
| 71 SeaDrill                    | SeaDrill            | West Orion                   | Friede & Goldman ExD            | 10,000              | \$625        | 2Q10                 | Jurong                | Sing.     | 2010                | Petrobras               |
| 72 SeaDrill                    | SeaDrill            | West Gemini                  | Samsung/Saipem 10,000           | 10,000              | \$615        | 3Q10                 | Samsung Heavy         | Korea     | 2010                | --                      |
| 73 SeaDrill                    | SeaDrill            | West Capricorn               | Friede & Goldman ExD            | 10,000              | \$640        | 4Q11                 | Jurong                | Sing.     | 2011                | --                      |
| 74 Sevan                       | Sevan               | Sevan Driller                | SSP Drilling Unit               | 7,874               | \$500        | 1Q09                 | Hantong               | China     | 2009                | Petrobras               |
| 75 Sevan                       | Sevan               | Sevan Brasil                 | Sevan Drilling Sevan 650        | 7,874               | --           | 4Q11                 | COSCO                 | China     | 2011                | Petrobras               |
| 76 Sevan                       | Sevan               | Sevan Driller 2              | Sevan Drilling Sevan 650        | 10,000              | --           | 1Q11                 | COSCO                 | China     | 2011                | ONGC                    |
| 77 Stena                       | Stena               | Stena Forth                  | Stena/Samsung (Harsh)           | 7,500               | \$760        | 3Q09                 | Samsung Heavy         | Korea     | 2009                | Hess                    |
| 78 Stena                       | Stena               | Stena DrillMAX IV            | Stena/Samsung (Harsh)           | 10,000              | \$1,150      | 4Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 79 Tanker Pacific              | Pacific Drilling    | Unnamed                      | Samsung/Saipem Heavy Industries | 10,000              | \$632        | 4Q10                 | Samsung Heavy         | Korea     | 2010                | --                      |
| 80 Tanker Pacific              | Pacific Drilling    | Unnamed                      | Samsung Heavy Industries        | 10,000              | \$632        | 2Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 81 Tanker Pacific              | Pacific Drilling    | Unnamed                      | Samsung Heavy Industries        | 10,000              | \$650        | 3Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 82 Tanker Pacific              | Pacific Drilling    | Unnamed                      | Samsung Heavy Industries        | 10,000              | \$650        | 3Q11                 | Samsung Heavy         | Korea     | 2011                | --                      |
| 83 TMT/Mandarin                | Unnamed             | Daewoo Shipbuilding & Marine | Daewoo Shipbuilding & Marine    | 12,000              | \$782        | 3Q11                 | Daewoo                | Korea     | 2011                | --                      |
| 84 TMT/Mandarin                | Unnamed             | Daewoo Shipbuilding & Marine | Daewoo Shipbuilding & Marine    | 10,000              | \$672        | 1Q12                 | Daewoo                | Korea     | 2012                | --                      |
| 85 Transocean                  | Transocean          | Discoverer Clear Leader      | Enterprise-Class                | 12,000              | \$650        | 1Q09                 | Daewoo                | Korea     | 2009                | Chevron                 |
| 86 Transocean                  | Transocean          | Discoverer Americas          | Enterprise-Class                | 12,000              | \$615        | 2Q09                 | Daewoo                | Korea     | 2009                | Norsk Hydro             |
| 87 Transocean                  | Transocean          | Discoverer Inspiration       | Enterprise-Class                | 12,000              | \$670        | 4Q09                 | Daewoo                | Korea     | 2009                | Chevron                 |
| 88 Transocean                  | Transocean          | Discoverer Luanda            | Daewoo Shipbuilding & Marine    | 7,500               | \$670        | 1Q10                 | Daewoo                | Korea     | 2010                | British Petroleum       |
| 89 Transocean                  | Transocean          | Dhirubhai Deepwater KG1      | Samsung/Saipem 10,000           | 12,000              | \$600        | 1Q09                 | Samsung Heavy         | Korea     | 2009                | Reliance                |
| 90 Transocean                  | Transocean          | Dhirubhai Deepwater KG2      | Samsung/Saipem 10,000           | 10,000              | \$550        | 4Q09                 | Samsung Heavy         | Korea     | 2009                | Reliance                |
| 91 Transocean                  | Transocean          | GSF DD III                   | DSS 51                          | 7,500               | \$590        | 1Q09                 | Keppel FELS           | Sing.     | 2009                | British Petroleum       |
| 92 Transocean                  | Transocean          | Transocean HHI Drsh          | GustoMSC P10,000 (Harsh)        | 10,000              | \$740        | 3Q10                 | Hyundai Heavy         | Korea     | 2010                | ExxonMobil              |
| 93 Transocean                  | Transocean          | Unnamed                      | Enterprise-Class                | 10,000              | \$730        | 4Q10                 | Daewoo                | Korea     | 2010                | Reliance                |
| 94 Transocean                  | Transocean          | Petrobras 10000              | Samsung Heavy Industries        | 10,000              | \$750        | 3Q09                 | Samsung Heavy         | Korea     | 2009                | Petrobras               |
| 95 Vantage Energy              | Vantage Energy      | Platinum Explorer            | Daewoo Shipbuilding & Marine    | 12,000              | \$761        | 4Q10                 | Daewoo                | Korea     | 2010                | --                      |

