

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2016**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 000-53533



TRANSOCEAN LTD.

(Exact name of registrant as specified in its charter)

Zug, Switzerland

(State or other jurisdiction of incorporation or organization)

98-0599916

(I.R.S. Employer Identification No.)

10 Chemin de Blandonnet

Vernier, Switzerland

(Address of principal executive offices)

1214

(Zip Code)

+41 (22) 930-9000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer (do not check if a smaller reporting company) ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 26, 2016, 365,391,756 shares were outstanding.

TRANSOCEAN LTD. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION
Item I. Financial Statements

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Operating revenues				
Contract drilling revenues	\$ 918	\$ 1,777	\$ 2,029	\$ 3,777
Other revenues	25	107	255	150
	943	1,884	2,284	3,927
Costs and expenses				
Operating and maintenance	500	197	1,165	1,281
Depreciation	225	249	442	540
General and administrative	42	44	85	90
	767	490	1,692	1,911
Loss on impairment	(20)	(890)	(23)	(1,826)
Gain (loss) on disposal of assets, net	(2)	2	(1)	(5)
Operating income	154	506	568	185
Other income (expense), net				
Interest income	4	6	10	12
Interest expense, net of amounts capitalized	(95)	(120)	(184)	(236)
Gain on retirement of debt	38	—	38	—
Other, net	3	(5)	2	42
	(50)	(119)	(134)	(182)
Income from continuing operations before income tax expense	104	387	434	3
Income tax expense	17	40	91	123
Income (loss) from continuing operations	87	347	343	(120)
Income (loss) from discontinued operations, net of tax	1	1	—	(1)
Net income (loss)	88	348	343	(121)
Net income attributable to noncontrolling interest	11	6	17	20
Net income (loss) attributable to controlling interest	\$ 77	\$ 342	\$ 326	\$ (141)
Earnings (loss) per share-basic				
Earnings (loss) from continuing operations	\$ 0.21	\$ 0.93	\$ 0.88	\$ (0.39)
Earnings (loss) from discontinued operations	—	—	—	—
Earnings (loss) per share	\$ 0.21	\$ 0.93	\$ 0.88	\$ (0.39)
Earnings (loss) per share-diluted				
Earnings (loss) from continuing operations	\$ 0.21	\$ 0.93	\$ 0.88	\$ (0.39)
Earnings (loss) from discontinued operations	—	—	—	—
Earnings (loss) per share	\$ 0.21	\$ 0.93	\$ 0.88	\$ (0.39)
Weighted-average shares outstanding				
Basic	365	363	365	363
Diluted	365	363	365	363

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income (loss)	\$ 88	\$ 348	\$ 343	\$ (121)
Net income attributable to noncontrolling interest	11	6	17	20
Net income (loss) attributable to controlling interest	77	342	326	(141)
Components of net periodic benefit costs before reclassifications	—	(1)	(7)	(14)
Components of net periodic benefit costs reclassified to net income	(1)	5	1	10
Other comprehensive income (loss) before income taxes	(1)	4	(6)	(4)
Income taxes related to other comprehensive income (loss)	(3)	—	(3)	(2)
Other comprehensive income (loss)	(4)	4	(9)	(6)
Other comprehensive income attributable to noncontrolling interest	—	—	—	—
Other comprehensive income (loss) attributable to controlling interest	(4)	4	(9)	(6)
Total comprehensive income (loss)	84	352	334	(127)
Total comprehensive income attributable to noncontrolling interest	11	6	17	20
Total comprehensive income (loss) attributable to controlling interest	\$ 73	\$ 346	\$ 317	\$ (147)

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

(Unaudited)

	June 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 2,153	\$ 2,339
Accounts receivable, net of allowance for doubtful accounts of less than \$1 at June 30, 2016 and December 31, 2015	936	1,379
Materials and supplies, net of allowance for obsolescence of \$159 and \$148 at June 30, 2016 and December 31, 2015, respectively	597	635
Assets held for sale	2	8
Restricted cash	360	340
Other current assets	81	84
Total current assets	4,129	4,785
Property and equipment	26,977	26,274
Less accumulated depreciation	(5,888)	(5,456)
Property and equipment, net	21,089	20,818
Deferred income taxes, net	256	316
Other assets	365	410
Total assets	\$ 25,839	\$ 26,329
Liabilities and equity		
Accounts payable	\$ 279	\$ 448
Accrued income taxes	57	82
Debt due within one year	1,063	1,093
Other current liabilities	800	1,046
Total current liabilities	2,199	2,669
Long-term debt	7,155	7,397
Deferred income taxes, net	300	339
Other long-term liabilities	1,027	1,108
Total long-term liabilities	8,482	8,844
Commitments and contingencies		
Redeemable noncontrolling interest	18	8
Shares, CHF 0.10 par value, 393,397,220 authorized, 167,617,649 conditionally authorized, 370,967,382 issued and 365,389,695 outstanding at June 30, 2016 and CHF 15.00 par value, 396,260,487 authorized, 167,617,649 conditionally authorized, 373,830,649 issued and 364,035,397 outstanding at December 31, 2015	34	5,193
Additional paid-in capital	10,680	5,739
Treasury shares, at cost, 2,863,267 held at December 31, 2015	—	(240)
Retained earnings	4,466	4,140
Accumulated other comprehensive loss	(343)	(334)
Total controlling interest shareholders' equity	14,837	14,498
Noncontrolling interest	303	310
Total equity	15,140	14,808
Total liabilities and equity	\$ 25,839	\$ 26,329

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In millions)

(Unaudited)

	Six months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	Quantity		Amount	
Shares				
Balance, beginning of period	364	362	\$ 5,193	\$ 5,169
Reduction of par value	—	—	(5,159)	—
Issuance of shares under share-based compensation plans	1	2	—	17
Balance, end of period	365	364	\$ 34	\$ 5,186
Additional paid-in capital				
Balance, beginning of period			\$ 5,739	\$ 5,797
Share-based compensation			26	33
Reduction of par value			5,159	—
Cancellation of shares held in treasury			(240)	—
Issuance of shares under share-based compensation plans			—	(18)
Reclassification of obligation for distribution of qualifying additional paid-in capital			—	(218)
Allocated capital for transactions with holders of noncontrolling interest			(7)	9
Other, net			3	(7)
Balance, end of period			\$ 10,680	\$ 5,596
Treasury shares, at cost				
Balance, beginning of period			\$ 240	\$ (240)
Cancellation of shares held in treasury			(240)	—
Balance, end of period			\$ —	\$ (240)
Retained earnings				
Balance, beginning of period			\$ 4,140	\$ 3,349
Net income (loss) attributable to controlling interest			326	(141)
Balance, end of period			\$ 4,466	\$ 3,208
Accumulated other comprehensive loss				
Balance, beginning of period			\$ (334)	\$ (404)
Other comprehensive loss attributable to controlling interest			(9)	(6)
Balance, end of period			\$ (343)	\$ (410)
Total controlling interest shareholders' equity				
Balance, beginning of period			\$ 14,498	\$ 13,671
Total comprehensive income (loss) attributable to controlling interest			317	(147)
Share-based compensation			26	33
Issuance of shares under share-based compensation plans			—	(1)
Reclassification of obligation for distribution of qualifying additional paid-in capital			—	(218)
Allocated capital for transactions with holders of noncontrolling interest			(7)	9
Other, net			3	(7)
Balance, end of period			\$ 14,837	\$ 13,340
Noncontrolling interest				
Balance, beginning of period			\$ 310	\$ 311
Total comprehensive income attributable to noncontrolling interest			7	20
Reacquired noncontrolling interest			(5)	—
Distributions to holders of noncontrolling interest			(16)	(14)
Allocated capital for transactions with holders of noncontrolling interest			7	(9)
Balance, end of period			\$ 303	\$ 308
Total equity				
Balance, beginning of period			\$ 14,808	\$ 13,982
Total comprehensive income (loss)			324	(127)
Share-based compensation			26	33
Issuance of shares under share-based compensation plans			—	(1)
Reacquired noncontrolling interest			(5)	—
Reclassification of obligation for distribution of qualifying additional paid-in capital			—	(218)
Distributions to holders of noncontrolling interest			(16)	(14)
Other, net			3	(7)
Balance, end of period			\$ 15,140	\$ 13,648

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Six months ended June 30,	
	2016	2015
Cash flows from operating activities		
Net income (loss)	\$ 343	\$ (121)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	442	540
Share-based compensation expense	26	33
Loss on impairment	23	1,826
Loss on disposal of assets, net	1	5
Gain on retirement of debt	(38)	—
Deferred income tax expense (benefit)	14	(90)
Other, net	7	21
Changes in deferred revenues, net	(28)	(107)
Changes in deferred costs, net	54	116
Changes in operating assets and liabilities	(6)	(386)
Net cash provided by operating activities	838	1,837
Cash flows from investing activities		
Capital expenditures	(826)	(396)
Proceeds from disposal of assets, net	15	33
Proceeds from repayment of loans receivable	—	15
Net cash used in investing activities	(811)	(348)
Cash flows from financing activities		
Repayments of debt	(251)	(69)
Deposit to cash account restricted for financing activities	(24)	—
Proceeds from cash investments restricted for financing activities	73	57
Distributions of qualifying additional paid-in capital	—	(327)
Distributions to holders of noncontrolling interest	(16)	(14)
Other, net	5	(2)
Net cash used in financing activities	(213)	(355)
Net increase (decrease) in cash and cash equivalents	(186)	1,134
Cash and cash equivalents at beginning of period	2,339	2,635
Cash and cash equivalents at end of period	\$ 2,153	\$ 3,769

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1—Business

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, “Transocean,” “we,” “us” or “our”) is a leading international provider of offshore contract drilling services for oil and gas wells. We specialize in technically demanding sectors of the offshore drilling business with a particular focus on deepwater and harsh environment drilling services. Our mobile offshore drilling fleet is considered one of the most versatile fleets in the world. We contract our drilling rigs, related equipment and work crews predominantly on a dayrate basis to drill oil and gas wells. At June 30, 2016, we owned or had partial ownership interests in and operated 60 mobile offshore drilling units, including 29 ultra-deepwater floaters, seven harsh environment floaters, four deepwater floaters, 10 midwater floaters and 10 high-specification jackups. At June 30, 2016, we also had five ultra-deepwater drillships and five high-specification jackups under construction or under contract to be constructed. See Note 8—Drilling Fleet.