Source: Company data, ODS-Petrodata, Morgan Stanley Research



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Oil Services, Drilling & Equipment

## Performance Review

Exhibit 72

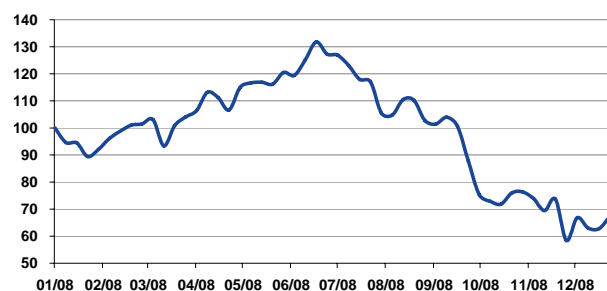
### Segment and Index Performance

|                       | Last Week | Last Month | 2009 | 2008   | 2007  | 2006   |
|-----------------------|-----------|------------|------|--------|-------|--------|
| Logistics             | 17.9%     | 21.6%      | 3.2% | -42.8% | 22.1% | 15.4%  |
| Land Drillers         | 12.5%     | 3.2%       | 5.4% | -45.7% | -4.4% | -23.1% |
| Equipment             | 12.2%     | 16.7%      | 6.7% | -58.0% | 54.2% | 43.4%  |
| Offshore Drillers     | 14.9%     | 5.9%       | 8.7% | -63.2% | 36.9% | 20.3%  |
| Services              | 18.6%     | 22.6%      | 8.6% | -64.6% | 28.5% | 9.9%   |
| Offshore Construction | 13.1%     | 21.5%      | 8.7% | -72.1% | 45.0% | 42.7%  |
| Seismic               | 16.7%     | 13.0%      | 8.6% | -73.4% | 33.4% | 81.5%  |
| Henry Hub (Gas)       | -2.9%     | -10.9%     | 0.0% | -24.4% | 18.8% | -43.9% |
| XNG                   | 10.0%     | 4.9%       | 5.2% | -34.5% | 29.6% | 11.2%  |
| XOI                   | 9.7%      | 14.2%      | 4.1% | -37.2% | 31.3% | 20.4%  |
| S&P 500               | 6.8%      | 7.0%       | 3.2% | -38.5% | 3.5%  | 13.6%  |
| WTI (Oil)             | 18.3%     | -4.7%      | 0.0% | -53.5% | 57.2% | 0.0%   |
| OSX                   | 14.5%     | 13.4%      | 7.6% | -59.8% | 50.9% | 9.8%   |

Source: Company data, Morgan Stanley Research

Exhibit 73

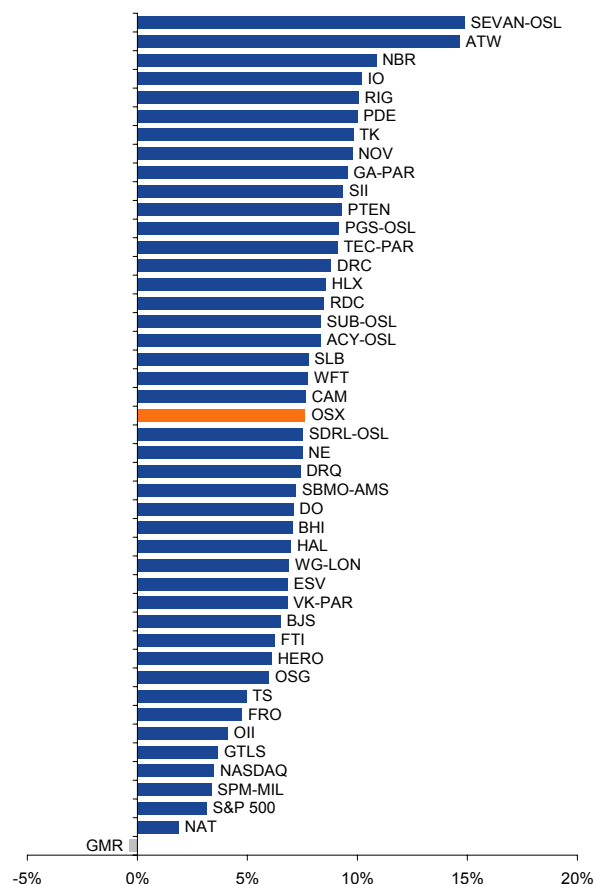
### Relative Performance of the OSX to S&P 500 (52-wk)



Source: FactSet; Morgan Stanley Research

Exhibit 74

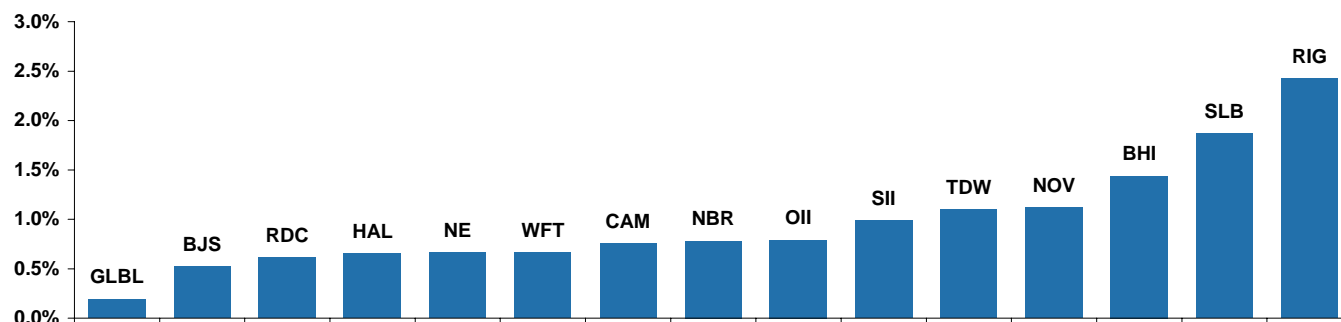
### Stock Performance in 2009 (YTD)



Source: FactSet; Morgan Stanley Research. Graph is for total return for period.

Exhibit 75

### Component Contribution to Overall Performance of the OSX Last Week



Source: FactSet; Morgan Stanley Research

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Oil Services, Drilling &amp; Equipment