On October 29, 2015, shareholders at our extraordinary general meeting approved the reduction of the par value of each of our shares to CHF 0.10 from the original par value of CHF 15.00. Following formal notification to creditors and establishment of a public deed of compliance, the reduction of par value became effective as of January 7, 2016, upon registration in the commercial register. See Note 12—Shareholders’ Equity.

See Note 15—Subsequent Events.

Note 2—Significant Accounting Policies

Presentation—We have prepared our accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States (“U.S.”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission. Pursuant to such rules and regulations, these financial statements do not include all disclosures required by accounting principles generally accepted in the U.S. for complete financial statements. The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods. Such adjustments are considered to be of a normal recurring nature unless otherwise noted. Operating results for the three and six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016 or for any future period. The accompanying condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 included in our annual report on Form 10-K filed on February 25, 2016.

Accounting estimates—To prepare financial statements in accordance with accounting principles generally accepted in the U.S., we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and assumptions, including those related to our allowance for doubtful accounts, materials and supplies obsolescence, property and equipment, assets held for sale, income taxes, contingencies, share-based compensation, defined benefit pension plans and other postretirement benefits. We base our estimates and assumptions on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from such estimates.

Fair value measurements—We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability. Our valuation techniques require inputs that we categorize using a three-level hierarchy, from highest to lowest level of observable inputs, as follows: (1) significant observable inputs, including unadjusted quoted prices for identical assets or liabilities in active markets (“Level 1”), (2) significant other observable inputs, including direct or indirect market data for similar assets or liabilities in active markets or identical assets or liabilities in less active markets (“Level 2”) and (3) significant unobservable inputs, including those that require considerable judgment for which there is little or no market data (“Level 3”). When multiple input levels are required for a valuation, we categorize the entire fair value measurement according to the lowest level of input that is significant to the measurement even though we may have also utilized significant inputs that are more readily observable.

Capitalized interest—We capitalize interest costs for qualifying construction and upgrade projects. In the three and six months ended June 30, 2016, we capitalized interest costs of \$40 million and \$89 million, respectively, for construction work in progress. In the three and six months ended June 30, 2015, we capitalized interest costs of \$29 million and \$55 million, respectively, for construction work in progress.

Reclassifications—We have made certain reclassifications to prior period amounts to conform with the current period’s presentation. Such reclassifications did not have a material effect on our condensed consolidated statement of financial position, results of operations or cash flows.

Subsequent events—We evaluate subsequent events through the time of our filing on the date we issue our financial statements. See Note 15—Subsequent Events.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

Note 3—New Accounting Pronouncements

Recently issued accounting standards

Presentation of financial statements—Effective with our annual report for the year ending December 31, 2016, we will adopt the accounting standards update that requires us to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued. The update is effective for the annual period ending after December 15, 2016 and for interim and annual periods thereafter. We do not expect that our adoption will have a material effect on the disclosures contained in our notes to condensed consolidated financial statements.

Stock compensation—Effective no later than our annual report for the year ending December 31, 2016, we will adopt the accounting standards update that allows for simplification of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The update, which permits early adoption, is effective for the annual period ending after December 15, 2016 and for interim and annual periods thereafter do not expect that our adoption will have a material effect on our condensed consolidated statements of financial position, operations and cash flows or the notes thereto.

Revenue from contracts with customers—Effective January 1, 2018, we will adopt the accounting standards update that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The update, which permits early adoption, is effective for interim and annual periods beginning on or after December 15, 2017. We are evaluating the requirements to determine the effect such requirements may have on our condensed consolidated statements of financial position, operations and cash flows and on the disclosures contained in our notes to condensed consolidated financial statements.

Leases—Effective no later than January 1, 2019, we will adopt the accounting standards update that (a) requires lessees to recognize a right-to-use asset and a lease liability for virtually all leases, and (b) updates previous accounting standards for lessors to align certain requirements with the updates to lessee accounting standards and the revenue recognition accounting standards. The update, which permits early adoption, is effective for interim and annual periods beginning on or after December 15, 2018. We are evaluating the requirements to determine the effect such requirements may have on our condensed consolidated statements of financial position, operations and cash flows and on the disclosures contained in our notes to condensed consolidated financial statements.

Note 4—Variable Interest Entities

Angola Deepwater Drilling Company Limited (“ADDCL”), a consolidated Cayman Islands company, and Transocean Drilling Services Offshore Inc. (“TDSOI”), a consolidated British Virgin Islands company, are variable interest entities for which we are the primary beneficiary. Accordingly, we consolidate the operating results, assets and liabilities of ADDCL and TDSOI. The carrying amounts associated with our consolidated variable interest entities, after eliminating the effect of intercompany transactions, were as follows (in millions):

	June 30, 2016	December 31, 2015
Assets	\$ 1,089	\$ 1,157
Liabilities	42	49
Net carrying amount	<u>\$ 1,047</u>	<u>\$ 1,108</u>

See Note 13—Noncontrolling interest and Note 15—Subsequent Events.

Note 5—Impairments

Assets held for sale—In the three months ended June 30, 2016, we recognized an aggregate loss of \$20 million (\$18 million, or \$0.04 per diluted share, net of tax) associated with the impairment of the deepwater floater *Sedco 702*, along with related and other equipment. In the six months ended June 30, 2016, we recognized an aggregate loss of \$23 million (\$20 million, or 0.05 per diluted share, net of tax), associated with the impairment of the deepwater floater *Sedco 702* and the midwater floater *Transocean John Shaw*, along with related and other equipment, which were classified as assets held for sale at the time of impairment.

In the three months ended June 30, 2015, we recognized an aggregate loss of \$222 million (\$144 million, or \$0.39 per diluted share, net of tax), associated with the impairment of the ultra-deepwater floater *GSF Explorer*, the deepwater floater *GSF Celtic Sea* and the midwater floater *Transocean Amirante* along with related equipment, which were classified as held for sale at the time of impairment. In the six months ended June 30, 2015, we recognized an aggregate loss of \$651 million (\$537 million, or \$1.48 per diluted share, net of tax), associated with the impairment of the ultra-deepwater floaters *Deepwater Expedition* and *GSF Explorer*, the deepwater floaters *GSF Celtic Sea*, *Sedco 707* and *Transocean Rather* and the midwater floaters *GSF Aleutian Key*, *GSF Arctic III*, *Transocean Amirante* and *Transocean Legend*, along with related equipment, which were classified as assets held for sale at the time of impairment.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

We measured the impairment of the drilling units and related equipment as the amount by which the carrying amount exceeded the estimated fair value less costs to sell. We estimated the fair value of the assets using significant other observable inputs, representative of Level 2 fair value measurements, including indicative market values for the drilling units and related equipment to be sold for scrap value. If we commit to plans to sell additional rigs for values below the respective carrying amounts, we may be required to recognize additional losses in future periods associated with the impairment of such assets.

Assets held and used—During the three months ended March 31, 2015, we identified indicators that the asset groups in our contract drilling services reporting unit may not be recoverable. During the three months ended June 30, 2015, we identified additional indicators that the asset groups in our contract drilling services reporting unit may not be recoverable. Such indicators included a reduction in the number of new contract opportunities, customer suspensions of drilling programs, early contract terminations and cancellations and low dayrate fixtures. Our deepwater and midwater asset groups, in particular, experienced significant declines in projected dayrates and utilization caused by increased competition and marginalization of some of the less capable drilling units. As a result of our testing, we determined that the carrying amounts of the deepwater floater and midwater floater asset groups were impaired. In the three months ended March 31, 2015, we recognized a loss of \$507 million (\$481 million, or \$1.34 per diluted share, net of tax) associated with the impairment of our deepwater floater asset group, including a loss of \$41 million associated with construction in progress for the asset group. In the three and six months ended June 30, 2015, we recognized a loss of \$668 million (\$653 million, or \$1.79 per diluted share, net of tax) associated with the impairment of our midwater floater asset group, including a loss of \$11 million associated with construction in progress for the asset group.

We estimated the fair value of the asset groups by applying a combination of income and cost approaches, using projected discounted cash flows and estimates of the exchange price that would be received for the assets in the principal or most advantageous market for the assets in an orderly transaction between market participants as of the measurement date. Our estimates of fair value required us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of our contract drilling services reporting unit, such as future commodity prices, projected demand for our services, rig availability and dayrates. If we experience increasingly unfavorable changes to actual or anticipated dayrates or other impairment indicators, or if we are unable to secure new or extended contracts for our active units or the reactivation of any of our stacked units, we may be required to recognize additional losses in future periods as a result of impairments of the carrying amount of one or more of our asset groups.

Note 6—Income Taxes

Tax rate—Transocean Ltd., a holding company and Swiss resident, is exempt from cantonal and communal income tax in Switzerland, but is subject to Swiss federal income tax. At the federal level, qualifying net dividend income and net capital gains on the sale of qualifying investments in subsidiaries are exempt from Swiss federal income tax. Consequently, Transocean Ltd. expects dividends from its subsidiaries and capital gains from sales of investments in its subsidiaries to be exempt from Swiss federal income tax.

Our provision for income taxes is based on the tax laws and rates applicable in the jurisdictions in which we operate and earn income. The relationship between our provision for or benefit from income taxes and our income or loss before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues rather than income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Generally, our annual marginal tax rate is lower than our annual effective tax rate.

In the six months ended June 30, 2016 and 2015, our estimated effective tax rate, excluding discrete items, was 21.5 percent and 21.6 percent, respectively, based on estimated annual income from continuing operations before income taxes. In the six months ended June 30, 2016, such discrete items were primarily related to the tax expense or benefits of changes in unrecognized tax benefits associated with tax positions taken in prior years and valuation allowances for losses not expected to be realized. In the six months ended June 30, 2015, such discrete items were primarily related to the tax effect of insurance recoveries that resulted from the resolution of certain matters associated with the Macondo well incident and losses on impairment of certain assets.

Tax returns—We file federal and local tax returns in several jurisdictions throughout the world. With few exceptions, we are no longer subject to examinations of our U.S. and non-U.S. tax matters for years prior to 2010. Our tax returns in the major jurisdictions in which we operate, other than the U.S., Norway and Brazil, which are mentioned below, are generally subject to examination for periods ranging from three to six years. We have agreed to extensions beyond the statute of limitations in two major jurisdictions for up to 20 years. Tax authorities in certain jurisdictions are examining our tax returns and in some cases have issued assessments. We are defending our tax positions in those jurisdictions. While we cannot predict or provide assurance as to the timing or the outcome of these proceedings, we do not expect the ultimate liability to have a material adverse effect on our condensed consolidated statement of financial position or results of operations, although it may have a material adverse effect on our condensed consolidated statement of cash flows.

U.S. tax investigations—In January 2014, we received a draft assessment from the U.S. tax authorities related to our 2010 and 2011 U.S. federal income tax returns. The significant issue raised in the assessment was related to transfer pricing for certain charters of drilling rigs between our subsidiaries. In April 2016, we entered into a final settlement with the U.S. tax authorities for \$31 million, excluding interest and penalties, related to our 2010 and 2011 U.S. federal income tax returns. The terms of this settlement are not

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

necessarily indicative of positions that the U.S. tax authorities may take on transfer pricing or other matters with respect to our tax returns for the years following 2011. Such positions, if sustained, could substantially increase our effective tax rate on worldwide earnings and have a material adverse effect on our condensed consolidated results of operations or cash flows.

Norway tax investigations and trial—Norwegian civil tax authorities are investigating certain transactions undertaken by our subsidiaries in 1999, 2001 and 2002 as well as the actions of certain employees of our former external tax advisors on these transactions. At June 30, 2016, the remaining outstanding civil tax assessment was for NOK 412 million, equivalent to approximately \$49 million, plus interest, related to a 2001 dividend payment. On June 26, 2014, the Norwegian district court in Oslo ruled that our subsidiary was liable for the civil tax assessment but waived all penalties and interest. On September 12, 2014, we and the tax authorities each appealed the ruling. On June 27, 2016, the tax authorities withdrew their appeal of penalties and dropped all penalty claims. We intend to take all other appropriate action to continue to support our position that our Norwegian tax returns are materially correct as filed.

We had previously also received a tax assessment for NOK 43 million, equivalent to approximately \$5 million, plus interest, related to certain foreign exchange deductions and dividend withholding tax. On June 3, 2016, the Norwegian Supreme Court ruled that we were required to pay NOK 15 million, equivalent to approximately \$2 million, excluding interest, with regard to the tax assessments for foreign exchange deductions and dividend withholding tax, and dismissed any interest and penalties.

Brazil tax investigations—Certain of our Brazilian income tax returns for the years 2000 through 2004 are currently under examination. In December 2005, the Brazilian tax authorities issued an aggregate tax assessment of BRL 793 million, equivalent to approximately \$247 million, including penalties and interest, measured as of June 30, 2016. On January 25, 2008, we filed a protest letter with the Brazilian tax authorities, and we are currently engaged in the appeals process. On May 19, 2014, with respect to our Brazilian income tax returns for the years 2009 and 2010, the Brazilian tax authorities issued an aggregate tax assessment of BRL 134 million, equivalent to approximately \$42 million, including penalties and interest, measured as of June 30, 2016. On June 18, 2014, we filed a protest letter with the Brazilian tax authorities. We believe our returns are materially correct as filed, and we are vigorously contesting these assessments. An unfavorable outcome on these proposed assessments could result in a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

Other tax matters—We conduct operations through our various subsidiaries in a number of countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions, employee contribution requirements and tax attributes. From time to time, we may identify changes to previously evaluated tax positions that could result in adjustments to our recorded assets and liabilities. Although we are unable to predict the outcome of these changes, we do not expect the effect, if any, resulting from these adjustments to have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

Note 7—Earnings (Loss) Per Share

The numerator and denominator used for the computation of basic and diluted per share earnings from continuing operations were as follows (in millions, except per share data):

	Three months ended June 30,				Six months ended June 30,			
	2016		2015		2016		2015	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator for earnings (loss) per share								
Income (loss) from continuing operations attributable to controlling interest	\$ 76	\$ 76	\$ 341	\$ 341	\$ 326	\$ 326	\$ (140)	\$ (140)
Undistributed earnings allocable to participating securities	(1)	(1)	(3)	(3)	(3)	(4)	—	—
Income (loss) from continuing operations available to shareholders	\$ 75	\$ 75	\$ 338	\$ 338	\$ 323	\$ 322	\$ (140)	\$ (140)
Denominator for earnings (loss) per share								
Weighted-average shares outstanding	365	365	363	363	365	365	363	363
Effect of stock options and other share-based awards	—	—	—	—	—	—	—	—
Weighted-average shares for per share calculation	365	365	363	363	365	365	363	363
Per share earnings (loss) from continuing operations	\$ 0.21	\$ 0.21	\$ 0.93	\$ 0.93	\$ 0.88	\$ 0.88	\$ (0.39)	\$ (0.39)

In the three and six months ended June 30, 2016, we excluded from the calculation 4.5 million and 4.0 million share-based awards, respectively, since the effect would have been anti-dilutive. In the three and six months ended June 30, 2015, we excluded from the calculation 3.3 million and 5.3 million share-based awards, respectively, since the effect would have been anti-dilutive.

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Note 8—Drilling Fleet

Construction work in progress—For the six months ended June 30, 2016 and 2015, the changes in our construction work in progress, including capital expenditures and other capital additions, were as follows (in millions):

	Six months ended June 30,	
	2016	2015
Construction work in progress, at beginning of period	\$ 3,736	\$ 2,451
Capital expenditures		
Newbuild construction program	740	183
Other equipment and construction projects	86	213
Total capital expenditures	826	396
Changes in accrued capital additions	(90)	(43)
Impairment of construction work in progress	—	(52)
Property and equipment placed into service		
Newbuild construction program	(1,672)	—
Other property and equipment	(165)	(229)
Construction work in progress, at end of period	<u>\$ 2,635</u>	<u>\$ 2,523</u>

Dispositions—During the six months ended June 30, 2016, in connection with our efforts to dispose of non-strategic assets, we completed the sale of the deepwater floater *Deepwater Navigator* and the midwater floaters *Falcon 100*, *GSF Grand Banks*, *GSF Rig 135*, *Sedneth 701* and *Transocean John Shaw*, along with related equipment. In the three and six months ended June 30, 2016, we received aggregate net cash proceeds of \$8 million and \$11 million, respectively, and recognized an aggregate net gain of \$4 million and \$5 million, respectively, associated with the disposal of these assets. In the three and six months ended June 30, 2016, we received cash proceeds of \$3 million and \$4 million, respectively, and recognized an aggregate net loss of \$6 million associated with the disposal of assets unrelated to rig sales.

During the six months ended June 30, 2015, in connection with our efforts to dispose of non-strategic assets, we completed the sale of the ultra-deepwater floaters *Deepwater Expedition* and *GSF Explorer*, the deepwater floaters *Discoverer Seven Seas*, *Sedco 707*, *Sedco 710* and *Sovereign Explorer* and the midwater floaters *C. Kirk Rhein, Jr.*, *GSF Arctic I*, *GSF Arctic III*, *Sedco 601*, *Sedco 700* and *Transocean Legend*, along with related equipment. In the three and six months ended June 30, 2015, we received aggregate net cash proceeds of \$19 million and \$24 million, respectively, and recognized an aggregate net gain of \$4 million and \$6 million, respectively, associated with the disposal of these assets. In the three and six months ended June 30, 2015, we received cash proceeds of \$4 million and \$6 million, respectively, and recognized an aggregate net loss of \$2 million and \$11 million, respectively, associated with the disposal of assets unrelated to rig sales.

During the six months ended June 30, 2016, we committed to a plan to sell the deepwater floater *Sedco 702*, along with related equipment. At June 30, 2016, the aggregate carrying amount of our assets held for sale was \$2 million, including the deepwater floater *Sedco 702*, along with related equipment. At December 31, 2015, the aggregate carrying amount of our assets held for sale was \$8 million, including the deepwater floater *Deepwater Navigator* and the midwater floaters *Falcon 100*, *GSF Grand Banks*, *GSF Rig 135* and *Sedneth 701*, along with related equipment, and certain corporate assets.

See Note 5—Impairments.

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Note 9—Debt

Overview—Debt, net of debt-related balances, including unamortized discounts, premiums, issue costs and fair value adjustments, was comprised of the following (in millions):

	June 30, 2016	December 31, 2015
5.05% Senior Notes due December 2016 (a)	\$ 938	\$ 973
2.5% Senior Notes due October 2017 (a)	530	568
Eksporthfinans Loans due January 2018	177	216
6.00% Senior Notes due March 2018 (a)	775	789
7.375% Senior Notes due April 2018 (a)	211	236
6.50% Senior Notes due November 2020 (a)	897	911
6.375% Senior Notes due December 2021 (a)	1,100	1,143
3.8% Senior Notes due October 2022 (a)	689	726
7.45% Notes due April 2027 (a)	85	94
8% Debentures due April 2027 (a)	57	57
7% Notes due June 2028	308	309
Capital lease contract due August 2029	579	591
7.5% Notes due April 2031 (a)	584	589
6.80% Senior Notes due March 2038 (a)	991	991
7.35% Senior Notes due December 2041 (a)	297	297
Total debt	8,218	8,490
Less debt due within one year		
5.05% Senior Notes due December 2016 (a)	938	973
Eksporthfinans Loans due January 2018	101	97
Capital lease contract due August 2029	24	23
Total debt due within one year	1,063	1,093
Total long-term debt	\$ 7,155	\$ 7,397

(a) Transocean Inc., a 100 percent owned subsidiary of Transocean Ltd., is the issuer of the notes and debentures. Transocean Ltd. has provided a full and unconditional guarantee of the notes and debentures and borrowings under the Five-Year Revolving Credit Facility. Transocean Ltd. has no independent assets or operations, and following the completion of certain restructuring transactions executed during the three months ended June 30, 2016, its only other subsidiary not owned indirectly through Transocean Inc. was minor. Transocean Inc. has no independent assets and operations, other than those related to its investments in non-guarantor operating companies and balances primarily pertaining to its cash and cash equivalents and debt. Transocean Ltd. and Transocean Inc. are not subject to any significant restrictions on their ability to obtain funds from their consolidated subsidiaries by dividends, loans or return of capital distributions.