Exhibit 76

## Global Coverage Universe (US\$) Performance Review

| Company                                 | Price<br>USD | 52-wk<br>High | 52-wk<br>Low | % Below<br>52W-HI | % Above<br>52W-LO | Last<br>Week | Last<br>4-Wks | Last<br>3-Mos | 2008   | 2009  |
|---|--------------|---------------|--------------|-------------------|-------------------|--------------|---------------|---------------|--------|-------|
| <b>Oil Services:</b>                    |              |               |              |                   |                   |              |               |               |        |       |
| BJ Services                             | 12.43        | 34.94         | 8.34         | -64.4%            | 49.0%             | 16.0%        | 34.8%         | -24.6%        | -51.9% | 6.5%  |
| Halliburton                             | 19.45        | 55.38         | 12.80        | -64.9%            | 52.0%             | 12.8%        | 41.1%         | -27.0%        | -52.0% | 7.0%  |
| Schlumberger                            | 45.62        | 111.95        | 37.07        | -59.3%            | 23.1%             | 15.6%        | 14.0%         | -36.8%        | -57.0% | 7.8%  |
| Baker Hughes                            | 34.33        | 90.81         | 24.40        | -62.2%            | 40.7%             | 15.9%        | 31.9%         | -30.1%        | -60.5% | 7.0%  |
| Weatherford                             | 11.66        | 49.98         | 7.75         | -76.7%            | 50.5%             | 21.7%        | 34.3%         | -41.7%        | -68.5% | 7.8%  |
| Smith International                     | 25.03        | 88.40         | 18.23        | -71.7%            | 37.3%             | 15.0%        | 26.9%         | -50.7%        | -69.0% | 9.3%  |
| <b>Offshore Drillers:</b>               |              |               |              |                   |                   |              |               |               |        |       |
| ENSCO International                     | 30.33        | 83.24         | 22.38        | -63.6%            | 35.5%             | 10.4%        | 21.9%         | -40.1%        | -52.4% | 6.8%  |
| Pride International                     | 17.58        | 48.86         | 11.38        | -64.0%            | 54.5%             | 17.4%        | 39.1%         | -29.7%        | -52.9% | 10.0% |
| Diamond Offshore                        | 63.12        | 147.77        | 54.52        | -57.3%            | 15.8%             | 9.1%         | 6.5%          | -31.1%        | -58.5% | 7.1%  |
| Rowan Companies                         | 17.25        | 47.94         | 12.00        | -64.0%            | 43.8%             | 13.4%        | 26.0%         | -32.2%        | -59.7% | 8.5%  |
| Noble Corporation                       | 23.75        | 68.99         | 19.23        | -65.6%            | 23.5%             | 10.6%        | 13.6%         | -36.6%        | -60.9% | 7.5%  |
| Transocean                              | 52.01        | 163.00        | 41.95        | -68.1%            | 24.0%             | 17.7%        | 8.4%          | -45.1%        | -67.0% | 10.1% |
| Seadrill Limited                        | 8.46         | 36.57         | 5.64         | -76.9%            | 50.0%             | 22.1%        | 23.0%         | -50.3%        | -67.8% | 7.5%  |
| Atwood Oceanics                         | 17.52        | 63.46         | 12.60        | -72.4%            | 39.0%             | 24.2%        | 19.6%         | -42.6%        | -69.5% | 14.7% |
| Hercules Offshore                       | 5.04         | 39.47         | 3.06         | -87.2%            | 64.7%             | 9.1%         | 10.5%         | -55.4%        | -80.0% | 6.1%  |
| <b>Land Drillers:</b>                   |              |               |              |                   |                   |              |               |               |        |       |
| Patterson-UTI                           | 12.58        | 37.45         | 8.64         | -66.4%            | 45.6%             | 16.2%        | 34.7%         | -20.3%        | -41.0% | 9.3%  |
| Nabors Industries                       | 13.27        | 50.58         | 9.72         | -73.8%            | 36.5%             | 22.3%        | 21.3%         | -37.4%        | -56.3% | 10.9% |
| <b>Equipment:</b>                       |              |               |              |                   |                   |              |               |               |        |       |
| Tenaris S.A.                            | 22.02        | 75.43         | 15.32        | -70.8%            | 43.7%             | 8.5%         | 14.5%         | -31.8%        | -53.1% | 5.0%  |
| Dresser-Rand                            | 18.77        | 42.49         | 11.70        | -55.8%            | 60.4%             | 14.9%        | 23.9%         | -32.3%        | -55.8% | 8.8%  |
| Oceaneering International               | 30.34        | 82.49         | 18.05        | -63.2%            | 68.1%             | 9.9%         | 53.7%         | -26.0%        | -56.7% | 4.1%  |
| Cameron International                   | 22.07        | 58.53         | 16.15        | -62.3%            | 36.7%             | 13.0%        | 27.9%         | -29.3%        | -57.4% | 7.7%  |
| FMC Technologies                        | 25.32        | 78.96         | 20.27        | -67.9%            | 24.9%             | 11.5%        | 12.5%         | -37.5%        | -58.0% | 6.3%  |