Five-Year Revolving Credit Facility—In June 2014, we entered into an amended and restated bank credit agreement, which established a \$3.0 billion unsecured five-year revolving credit facility, that is scheduled to expire on June 28, 2019 (the “Five-Year Revolving Credit Facility”). Among other things, the Five-Year Revolving Credit Facility includes limitations on creating liens, incurring subsidiary debt, transactions with affiliates, sale/leaseback transactions, mergers and the sale of substantially all assets. The Five-Year Revolving Credit Facility also includes a covenant imposing a maximum debt to tangible capitalization ratio of 0.6 to 1.0. Borrowings under the Five-Year Revolving Credit Facility are subject to acceleration upon the occurrence of an event of default, borrowings are guaranteed by Transocean Ltd. and may be prepaid in whole or in part without premium or penalty.

We may borrow under the Five-Year Revolving Credit Facility at either (1) the adjusted London Interbank Offered Rate plus a margin (the “Five-Year Revolving Credit Facility Margin”), which ranges from 1.125 percent to 2.0 percent based on the credit rating of our non-credit enhanced senior unsecured long-term debt (“Debt Rating”), or (2) the base rate specified in the credit agreement plus the Five-Year Revolving Credit Facility Margin, less one percent per annum. Throughout the term of the Five-Year Revolving Credit Facility, we pay a facility fee on the daily unused amount of the underlying commitment which ranges from 0.15 percent to 0.35 percent depending on our Debt Rating. Effective May 17, 2016, as a result of a further reduction of our Debt Rating, the Five-Year Revolving Credit Facility Margin increased to 2.0 percent from 1.75 percent and the facility fee increased to 0.35 percent from 0.275 percent. At June 30, 2016, based on our Debt Rating on that date, the Five-Year Revolving Credit Facility Margin was 2.0 percent and the facility fee was 0.35 percent. At June 30, 2016, we had no borrowings outstanding or letters of credit issued, and we had \$3.0 billion of available borrowing capacity under the Five-Year Revolving Credit Facility.

Interest rate adjustments—The interest rates for certain of our notes are subject to adjustment from time to time upon a change to our Debt Rating. Effective April 15, 2016, as a result of a reduction of our Debt Rating, the interest rates on the 2.5% Senior Notes due October 2017 (the “2.5% Senior Notes”) and the 3.8% Senior Notes due October 2022 (the “3.8% Senior Notes”) increased to 3.75 percent and 5.05 percent, respectively. Effective June 15, 2016, as a result of a further reduction of our Debt Rating, the interest rates on the 5.05% Senior Notes due December 2016 (the “5.05% Senior Notes”), the 6.375% Senior Notes due December 2021 (the “6.375% Senior

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Notes”) and the 7.35% Senior Notes due December 2041 (the “7.35% Senior Notes”) increased to 6.80 percent, 8.125 percent and 9.10 percent, respectively. Effective October 15, 2016, as a result of a further reduction of our Debt Rating, the interest rates on the 2.5% Senior Notes and the 3.8% Senior Notes will increase to 4.25 percent and 5.55 percent, respectively.

Debt repurchases—During the three and six months ended June 30, 2016, we repurchased in the open market an aggregate principal amount of \$228 million of our debt securities for an aggregate cash payment of \$189 million. As a result of the repurchases, we retired the respective aggregate principal amounts of the following notes: \$36 million of the 5.05% Senior Notes, \$38 million of the 2.5% Senior Notes, \$20 million of the 6.0% Senior Notes due March 2018, \$26 million of the 7.375% Senior Notes due April 2018, \$13 million of the 6.50% Senior Notes due November 2020 (the “6.50% Senior Notes”), \$44 million of the 6.375% Senior Notes, \$38 million of the 3.8% Senior Notes, \$8 million of the 7.45% Senior Notes due April 2027 and \$5 million of the 7.5% Senior Notes due April 2031. In the three and six months ended June 30, 2016, we recognized an aggregate gain of \$38 million associated with the retirement of such notes.

See Note 15—Subsequent Events.

Note 10—Postemployment Benefit Plans

As of June 30, 2016, we maintained certain funded and unfunded defined benefit plans in the U.S., under which benefits had ceased accruing (collectively, the “U.S. Plans”). As of June 30, 2016, we also maintained defined benefit plans in the United Kingdom (the “U.K.”), under which benefits had ceased accruing, and in Norway, Nigeria and Indonesia (collectively, the “Non-U.S. Plans”). We also maintained certain unfunded other postretirement employee benefit plans (collectively, the “OPEB Plans”), under which benefits to eligible participants diminish during a phase-out period ending December 31, 2025.

The components of net periodic benefit costs, before tax, and funding contributions for these plans were as follows (in millions):

	Three months ended June 30, 2016				Three months ended June 30, 2015			
	U.S.	Non-U.S.	OPEB	Total	U.S.	Non-U.S.	OPEB	Total
	Plans	Plans	Plans		Plans	Plans	Plans	
Net periodic benefit costs								
Service cost	\$ 1	\$ 4	\$ —	\$ 5	\$ 2	\$ 6	\$ —	\$ 8
Interest cost	17	4	1	22	16	5	—	21
Expected return on plan assets	(20)	(6)	—	(26)	(21)	(8)	—	(29)
Settlements and curtailments	1	(1)	(2)	(2)	—	—	—	—
Actuarial losses, net	1	1	—	2	2	3	—	5
Prior service cost, net	—	—	(2)	(2)	—	—	—	—
Net transition obligation	—	—	—	—	—	1	—	1
Net periodic benefit costs	\$ —	\$ 2	\$ (3)	\$ (1)	\$ (1)	\$ 7	\$ —	\$ 6
Funding contributions	\$ 2	\$ 2	\$ —	\$ 4	\$ 1	\$ 2	\$ 2	\$ 5

	Six months ended June 30, 2016				Six months ended June 30, 2015			
	U.S.	Non-U.S.	OPEB	Total	U.S.	Non-U.S.	OPEB	Total
	Plans	Plans	Plans		Plans	Plans	Plans	
Net periodic benefit costs								
Service cost	\$ 2	\$ 8	\$ —	\$ 10	\$ 3	\$ 13	\$ —	\$ 16
Interest cost	34	8	1	43	32	10	1	43
Expected return on plan assets	(40)	(12)	—	(52)	(43)	(14)	—	(57)
Settlements and curtailments	1	(1)	(2)	(2)	—	—	—	—
Actuarial losses, net	2	2	—	4	5	5	—	10
Prior service cost, net	—	—	(2)	(2)	—	—	—	—
Net transition obligation	—	—	—	—	—	1	—	1
Net periodic benefit costs	\$ (1)	\$ 5	\$ (3)	\$ 1	\$ (3)	\$ 15	\$ 1	\$ 13
Funding contributions	\$ 2	\$ 40	\$ 1	\$ 43	\$ 1	\$ 11	\$ 4	\$ 16

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Note 11—Contingencies**Macondo well incident contingencies**

Overview—On April 22, 2010, the ultra-deepwater floater *Deepwater Horizon* sank after a blowout of the Macondo well caused a fire and explosion on the rig off the coast of Louisiana. At the time of the explosion, *Deepwater Horizon* was contracted to an affiliate of BP plc (together with its affiliates, “BP”). Following the incident, we have been subject to civil and criminal claims, as well as causes of action, fines and penalties by local, state and federal governments. Litigation commenced shortly after the incident, and most claims against us were consolidated by the U.S. Judicial Panel on Multidistrict Litigation and transferred to the U.S. District Court for the Eastern District of Louisiana (the “MDL Court”). A significant portion of the contingencies arising from the Macondo well incident has now been resolved as a result of settlements with the U.S. Department of Justice (the “DOJ”), BP, the states of Alabama, Florida, Louisiana, Mississippi, and Texas (collectively, the “States”) and the Plaintiffs’ Steering Committee (the “PSC”).

In the three and six months ended June 30, 2015, in connection with settlements, as further described below, we recognized income of \$788 million (\$735 million, or \$2.02 per diluted share, net of tax), recorded as a net reduction to operating and maintenance costs and expenses, including \$538 million associated with recoveries from insurance for our previously incurred losses, \$125 million associated with partial reimbursement from BP for our previously incurred legal costs, and \$125 million associated with a net reduction to certain related contingent liabilities, primarily associated with contingencies that were either settled or otherwise resolved as a result of settlements with BP and the PSC.

We have recognized a liability for the remaining estimated loss contingencies associated with litigation resulting from the Macondo well incident that we believe are probable and for which a reasonable estimate can be made. At June 30, 2016 and December 31, 2015, the liability for estimated loss contingencies that we believe are probable and for which a reasonable estimate can be made was \$250 million, recorded in other current liabilities. We believe the remaining most notable claims against us arising from the Macondo well incident are the potential settlement class opt-outs from the PSC Settlement Agreement, as described below. The liability for estimated loss contingencies at June 30, 2016, included, among others, the amount we have agreed to pay as a result of our settlement with the PSC (see “—PSC Settlement Agreement” below), which is subject to approval by the MDL Court. The remaining litigation could result in certain loss contingencies that we believe are reasonably possible. Although we have not recognized a liability for such loss contingencies, these contingencies could result in liabilities that we ultimately recognize.

We recognize an asset associated with the portion of our estimated losses that we believe is probable of recovery from insurance and for which we have received from underwriters’ confirmation of expected payment. Although we have available policy limits that could result in additional amounts recoverable from insurance, recovery of such additional amounts is not probable and we are not currently able to estimate such amounts (see “—Insurance coverage”). Our estimates involve a significant amount of judgment.

Plea Agreement—Pursuant to the plea agreement (the “Plea Agreement”), one of our subsidiaries pled guilty to one misdemeanor count of negligently discharging oil into the U.S. Gulf of Mexico, in violation of the Clean Water Act (“CWA”) and agreed to be subject to probation through February 2018. The DOJ agreed, subject to the provisions of the Plea Agreement, not to further prosecute us for certain matters arising from the Macondo well incident.

We also agreed to make an aggregate cash payment of \$400 million, including a criminal fine of \$100 million and cash contributions of \$150 million to the National Fish & Wildlife Foundation and \$150 million to the National Academy of Sciences, payable in scheduled installments. In each of the six months ended June 30, 2016 and 2015, we made an aggregate cash payment of \$60 million in satisfaction of amounts due under the Plea Agreement. At June 30, 2016 and December 31, 2015, the carrying amount of our liability for settlement obligations under the Plea Agreement was \$60 million and \$120 million, respectively.