| Vallourec                               | 120.29       | 353.63        | 80.29        | -66.0%            | 49.8%             | 9.5%         | 18.6%         | -35.0%        | -58.4% | 6.8%  |
| Dril Quip                               | 22.03        | 65.36         | 14.15        | -66.3%            | 55.7%             | 21.5%        | 28.0%         | -38.7%        | -63.2% | 7.4%  |
| Chart Industries                        | 11.02        | 55.73         | 6.42         | -80.2%            | 71.7%             | 0.1%         | 34.2%         | -53.3%        | -65.6% | 3.7%  |
| National Oilwell Varco                  | 26.83        | 92.70         | 17.60        | -71.1%            | 52.4%             | 15.8%        | 35.8%         | -35.0%        | -66.7% | 9.8%  |
| <b>Engineering &amp; Construction:</b>  |              |               |              |                   |                   |              |               |               |        |       |
| SBM Offshore                            | 13.93        | 42.07         | 12.16        | -66.9%            | 14.6%             | 10.5%        | 2.6%          | -30.4%        | -58.8% | 7.2%  |
| Saipem                                  | 16.99        | 48.69         | 12.51        | -65.1%            | 35.7%             | 3.1%         | 22.1%         | -35.7%        | -59.0% | 3.4%  |
| Technip                                 | 33.08        | 99.49         | 20.95        | -66.8%            | 57.9%             | 17.7%        | 34.2%         | -35.1%        | -62.0% | 9.1%  |
| Wood Group                              | 2.89         | 10.03         | 2.26         | -71.1%            | 28.2%             | 4.9%         | 6.4%          | -49.4%        | -68.6% | 6.9%  |
| Subsea 7                                | 6.27         | 30.56         | 4.60         | -79.5%            | 36.1%             | 16.8%        | 7.8%          | -48.2%        | -74.2% | 8.3%  |
| Acergy                                  | 6.03         | 28.53         | 3.49         | -78.9%            | 72.8%             | 17.1%        | 17.9%         | -33.3%        | -75.1% | 8.3%  |
| Helix Energy Solutions                  | 7.86         | 42.83         | 3.91         | -81.6%            | 101.0%            | 23.6%        | 51.2%         | -61.2%        | -82.6% | 8.6%  |
| Sevan Marine                            | 1.21         | 17.83         | 0.89         | -93.2%            | 37.0%             | -0.3%        | -0.5%         | -53.8%        | -93.0% | 14.9% |
| <b>Reservoir Information / Seismic:</b> |              |               |              |                   |                   |              |               |               |        |       |
| CGG Veritas                             | 16.14        | 59.10         | 10.56        | -72.7%            | 52.9%             | 15.3%        | 18.0%         | -40.5%        | -74.2% | 9.6%  |
| ION Geophysical                         | 3.78         | 18.26         | 2.14         | -79.3%            | 76.6%             | 26.0%        | 35.0%         | -68.0%        | -78.3% | 10.2% |
| Petroleum Geo-Services                  | 4.31         | 32.63         | 2.84         | -86.8%            | 51.9%             | 20.6%        | 25.2%         | -62.9%        | -86.4% | 9.2%  |
| <b>Energy Shipping:</b>                 |              |               |              |                   |                   |              |               |               |        |       |
| Nordic American Tankers                 | 34.39        | 42.00         | 22.00        | -18.1%            | 56.3%             | 2.5%         | 15.8%         | 22.3%         | 2.8%   | 1.9%  |
| Frontline                               | 31.02        | 72.36         | 25.00        | -57.1%            | 24.1%             | 6.1%         | 18.3%         | -24.8%        | -38.3% | 4.8%  |
| General Maritime                        | 10.76        | 23.13         | 6.60         | -53.5%            | 63.1%             | 8.5%         | 18.4%         | -9.0%         | -40.8% | -0.4% |
| Overseas Shipholding                    | 44.63        | 87.79         | 28.29        | -49.2%            | 57.8%             | 14.7%        | 31.9%         | -12.6%        | -43.4% | 6.0%  |
| Teekay                                  | 21.58        | 54.71         | 10.95        | -60.6%            | 97.1%             | 35.4%        | 54.1%         | -3.6%         | -63.1% | 9.8%  |
| <b>Indices:</b>                         |              |               |              |                   |                   |              |               |               |        |       |
| XNG                                     | 395.0        | 776.1         | 300.8        | -49.1%            | 31.3%             | 10.0%        | 17.3%         | -13.5%        | -34.5% | 5.2%  |
| XOI                                     | 1,019.8      | 1,664.0       | 744.6        | -38.7%            | 37.0%             | 9.7%         | 20.9%         | -3.7%         | -37.2% | 4.1%  |
| S&P 500                                 | 931.8        | 1,471.8       | 741.0        | -36.7%            | 25.7%             | 6.8%         | 10.2%         | -15.2%        | -38.5% | 3.2%  |
| NASDAQ                                  | 1,632.2      | 2,661.5       | 1,295.5      | -38.7%            | 26.0%             | 6.7%         | 12.9%         | -16.2%        | -40.5% | 3.5%  |
| OSX                                     | 130.7        | 364.3         | 97.2         | -64.1%            | 34.5%             | 14.5%        | 25.5%         | -35.0%        | -59.8% | 7.6%  |

Source: FactSet; Morgan Stanley Research

## Valuation Methodologies and Investment Risks

The valuation methodologies we use vary as the earnings cycle develops. At the (perceived) trough, we essentially want to answer the question, “how low could it go?” We favor an investment approach that has a bias towards value at this point, not momentum. We assess where the risk/reward is decidedly more attractive for accumulating longer-term positions using normalized earnings, price-to-book, price-to-sales, and for the offshore drillers, net asset value. We often concentrate more on the offshore drillers at this point of the cycle given the tangible asset valuation that is obtainable versus the uncertainties in earnings. Such a value approach however does carry the risk of being early.

As the earnings cycle begins to turn up, we use a two year forward earnings multiple, as well as a 12-month forward rolling multiple, price-to-book, price-to-sales, and a peak earnings analysis. The peak earnings analysis offers insight into what the stock could be worth once the EPS revision phase of the cycle really kicks in. For the offshore drillers, we continue to use a net asset value assessment, but also use an EV/EBITDA multiple, CEPS (cash EPS is equal to net income + depreciation and amortization + convertible interest (where applicable) and peak earnings).

Our two year forward earnings multiples are based upon prior cycle ranges (see “Trading and Valuation Summary” in this report). The average multiples achieved at the equity peaks of the previous two cycles were 19–23x with a range of 18–33x. The North American natural gas levered stocks typically achieve the higher-end of this range in the early stages of the cycle as the discounting mechanism is rather substantial in these stocks. The later cycle stocks typically include the equipment names, particularly subsea.

As the earnings cycle matures, momentum often overtakes value as the market digests an onslaught of upward earnings revisions. While the net asset value assessment for offshore drillers is still useful, it becomes more of a reality check. At this stage, the two year forward consensus earnings begin to narrow the gap with peak earnings assumptions, and a two-year forward multiple is placed on these “best case” pricing and utilization scenarios for the services and equipment.

Net Asset Value (NAV) is one of the more useful exercises in terms of identifying support levels for the asset intensive offshore drilling stocks. Depending on the mix of assets, a typical price/NAV support level has been 70–100%, while the upside is near two times NAV. The variance in the multiples on

net asset value is largely a function of the fleet composition. Today the horsepower is in the deepwater, whereas in prior years, a bias toward jackups yielded a wider trading range. We calculate a NAV/share by applying a vendor published second-hand market value to each rig within a company's fleet, then grossing up to a fleet market value plus other assets, then adjusting for debt.

### Investment Risks

The Oil Services and Equipment industry is one of the most volatile and unpredictable industries in the “old economy.” The main investment risk is the overall health of the global economy, although with particular interim risk exposure to the fiscal and geopolitical uncertainties in areas including, but not limited to the Middle East, Latin America, Russia, Southeast Asia, and West Africa. In North America, E&P spending is highly susceptible to changes in oil and natural gas prices, more so in the short-run than any other region due to the dominance of the spot market and independents.

### Main Investment Risks include:

- The health of the global economy and its impact on the global demand for oil and natural gas.
- Merger and acquisition activity among operators typically has a negative impact on spending budgets.
- Capacity expansion in long-lived assets such as marine seismic, pressure pumping equipment, and drilling rigs, particularly speculative newbuilding.
- Changes in fiscal terms (taxes) on oil and natural gas production in the major drilling basins including, but not limited to the Gulf of Mexico, Venezuela, Mexico, Brazil, Argentina, North Sea, West Africa, Southeast Asia, Russia, and the Middle East.

Adoption of new technology is often slow in the oilfield. There is meaningful risk to companies whose success is predominantly dependent upon a single new technology and the acceptance of that technology.