Consent Decree—Under the civil consent decree (the “Consent Decree”), we agreed to undertake certain actions, including enhanced safety and compliance actions when operating in U.S. waters. The Consent Decree also requires us to submit certain plans, reports and submissions and also requires us to make such submittals available publicly. One of the required plans is a performance plan (the “Performance Plan”) that contains, among other things, interim milestones for actions in specified areas and schedules for reports required under the Consent Decree. On January 2, 2014, the DOJ approved our proposed Performance Plan. Additionally, in compliance with the requirements of the Consent Decree and upon approval by the DOJ, we have retained an independent auditor to review and report to the DOJ our compliance with the Consent Decree and an independent process safety consultant to review report and assist with the process safety requirements of the Consent Decree.

We may request termination of the Consent Decree after January 2, 2019, provided we meet certain conditions set forth in the Consent Decree. The Consent Decree resolved the claim by the U.S. for civil penalties under the CWA. The Consent Decree did not resolve the United States’ claim under the Oil Pollution Act (“OPA”) for natural resource damages (“NRD”) or for removal costs. However, BP has agreed to indemnify us for NRD and most removal costs (see “—BP Settlement Agreement”).

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EPA Agreement—On February 25, 2013, we and the U.S. Environmental Protection Agency (the “EPA”) entered into an agreement (the “EPA Agreement”), which has a five-year term. Subject to our compliance with the terms of the EPA Agreement, the EPA agreed that it will not suspend, debar or statutorily disqualify us and will lift any existing suspension, debarment or statutory disqualification. In the EPA Agreement, we agreed to comply with our obligations under the Plea Agreement and the Consent Decree and continue the implementation of certain programs and systems designed to enhance our environmental management systems and improve our environmental performance. We also agreed to other specified actions, including the (i) scheduled revision of our environmental management system and maintenance of certain compliance and ethics programs; (ii) compliance with certain employment and contracting procedures; (iii) engagement of an independent compliance auditor to, among other things, assess and report to the EPA on our compliance with the terms of the Plea Agreement, the Consent Decree and the EPA Agreement and (iv) provision of reports and notices with respect to various matters, including those related to compliance, misconduct, legal proceedings, audit reports, the EPA Agreement, the Consent Decree and the Plea Agreement. The EPA Agreement prohibits us from entering into, extending or engaging in certain business relationships with individuals or entities that are debarred, suspended, proposed for debarment or similarly restricted.

BP Settlement Agreement—On May 20, 2015, we entered into a settlement agreement with BP (the “BP Settlement Agreement”). Under the BP Settlement Agreement, BP agreed to indemnify us for compensatory damages, including all NRD and all cleanup and removal costs for oil or pollutants originating from the Macondo well. BP also agreed to cease efforts to recover as an unlimited additional insured under our insurance policies and to be bound to the insurance reimbursement rulings related to the Macondo well incident. We agreed to indemnify BP for personal and bodily injury claims of our employees and for any future costs for the cleanup or removal of pollutants stored on the *Deepwater Horizon* vessel. Additionally, we mutually agreed to release and withdraw all claims we have against each other arising from the Macondo well litigation and to refrain from making statements regarding gross negligence in the Macondo well incident. In July 2015, pursuant to the BP Settlement Agreements, we received \$125 million from BP as partial reimbursement of the legal costs we incurred in connection with the Macondo well incident. We believe the BP Settlement Agreement resolved all Macondo well-related litigation between BP and us, and the indemnity BP committed to provide will generally address claims by third parties, including claims for economic and property damages, economic loss and NRD. However, the indemnity obligations do not extend to fines, penalties, or punitive damages.

PSC Settlement Agreement—On May 29, 2015, together with the PSC, we filed a settlement agreement (the “PSC Settlement Agreement”) with the MDL Court for approval. Through the PSC Settlement Agreement, we agreed to pay a total of \$212 million, plus up to \$25 million for partial reimbursement of attorneys’ fees, to be allocated between two classes of plaintiffs as follows: (1) private plaintiffs, businesses, and local governments who could have asserted punitive damages claims against us under general maritime law (the “Punitive Damages Class”); and (2) private plaintiffs who previously settled economic damages claims against BP and were assigned certain claims BP had made against us (the “Assigned Claims Class”). A court-appointed neutral representative established the allocation of the settlement payment to be 72.8 percent paid to the Punitive Damages Class and 27.2 percent paid to the Assigned Claims Class. In exchange for these payments, each of the classes agreed to release all respective claims it has against us. Members of the Punitive Damages Class may opt out of the PSC Settlement Agreement and pursue punitive damages claims against us, but we may terminate the PSC Settlement Agreement if the number of opt outs exceeds a specified threshold amount. In June 2016 and August 2015, we made a cash deposit of \$25 million and \$212 million, respectively, into an escrow account pending approval of the settlement by the MDL Court. At June 30, 2016 and December 31, 2015, the balance of the escrow account was \$237 million and \$212 million, respectively, recorded in other current assets.

Multidistrict litigation proceeding—Most Macondo well-related claims against us have been resolved under various settlements, described above. There are, however, still pending claims by potential opt-outs from the settlement with the PSC and a number of other parties. In September 2014, the MDL Court ruled on the liability phase trial, and additional litigation and appeals continue.

The Phase One trial in 2013 addressed fault for the Macondo blowout and resulting oil spill. The MDL Court’s September 2014 Phase One ruling concluded that BP was grossly negligent and reckless and 67 percent at fault for the blowout, explosion, and spill; that we were negligent and 30 percent at fault; and that Halliburton Company (“Halliburton”) was negligent and three percent at fault. The finding that we were negligent, but not grossly negligent, meant that, subject to a successful appeal, we would not be held liable for punitive damages and that BP was required to honor its contractual agreements to indemnify us for compensatory damages and release its claims against us. Our settlements with BP and the PSC finally resolve the indemnity and release issues (see “—BP Settlement Agreement” and “—PSC Settlement Agreement”) and, upon court approval of such settlements, largely eliminate our risk should these determinations be reversed through the appeal process. The MDL Court also concluded that we were an “operator” of the Macondo well for purposes of 33 U.S.C. § 2704(c)(3), a provision of OPA that permits government entities to recover removal costs, such as costs associated with the containment and removal of oil, from owners and operators of a facility or vessel that caused a discharge. The MDL Court, however, found that “Transocean’s liability to government entities for removal costs is ultimately shifted to BP by virtue of contractual indemnity,” and BP has agreed to indemnify removal costs for oil or containment originating in the Macondo well through the BP Settlement Agreement (see “—BP Settlement Agreement”).

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The Phase One ruling did not quantify damages or result in a final monetary judgment. However, because it is a determination of liability under maritime law, the Phase One ruling is appealable, and we, along with BP, the PSC, Halliburton and the State of Alabama have each appealed or cross-appealed aspects of the ruling. These appeals have been stayed pending the finalization and court approval of BP's settlement with the U.S. and the States. As a result of our settlements, we do not expect any party to challenge the ruling with respect to Transocean when the appeals resume, and we expect that any remaining issues in the appeal would be addressed to the other parties.

We can provide no assurances as to the outcome of these appeals, as to the timing of any further rulings, or that we will not enter into additional settlements as to some or all of the matters related to the Macondo well incident, including those to be determined at a trial, or the timing or terms of any such settlements.

Pending claims—As of June 30, 2016, numerous complaints remain pending against us, along with other unaffiliated defendants in the MDL Court. We believe our settlement with the PSC, if approved by the MDL Court, will resolve many of these pending actions. As for any actions not resolved by these settlements, including any claims by individuals who opt-out of the PSC Settlement Agreement and federal securities actions, we are vigorously defending those claims and pursuing any and all defenses available. See "PSC Settlement Agreement" and "Federal securities claims."

Federal securities claims—On September 30, 2010, a proposed federal securities class action was filed against us in the U.S. District Court for the Southern District of New York. In the action, a former shareholder of the acquired company alleged that the joint proxy statement related to our shareholder meeting in connection with the merger with the acquired company violated various securities laws and that the acquired company's shareholders received inadequate consideration for their shares as a result of the alleged violations and sought compensatory and rescissory damages and attorneys' fees. On March 11, 2014, the District Court for the Southern District of New York dismissed the claims as time-barred. Plaintiffs appealed to the U.S. Court of Appeals for the Second Circuit (the "Second Circuit"), but on March 17, 2016, the Second Circuit affirmed the dismissal. The time in which the plaintiffs may seek review by the U.S. Supreme Court has not yet expired.

State and other government claims—The majority of the state, local and non-U.S. government claims initially filed against us have either been settled or dismissed. Claims filed by the Mexican federal government under the OPA and maritime law are pending review in the MDL Court.

Wreck removal—Under the BP Settlement Agreement, we have agreed to indemnify BP for any costs associated with wreck removal for the *Deepwater Horizon* vessel, if requested. We believe, however, that the likelihood of being requested to remove the wreckage from the sea floor is remote.

Insurance coverage—At the time of the Macondo well incident, our excess liability insurance program offered aggregate insurance coverage of \$950 million, excluding a \$15 million deductible and a \$50 million self-insured layer through our wholly owned captive insurance subsidiary. This excess liability insurance coverage consisted of a first and a second layer of \$150 million each, a third and fourth layer of \$200 million each and a fifth layer of \$250 million. We have recovered costs under the first four excess layers, the limits of which are now fully exhausted. We have submitted claims to the \$250 million fifth layer, which if paid, will exhaust such coverage. This layer is comprised of Bermuda market insurers (the "Bermuda Insurers"). The Bermuda Insurers have asserted various coverage defenses to our claims, and we have issued arbitration notices to the Bermuda Insurers.

Other legal proceedings

Asbestos litigation—In 2004, several of our subsidiaries were named, along with numerous other unaffiliated defendants, in 21 complaints filed on behalf of 769 plaintiffs in the Circuit Courts of the State of Mississippi, and in 2014, a group of similar complaints were filed in Louisiana. The plaintiffs, former employees of some of the defendants, generally allege that the defendants used or manufactured asbestos containing drilling mud additives for use in connection with drilling operations, claiming negligence, products liability, strict liability and claims allowed under the Jones Act and general maritime law. The plaintiffs generally seek awards of unspecified compensatory and punitive damages, but the court-appointed special master has ruled that a Jones Act employer defendant, such as us, cannot be sued for punitive damages. At June 30, 2016, 15 plaintiffs have claims pending in Mississippi and eight plaintiffs have claims pending in Louisiana in which we have or may have an interest.

We intend to defend these lawsuits vigorously, although we can provide no assurance as to the outcome. We have historically maintained broad liability insurance, although we are not certain whether insurance will cover the liabilities, if any, arising out of these claims. Based on our evaluation of the exposure to date, we do not expect the liability, if any, resulting from these claims to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

One of our subsidiaries was involved in lawsuits arising out of the subsidiary's involvement in the design, construction and refurbishment of major industrial complexes. The operating assets of the subsidiary were sold and its operations were discontinued in 1989, and the subsidiary has no remaining assets other than the insurance policies involved in its litigation, with its insurers and, either directly or indirectly through a qualified settlement fund. The subsidiary has been named as a defendant, along with numerous other companies, in lawsuits alleging bodily injury or personal injury as a result of exposure to asbestos. As of June 30, 2016, the subsidiary was a defendant in approximately 259 lawsuits, some of which include multiple plaintiffs, and we estimate that there are approximately

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

281 plaintiffs in these lawsuits. For many of these lawsuits, we have not been provided with sufficient information from the plaintiffs to determine whether all or some of the plaintiffs have claims against the subsidiary, the basis of any such claims, or the nature of their alleged injuries. The first of the asbestos-related lawsuits was filed against the subsidiary in 1990. Through June 30, 2016, the costs incurred to resolve claims, including both defense fees and expenses and settlement costs, have not been material, all known deductibles have been satisfied or are inapplicable, and the subsidiary's defense fees and expenses and settlement costs have been met by insurance made available to the subsidiary. The subsidiary continues to be named as a defendant in additional lawsuits, and we cannot predict the number of additional cases in which it may be named a defendant nor can we predict the potential costs to resolve such additional cases or to resolve the pending cases. However, the subsidiary has in excess of \$1.0 billion in insurance limits potentially available to the subsidiary. Although not all of the policies may be fully available due to the insolvency of certain insurers, we believe that the subsidiary will have sufficient funding directly or indirectly from settlements and claims payments from insurers, assigned rights from insurers and coverage-in-place settlement agreements with insurers to respond to these claims. While we cannot predict or provide assurance as to the outcome of these matters, we do not believe that the ultimate liability, if any, arising from these claims will have a material impact on our consolidated statement of financial position, results of operations or cash flows.

Rio de Janeiro tax assessment—In the third quarter of 2006, we received tax assessments of BRL 464 million, equivalent to approximately \$144 million, including interest and penalties, measured as of June 30, 2016, from the state tax authorities of Rio de Janeiro in Brazil against one of our Brazilian subsidiaries for taxes on equipment imported into the state in connection with our operations. The assessments resulted from a preliminary finding by these authorities that our record keeping practices were deficient. We currently believe that the substantial majority of these assessments are without merit. We filed an initial response with the Rio de Janeiro tax authorities on September 9, 2006 refuting these additional tax assessments. In September 2007, we received confirmation from the state tax authorities that they believe the additional tax assessments are valid, and as a result, we filed an appeal on September 27, 2007 to the state Taxpayer's Council contesting these assessments. While we cannot predict or provide assurance as to the final outcome of these proceedings, we do not expect it to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Brazilian import license assessment—In the fourth quarter of 2010, we received an assessment from the Brazilian federal tax authorities in Rio de Janeiro of BRL 600 million, equivalent to approximately \$187 million, including interest and penalties, measured as of June 30, 2016, based upon the alleged failure to timely apply for import licenses for certain equipment and for allegedly providing improper information on import license applications. We believe that a substantial majority of the assessment is without merit and are vigorously pursuing legal remedies. The case was decided partially in favor of our Brazilian subsidiary in the lower administrative court level. The decision cancelled the majority of the assessment, reducing the total assessment to BRL 40 million, equivalent to approximately \$12 million. On July 14, 2011, we filed an appeal to eliminate the assessment. On May 23, 2013, a ruling was issued that eliminated all assessment amounts. A further appeal by the taxing authorities was filed in November 2014 and accepted for review in April 2015. While we cannot predict or provide assurance as to the outcome of these proceedings, we do not expect it to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Nigerian Cabotage Act litigation—In October 2007, three of our subsidiaries were each served a Notice and Demand from the Nigeria Maritime Administration and Safety Agency, imposing a two percent surcharge on the value of all contracts performed by us in Nigeria pursuant to the Coastal and Inland Shipping (Cabotage) Act 2003 (the "Cabotage Act"). Our subsidiaries each filed an originating summons in the Federal High Court in Lagos challenging the imposition of this surcharge on the basis that the Cabotage Act and associated levy is not applicable to drilling rigs. The respondents challenged the competence of the suits on several procedural grounds. The court upheld the objections and dismissed the suits. In December 2010, our subsidiaries filed a new joint Cabotage Act suit. While we cannot predict or provide assurance as to the outcome of these proceedings, we do not expect the proceedings to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Other matters—We are involved in various tax matters, various regulatory matters, and a number of claims and lawsuits, asserted and unasserted, all of which have arisen in the ordinary course of our business. We do not expect the liability, if any, resulting from these other matters to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the litigation matters specifically described above or of any such other pending, threatened, or possible litigation or liability. We can provide no assurance that our beliefs or expectations as to the outcome or effect of any tax, regulatory, lawsuit or other litigation matter will prove correct and the eventual outcome of these matters could materially differ from management's current estimates.

Other environmental matters

Hazardous waste disposal sites—We have certain potential liabilities under the Comprehensive Environment Response, Compensation and Liability Act ("CERCLA") and similar state acts regulating cleanup of various hazardous waste disposal sites, including those described below. CERCLA is intended to expedite the remediation of hazardous substances without regard to fault. Potentially responsible parties ("PRPs") for each site include present and former owners and operators of, transporters to and generators of the substances at the site. Liability is strict and can be joint and several.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

We have been named as a PRP in connection with a site located in Santa Fe Springs, California, known as the Waste Disposal, Inc. site. Under a consent decree entered by the court, we and other PRPs agreed with the EPA and the DOJ to settle our potential liabilities for this site by agreeing to perform the remaining remediation required by the EPA. The parties to the settlement entered into a participation agreement, under which we agreed to pay for approximately eight percent of the remediation and related costs. The remediation is complete, and we believe our share of the future operation and maintenance costs of the site is not material. There are additional potential liabilities related to the site, but these cannot be quantified, and we have no reason at this time to believe that they will be material.

One of our subsidiaries has been ordered by the California Regional Water Quality Control Board (“CRWQCB”) to develop a testing plan for a site known as Campus 1000 Fremont in Alhambra, California, which is now a part of the San Gabriel Valley, Area 3, Superfund site. We were also advised that one or more of our subsidiaries that formerly owned and operated the site would likely be named by the EPA as PRPs. The current property owner, an unrelated party, performed the required testing and detected no contaminants. In discussions with CRWQCB staff, we were advised of their intent to issue us a “no further action” letter, but it has not yet been received. Based on the test results, we would contest any potential liability. We have no knowledge at this time of the potential cost of any remediation, who else will be named as PRPs, and whether in fact any of our subsidiaries is a responsible party. The subsidiaries in question do not own any operating assets and have limited ability to respond to any liabilities.

Resolutions of other claims by the EPA, the involved state agency or PRPs are at various stages of investigation. These investigations involve determinations of (a) the actual responsibility attributed to us and the other PRPs at the site, (b) appropriate investigatory or remedial actions and (c) allocation of the costs of such activities among the PRPs and other site users. Our ultimate financial responsibility in connection with those sites may depend on many factors, including (i) the volume and nature of material, if any, contributed to the site for which we are responsible, (ii) the number of other PRPs and their financial viability and (iii) the remediation methods and technology to be used.

It is difficult to quantify with certainty the potential cost of these environmental matters, particularly in respect of remediation obligations. Nevertheless, based upon the information currently available, we believe that our ultimate liability arising from all environmental matters, including the liability for all other related pending legal proceedings, asserted legal claims and known potential legal claims which are likely to be asserted, is adequately accrued and should not have a material effect on our consolidated statement of financial position or results of operations.

Letters of credit and surety bonds

At June 30, 2016 and December 31, 2015, we had outstanding letters of credit totaling \$90 million and \$153 million, respectively, issued under various committed and uncommitted credit lines provided by several banks to guarantee various contract bidding, performance activities and customs obligations. As is customary in the contract drilling business, we also have various surety bonds in place that secure customs obligations related to the importation of our rigs and certain performance and other obligations. At June 30, 2016 and December 31, 2015, we had outstanding surety bonds totaling \$31 million and \$30 million, respectively.

Note 12—Shareholders’ Equity

Par value reduction—On October 29, 2015, shareholders at our extraordinary general meeting approved the reduction of the par value of each of our shares to CHF 0.10 from the original par value of CHF 15.00. Following a formal notification to creditors and establishment of a public deed of compliance, the reduction of par value, which was approved at our extraordinary general meeting held on October 29, 2015, became effective as of January 7, 2016 upon registration in the commercial register.

Distributions of qualifying additional paid-in capital—In May 2015, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of \$0.60 per outstanding share, payable in four quarterly installments of \$0.15 per outstanding share, subject to certain limitations. In May 2015, we recognized a liability of \$218 million for the distribution payable, recorded in other current liabilities, with a corresponding entry to additional paid-in capital. On June 17 and September 23, 2015, we paid the first two installments in the aggregate amount of \$109 million to shareholders of record as of May 29 and August 25, 2015. On October 29, 2015, shareholders at the extraordinary general meeting approved the cancellation of the third and fourth installments of the distribution. As a result, we reduced our distribution payable, recorded in other current liabilities, by \$109 million with a corresponding increase to additional paid-in capital.

In May 2014, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of \$3.00 per outstanding share, payable in four quarterly installments of \$0.75 per outstanding share, subject to certain limitations. On March 18, 2015, we paid the final installment in the aggregate amount of \$272 million to shareholders of record as of February 20, 2015.