January 5, 2009

Oil Services, Drilling & Equipment

Exhibit 77

## Oil Service: Price Target Methodology and Risks

| Ticker             | Price Target Methodology   |
|--------------------|--|
| <b>Oil Service</b> |  |
| SLB                | Based on 21.5x 2010E EPS or 77% historical 12-month forward average of 28x. Multiple compression due to risks on sustainability of commodity price cycle which would result in lower oil demand and drilling activity.                       |
| HAL                | Based on 16.3x 2010E EPS or 82% historical 12-month forward average of 20x. Multiple compression due to risks of additional pressure pumping capacity leading to pricing pressure in the North American market.                              |
| BHI                | Based on 13.6x 2010E EPS or 57% historical 12-month forward average of 24x. Multiple compression due to lingering execution risks related to capacity additions in international markets.  |
| WFT                | Based on 17.6x 2010E EPS or 53% historical 12-month forward average of 33x. Multiple compression due to execution risks related to international expansion and large percentage of revenue exposure to the North American market             |
| BJS                | Based on 13.3x 2010E EPS or 70% historical 12-month forward average of 19x. Multiple compression due to risks of additional pressure pumping capacity leading to pricing pressure in the North American market.                              |
| SII                | Based on 14.1x 2010E EPS or 61% historical 12-month forward average of 23x. Multiple compression due to risks related to delays in the offshore newbuilding cycle which could delay the company's organic growth profile in 2008 and beyond. |

Source: Company data, Morgan Stanley Research

Exhibit 78

## Oil Service Equipment: Price Target Methodology and Risks

| Ticker           | Price Target Methodology   |
|------------------|--|
| <b>Equipment</b> |  |
| TS               | Based on 12.5x 2010E EPS, roughly a 20% discount to US equipment names CAM (13.9x) and DRQ (16.9x). Risks include integration of recent acquisition of Maverick and Hydril as well as potential capacity additions of seamless OCTG.                           |
| NOV              | Based on 14.0x 2010E EPS or 45% historical 12-month forward average of 31x. Multiple compression due to risks of a slowdown in rig construction as the cycle matures.  |
| CAM              | Based on 14.3x 2010E EPS or 42% historical 12-month forward average of 34x. Multiple compression due to integration of Dresser Flow Control.   |
| FTI              | Based on 15.2x 2010E EPS or 76% historical 12-month forward average of 20x. Multiple compression due to risks associated with supply chain management and ability to execute on record backlog.  |
| DRC              | Based on 15.3x 2010E EPS or 90% historical 12-month forward average of 17x. Execution risks associated with back-end loaded year-end results and competition in compressors from GE and Siemens.   |
| DRQ              | Based on 15.7x 2010E EPS or 65% historical 12-month forward average of 24x. Multiple compression due to risks associated with the introduction of new technologies including liner hangers and fully integrated subsea systems.                                |
| OII              | Based on 13.8x 2010E EPS or 86% historical 12-month forward average of 16x. Multiple compression due to risks associated with cancellations and delays of deepwater floater newbuilds.   |
| GTLS             | Based on 11.2x 2010E EPS, roughly a 20-30% discount to the production-oriented equipment peers (CAM, FTI, DRQ). Risks include the company's exposure to the industrial gas market, delays in sanctioning planned large-scale LNG projects and execution risks. |

Source: Company data, Morgan Stanley Research

Exhibit 79

## Offshore and Land Drillers: Price Target Methodology and Risks

| Ticker                   | Price Target Methodology  |
|--------------------------|---|
| <b>Offshore Drillers</b> |   |
| RIG                      | Based on 8.3x 2010E EPS or 55% historical 12-month forward average of 15x. Multiple compression due to oversupply concerns based on the current newbuilding cycle.  |
| NE                       | Based on 8.3x 2010E EPS or 31% historical 12-month forward average of 27x. Multiple compression due to oversupply concerns based on the current newbuilding cycle.  |
| DO                       | Based on DO adopting a relatively full quarterly payout policy, with shares re-rating to a 7% dividend yield.   |
| ESV                      | Based on 8.2x 2010E EPS or 48% historical 12-month forward average of 17x. Multiple compression due to oversupply concerns based on the current newbuilding cycle.  |
| PDE                      | Based on 8.9x 2010E EPS or 46% historical 12-month forward average of 19x. Multiple compression due to oversupply concerns based on the current newbuilding cycle and execution on restructuring efforts.   |
| RDC                      | Based on 8.4x 2010E EPS or 42% historical 12-month forward average of 20x. Multiple compression due to oversupply concerns based on the current newbuilding cycle.  |
| HERO                     | Based on 17.0x 2010E EPS, above industry peers, due to greater post-trough growth potential. Risks include continued weakness in North American natural gas prices that will depress demand for jackups in the Gulf of Mexico as well as a political or economic disruption that may reduce liftboat activity in West Africa. |
| ATW                      | Based on 7.8x 2010E EPS or 46% historical 12-month forward average of 17x. Multiple compression due to oversupply concerns based on the current newbuilding cycle.  |
| <b>Land Drillers</b>     |   |
| NBR                      | Based on 15.9x 2010E EPS or 83% historical 12-month forward average of 19x. Multiple compression due to high leading edge dayrates and oversupply concerns on rig capacity additions in North America.  |
| PTEN                     | Based on 42.4x 2010E EPS or 236% historical 12-month forward average of 18x, and in line with historical trough earnings multiples.   |

Source: Company data, Morgan Stanley Research.