We did not pay the distribution of qualifying additional paid-in capital with respect to our shares formerly held in treasury or held by our subsidiary.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

Shares held in treasury—In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, equivalent to approximately \$3.6 billion. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. At December 31, 2015, we held 2.9 million shares in treasury, recorded at cost. On October 29, 2015, shareholders at our extraordinary general meeting approved the cancellation of all shares that have been repurchased to date under our share repurchase program. Following a formal notification to creditors and establishment of a public deed of compliance, the cancellation of our shares held in treasury became effective as of January 7, 2016 upon registration in the commercial register.

Shares held by subsidiary—One of our subsidiaries holds our shares for future use to satisfy our obligations to deliver shares in connection with awards granted under our incentive plans or other rights to acquire our shares. At June 30, 2016 and December 31, 2015, our subsidiary held 5.6 million shares and 6.9 million shares, respectively.

Accumulated other comprehensive loss—The changes in accumulated other comprehensive loss, presented net of tax, which resulted from components of net periodic benefit costs for our defined benefit plans, were as follows (in millions):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Balance, beginning of period	\$ (339)	\$ (414)	\$ (334)	\$ (404)
Other comprehensive income (loss) before reclassifications	(4)	—	(10)	(11)
Reclassifications to net income	—	4	1	5
Other comprehensive income (loss), net	(4)	4	(9)	(6)
Balance, end of period	\$ (343)	\$ (410)	\$ (343)	\$ (410)

Note 13—Noncontrolling Interest

Transocean Partners—At June 30, 2016 and December 31, 2015, we held 21.3 million common units and 27.6 million subordinated units of Transocean Partners LLC, a Marshall Islands limited liability company (“Transocean Partners”), and all of the incentive distribution rights. The remaining publicly held common units represent the noncontrolling interest in Transocean Partners.

On November 4, 2015, Transocean Partners announced that its board of directors approved a unit repurchase program, authorizing it to repurchase for cancellation up to \$40 million of its publicly held common units. Subject to market conditions, Transocean Partners may repurchase units from time to time in the open market or in privately negotiated transactions. It may suspend or discontinue the program at any time. In the six months ended June 30, 2016, Transocean Partners repurchased 386,876 of its publicly held common units for an aggregate purchase price of \$3 million. At June 30, 2016 and December 31, 2015, Transocean Partners had outstanding 19.7 million and 20.0 million publicly held common units, respectively. At June 30, 2016 and December 31, 2015, the common and subordinated units held by us collectively represented a 71.3 percent and 70.9 percent, respectively, limited liability company interest in Transocean Partners.

In the six months ended June 30, 2016 and 2015, Transocean Partners declared and paid an aggregate distribution of \$50 million to its unitholders, of which \$14 million was paid to holders of noncontrolling interest.

See Note 15—Subsequent Events.

TDSOI—In June 2016, we served notice of our intent to exercise our option to call the 30 percent ownership interest in TDSOI held by our local partner. In June 2016, in connection with our notice, we recorded a liability of \$2 million for the cash redemption amount, recorded in other current liabilities, that we will pay to our local partner upon completion of the transaction, with a corresponding entry to noncontrolling interest. Additionally, we recorded a capital allocation resulting in an increase of \$12 million to noncontrolling interest with a corresponding decrease to additional paid-in capital. See Note 15—Subsequent Events.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

Note 14—Financial Instruments

The carrying amounts and fair values of our financial instruments were as follows (in millions):

	June 30, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	\$ 2,153	\$ 2,153	\$ 2,339	\$ 2,339
Restricted cash balances and investments	458	463	467	474
Long-term debt, including current maturities	8,218	7,085	8,490	6,291

We estimated the fair value of each class of financial instruments, for which estimating fair value is practicable, by applying the following methods and assumptions:

Cash and cash equivalents—The carrying amount of cash and cash equivalents represents the historical cost, plus accrued interest, which approximates fair value because of the short maturities of those instruments. We measured the estimated fair value of our cash equivalents using significant other observable inputs, representative of a Level 2 fair value measurement, including the net asset values of the investments. At June 30, 2016 and December 31, 2015, the aggregate carrying amount of our cash equivalents was \$1.5 billion and \$1.7 billion, respectively.

Restricted cash balances and investments—The carrying amount of the restricted cash balances that are subject to restrictions due to legislation, regulation or court order approximates fair value due to the short term nature of the instruments in which the restricted cash balances are held. At June 30, 2016 and December 31, 2015, the aggregate carrying amount of such restricted cash balances was \$281 million and \$251 million, respectively.

The carrying amount of the restricted cash investments associated with the Eksportfinans Loans due January 2018 (the “Eksportfinans Restricted Cash Investments”) represents the amortized cost of our investment. We measured the estimated fair value of the Eksportfinans Restricted Cash Investments using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads of the instruments. At June 30, 2016 and December 31, 2015, the aggregate carrying amount of the Eksportfinans Restricted Cash Investments was \$177 million and \$216 million, respectively. At June 30, 2016 and December 31, 2015, the estimated fair value of the Eksportfinans Restricted Cash Investments was \$182 million and \$223 million, respectively.

Debt—We measured the estimated fair value of our debt, all of which was fixed-rate debt, using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads for the instruments.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

Note 15—Subsequent Events

Transocean Partners—On July 31, 2016, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Transocean Partners and two of our wholly owned subsidiaries. Upon the closing of the merger as contemplated by the Merger Agreement, Transocean Partners will merge with one of our subsidiaries, with Transocean Partners continuing as the surviving company as a wholly owned indirect subsidiary of Transocean Ltd. Each of the Transocean Partners common units that is issued and outstanding immediately prior to the closing, other than units held by Transocean and its subsidiaries, will be converted into the right to receive 1.1427 of our shares. We expect that we will issue approximately 22.7 million shares in the merger. The Transocean shares to be issued in the merger will be issued out of Transocean’s conditional capital. No Transocean shareholder vote will be required to complete the merger.

The merger has been approved by a special committee of our board of directors, by the Transocean Partners board of directors and the Transocean Partners conflicts committee, and by the boards of directors of our subsidiary companies that are parties to the Merger Agreement. Consummation of the merger is subject to various conditions, including approval of the Merger Agreement by the unitholders of Transocean Partners and other customary closing conditions. We estimate that the closing of the merger will take place in the fourth quarter of 2016.

Debt issuance—On July 21, 2016, we completed an offering of an aggregate principal amount of \$1.25 billion of senior unsecured notes due July 15, 2023 (the “9.00% Senior Notes”), and we received aggregate cash proceeds of \$1.21 billion, net of initial purchasers’ fees and estimated offering costs payable by us. We will pay interest on the 9.00% Senior Notes semiannually on January 15 and July 15 of each year, beginning on January 15, 2017. The 9.00% Senior Notes are fully and unconditionally guaranteed by Transocean Ltd. and certain wholly owned subsidiaries of Transocean Inc. The indenture that governs the 9.00% Senior Notes contains covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes, engage in certain sale and lease-back transactions covering any of our drilling units, allow our subsidiaries to incur certain additional debt, and consolidate, merge or enter into a scheme of arrangement qualifying as an amalgamation. We intend to use the net proceeds from the debt offering to complete a tender offer (see “Debt tender offer”) and for general corporate purposes.

Debt tender offer—On August 1, 2016, we completed a tender offer (the “Tender Offer”) to purchase for cash up to \$1.0 billion aggregate principal amount of our 6.50% Senior Notes, 6.375% Senior Notes and 3.80% Senior Notes (collectively, the “Tendered Notes”), subject to the terms and conditions specified in the related offer to purchase. In connection with the Tender Offer, we received valid tenders from holders of an aggregate principal amount of the Tendered Notes as follows: \$348 million of the 6.5% Senior Notes, \$476 million of the 6.375% Senior Notes and \$157 million of the 3.80% Senior Notes. We have made or expect to make an aggregate cash payment of \$876 million to settle the Tendered Notes. In the three months ending September 30, 2016, as a result of the retirement of the Tendered Notes, we expect to recognize a gain of approximately \$104 million associated with the retirement of debt.

TDSOI—In June 2016, we exercised our option to call the 30 percent ownership interest in TDSOI held by our local partner. In July 2016, we completed the repurchase of the noncontrolling interest for a cash payment of \$2 million, and as a result, TDSOI became our wholly owned subsidiary.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**Forward-Looking Information**

The statements included in this quarterly report regarding future financial performance and results of operations and other statements that are not historical facts are forward-looking statements within the meaning of Section 27A of the United States (“U.S.”) Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Forward-looking statements in this quarterly report include, but are not limited to, statements about the following subjects:

- § our results of operations and cash flow from operations, including revenues, revenue efficiency, costs and expenses;
- § the offshore drilling market, including the effects of declines in commodity prices, supply and demand, utilization rates, dayrates, customer drilling programs, stacking of rigs, reactivation of rigs, effects of new rigs on the market, the impact of enhanced regulations in the jurisdictions in which we operate and changes in the global economy or market outlook for our various geographical operating sectors and classes of rigs;
- § customer drilling contracts, including contract backlog, force majeure provisions, contract commencements, contract extensions, contract terminations, contract option exercises, contract revenues, early termination payments, indemnity provisions, contract awards and rig mobilizations;
- § liquidity and adequacy of cash flows for our obligations;
- § debt levels, including impacts of a financial and economic downturn, and interest rates;
- § benefits, effects or results of the merger with Transocean Partners LLC, a Marshall Islands limited liability company (“Transocean Partners”);
- § timing and timeline of the completion of the merger with Transocean Partners;
- § newbuild, upgrade, shipyard and other capital projects, including completion, delivery and commencement of operation dates, expected downtime and lost revenue, the level of expected capital expenditures and the timing and cost of completion of capital projects;
- § the cost and timing of acquisitions and the proceeds and timing of dispositions;
- § the optimization of rig-based spending;
- § tax matters, including our effective tax rate, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues, including those associated with our activities in Brazil, Norway, the United Kingdom (“U.K.”) and the U.S.;
- § legal and regulatory matters, including results and effects of legal proceedings and governmental audits and assessments, outcomes and effects of internal and governmental investigations, customs and environmental matters;
- § insurance matters, including adequacy of insurance, renewal of insurance, insurance proceeds and cash investments of our wholly owned captive insurance company;
- § effects of accounting changes and adoption of accounting policies; and
- § investments in recruitment, retention and personnel development initiatives, pension plan and other postretirement benefit plan contributions, the timing of severance payments and benefit payments.