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(as of December 31, 2008)

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January 5, 2009

Oil Services, Drilling & Equipment

| Stock Rating Category    | Coverage Universe |             | Investment Banking Clients (IBC) |                |                      |
|--------------------------|-------------------|-------------|----------------------------------|----------------|----------------------|
|                          | Count             | % of Total  | Count                            | % of Total IBC | % of Rating Category |
| <b>Overweight/Buy</b>    | <b>811</b>        | <b>34%</b>  | <b>240</b>                       | <b>40%</b>     | <b>30%</b>           |
| <b>Equal-weight/Hold</b> | <b>1060</b>       | <b>45%</b>  | <b>271</b>                       | <b>45%</b>     | <b>26%</b>           |
| <b>Not-Rated/Hold</b>    | <b>33</b>         | <b>1.4%</b> | <b>8</b>                         | <b>1.3%</b>    | <b>24.2%</b>         |
| <b>Underweight/Sell</b>  | <b>463</b>        | <b>20%</b>  | <b>87</b>                        | <b>14%</b>     | <b>19%</b>           |
| <b>Total</b>             | <b>2,367</b>      |             | <b>606</b>                       |                |                      |

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

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**Overweight (O).** The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

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## Industry Coverage: Oil Services, Drilling & Equipment

| Company (Ticker)                      | Rating (as of)  | Price (01/02/2009) |
|---------------------------------------|-----------------|--------------------|
| <b>Ole Slorer</b>                     |                 |                    |
| Atwood Oceanics Inc (ATW.N)           | E (09/16/2008)  | \$17.52            |
| BJ Services (BJS.N)                   | E (09/25/2008)  | \$12.43            |
| Baker Hughes (BHI.N)                  | O (07/27/2006)  | \$34.33            |
| Cameron International (CAM.N)         | E (09/25/2008)  | \$22.07            |
| Chart Industries (GTLS.O)             | U (10/20/2008)  | \$11.02            |
| Diamond Offshore (DO.N)               | O (10/23/2007)  | \$63.12            |
| Dresser-Rand (DRC.N)                  | E (09/25/2008)  | \$18.77            |
| Dril Quip Inc. (DRQ.N)                | O (03/03/2008)  | \$22.03            |
| ENSCO (ESV.N)                         | U (11/13/2006)  | \$30.33            |
| FMC Technologies (FTI.N)              | U (02/01/2008)  | \$25.32            |
| Halliburton Co. (HAL.N)               | O (01/25/2008)  | \$19.45            |
| Helix Energy Solutions (HLX.N)        | NA (12/14/2008) | \$7.86             |
| Hercules Offshore (HERO.O)            | O (06/12/2007)  | \$5.04             |
| ION Geophysical (IO.N)                | U (02/18/2005)  | \$3.78             |
| Nabors Industries Inc. (NBR.N)        | O (09/25/2008)  | \$13.27            |
| National Oilwell Varco (NOV.N)        | O (09/25/2008)  | \$26.83            |
| Noble Corporation (NE.N)              | E (06/26/2008)  | \$23.75            |
| Oceaneering International Inc (OII.N) | O (09/16/2008)  | \$30.34            |
| Patterson-UTI Energy (PTEN.O)         | E (09/25/2008)  | \$12.58            |
| Pride International Inc. (PDE.N)      | U (07/25/2007)  | \$17.58            |
| Rowan Companies (RDC.N)               | E (01/19/2006)  | \$17.25            |
| Schlumberger (SLB.N)                  | O (04/21/2008)  | \$45.62            |
| Smith International Inc. (SII.N)      | O (06/30/2008)  | \$25.03            |
| Transocean (RIG.N)                    | O (10/20/2008)  | \$52.01            |
| Weatherford International (WFT.N)     | O (09/22/2003)  | \$11.66            |

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