Forward-looking statements in this annual report are identifiable by use of the following words and other similar expressions:

§ “anticipates”	§ “could”	§ “forecasts”	§ “might”	§ “projects”
§ “believes”	§ “estimates”	§ “intends”	§ “plans”	§ “scheduled”
§ “budgets”	§ “expects”	§ “may”	§ “predicts”	§ “should”

Such statements are subject to numerous risks, uncertainties and assumptions, including, but not limited to:

- § those described under “Item 1A. Risk Factors” included in Part I of our annual report on Form 10-K for the year ended December 31, 2015;
- § the outcome of any legal proceedings relating to the merger agreement with Transocean Partners;
- § the failure to obtain Transocean Partners unitholder approval and to satisfy the other conditions to the consummation of the merger;
- § the failure to realize the anticipated benefits of the merger with Transocean Partners, including any cost savings;
- § the adequacy of and access to sources of liquidity;
- § our inability to obtain drilling contracts for our rigs that do not have contracts;
- § our inability to renew drilling contracts at comparable dayrates;
- § operational performance;
- § the impact of regulatory changes;
- § the cancellation of drilling contracts currently included in our reported contract backlog;
- § losses on impairment of long-lived assets;
- § shipyard, construction and other delays;
- § the results of meetings of our shareholders;
- § changes in political, social and economic conditions;
- § the effect and results of litigation, regulatory matters, settlements, audits, assessments and contingencies; and
- § other factors discussed in this quarterly report and in our other filings with the U.S. Securities and Exchange Commission (“SEC”), which are available free of charge on the SEC website at www.sec.gov.

The foregoing risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We expressly disclaim any obligations

or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations or beliefs with regard to the statement or any change in events, conditions or circumstances on which any forward-looking statement is based, except as required by law.

Business

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, “Transocean,” the “Company,” “we,” “us” or “our”) is a leading international provider of offshore contract drilling services for oil and gas wells. As of July 26, 2016, we owned or had partial ownership interests in and operated 60 mobile offshore drilling units, including 29 ultra-deepwater floaters, seven harsh environment floaters, four deepwater floaters, 10 midwater floaters, and 10 high-specification jackups. At July 26, 2016, we also had five ultra-deepwater drillships and five high-specification jackups under construction or under contract to be constructed.

We provide contract drilling services in a single, global operating segment, which involves contracting our mobile offshore drilling fleet, related equipment and work crews primarily on a dayrate basis to drill oil and gas wells. We specialize in technically demanding regions of the offshore drilling business with a particular focus on deepwater and harsh environment drilling services. We believe our drilling fleet is one of the most versatile fleets in the world, consisting of floaters and high-specification jackups used in support of offshore drilling activities and offshore support services on a worldwide basis.

Our contract drilling services operations are geographically dispersed in oil and gas exploration and development areas throughout the world. Although rigs can be moved from one region to another, the cost of moving rigs and the availability of rig-moving vessels may cause the supply and demand balance to fluctuate somewhat between regions. Still, significant variations between regions do not tend to persist long term because of rig mobility. Our fleet operates in a single, global market for the provision of contract drilling services. The location of our rigs and the allocation of resources to operate, build or upgrade our rigs are determined by the activities and needs of our customers.

Significant Events

Transocean Partners—On July 31, 2016, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Transocean Partners and two of our wholly owned subsidiaries. Upon the closing of the merger as contemplated by the Merger Agreement, Transocean Partners will merge with one of our subsidiaries, with Transocean Partners continuing as the surviving company as a wholly owned indirect subsidiary of Transocean Ltd. Each of the Transocean Partners common units that is issued and outstanding immediately prior to the closing, other than units held by Transocean and its subsidiaries, will be converted into the right to receive 1.1427 of our shares. We expect that we will issue approximately 22.7 million shares in the merger. The Transocean shares to be issued in the merger will be issued out of Transocean’s conditional capital. No Transocean shareholder vote will be required to complete the merger.

The merger has been approved by a special committee of our board of directors, by the Transocean Partners board of directors and the Transocean Partners conflicts committee, and by the boards of directors of our subsidiary companies that are parties to the Merger Agreement. Consummation of the merger is subject to various conditions, including approval of the Merger Agreement by the unitholders of Transocean Partners and other customary closing conditions. We estimate that the closing of the merger will take place in the fourth quarter of 2016.

Debt issuance—On July 21, 2016, we completed an offering of an aggregate principal amount of \$1.25 billion of 9.00% Senior Notes due July 15, 2023 (the “9.00% Senior Notes”), and we received aggregate cash proceeds of \$1.21 billion, net of initial purchasers’ fees and estimated offering costs payable by us. See—Notes to Condensed Consolidated Financial Statements—Note 15—Subsequent Events and “—Liquidity and Capital Resources—Sources and uses of liquidity.”

Debt tender offer—On August 1, 2016, we completed a tender offer (the “Tender Offer”) to purchase for cash up to \$1.0 billion aggregate principal amount of our 6.50% Senior Notes due November 2020, 6.375% Senior Notes due December 2021 and 3.80% Senior Notes due October 2022 (collectively, the “Tendered Notes”). As of the expiration of the Tender Offer, we received valid tenders from holders of an aggregate principal amount of \$981 million of the Tendered Notes, and we have made or expect to make an aggregate cash payment of \$876 million to settle the Tendered Notes. In the three months ending September 30, 2016, as a result of the retirement of the Tendered Notes, we expect to recognize a gain of approximately \$104 million associated with the retirement of debt. See—Notes to Condensed Consolidated Financial Statements—Note 15—Subsequent Events and “—Liquidity and Capital Resources—Sources and uses of liquidity.”

Debt repurchases—In the six months ended June 30, 2016, we completed the settlements of transactions to repurchase in the open market an aggregate principal amount of \$228 million of our debt securities for an aggregate cash payment of \$189 million. As a result, we recognized an aggregate gain of \$38 million associated with the retirement of debt. See “—Liquidity and Capital Resources—Sources and uses of liquidity.”

Fleet expansion—During the six months ended June 30, 2016, we completed construction of and placed into service the ultra-deepwater floaters *Deepwater Proteus* and *Deepwater Thalassa*. See “—Operating Results” and “—Liquidity and Capital Resources—Drilling fleet.”

Drilling contract terminations and cancellations—As a result of recent market conditions, we have observed an unprecedented level of early drilling contract terminations and cancellations in the contract drilling industry. In the six months ended June 30, 2016, we recognized revenues of \$218 million associated with early terminations and cancellations of drilling contracts for six of our rigs. See “—Outlook,” “—Operating Results” and “—Liquidity and Capital Resources—Sources and uses of cash.”

Dispositions—During the six months ended June 30, 2016, we completed the sale of a deepwater floater and five midwater floaters, along with related equipment. In connection with the sale of these assets, we received aggregate net cash proceeds of \$11 million, and we recognized an aggregate net gain of \$5 million. See “—Liquidity and Capital Resources—Drilling fleet.”

Impairments of long-lived assets—During the six months ended June 30, 2016, we committed to a plan to sell for scrap value a deepwater floater and a midwater floater, along with related equipment. As a result, we recognized an aggregate loss of \$23 million (\$20 million, net of tax) associated with the impairment of these assets. See “—Liquidity and Capital Resources—Drilling fleet.”

Norway tax investigations and trial—In January 2016, the Norwegian authorities formally and unconditionally dropped all criminal charges against our subsidiaries and the two employees of our former external advisors and our former external Norwegian attorney. As a result, no criminal charges remain outstanding for any of the previously reported Norway tax investigations or trials and all our subsidiaries and external advisors have been fully acquitted of all criminal charges.

Markets for our shares—Our shares are listed on the New York Stock Exchange under the ticker symbol “RIG” and were previously listed on the SIX Swiss Exchange (“SIX”) under the symbol “RIGN.” Effective March 31, 2016, our shares were delisted from the SIX.

Par value reduction—On October 29, 2015, shareholders at our extraordinary general meeting approved the reduction of the par value of each of our shares to CHF 0.10 from the original par value of CHF 15.00. The reduction of par value became effective as of January 7, 2016 upon registration in the commercial register. See Notes to Condensed Consolidated Financial Statements—Note 12—Shareholders’ Equity.

Outlook

Drilling market—Our long-term view of the offshore drilling market remains positive, particularly for high-specification assets; however, the near to medium term remains very challenging. Low commodity pricing due to the current surplus of oil continues to hamper energy spending. Our customers remain focused on maintaining their capital allocation policies, reducing their costs and limiting their spend on exploration and development opportunities in 2016. The risks of project delays, contract renegotiations and contract terminations will continue. During the year ended December 31, 2015, our customers early terminated or cancelled contracts for *Discoverer Americas*, *Polar Pioneer*, *Sedco 714*, *Sedco Energy* and *Transocean Spitsbergen*. Then, in the six months ended June 30, 2016, we received notices of early termination or cancellation of drilling contracts for *Deepwater Champion*, *Deepwater Millennium*, *Discoverer Deep Seas*, *GSF Constellation II*, *GSF Development Driller I* and *Transocean John Shaw*.

As expected, few new contracts have been awarded year to date, and this trend is likely to continue through the remainder of 2016, resulting in falling rig utilization rates and exacerbating the negative pressure on rig pricing. Over time, we believe the oversupply of oil will decrease as the current supply and demand imbalance narrows. As spare oil capacity diminishes, we expect upward pressure on commodity pricing with subsequent increased demand for drilling rigs. As of July 21, 2016, our contract backlog was \$13.7 billion compared to \$14.6 billion as of April 21, 2016.

Fleet status—We present the availability of our rigs in terms of the uncommitted fleet rate. The uncommitted fleet rate is defined as the number of uncommitted days divided by the total number of rig calendar days in the measurement period, expressed as a percentage. An uncommitted day is defined as a calendar day during which a rig is idle or stacked, is not contracted to a customer and is not committed to a shipyard. The uncommitted fleet rates exclude the effect of priced options.

As of July 21, 2016, uncommitted fleet rates for the remainder of 2016 and each of the subsequent four years in the period ending December 31, 2020 were as follows:

	2016	2017	2018	2019	2020
Uncommitted fleet rate					
Ultra-deepwater floaters	59 %	65 %	73 %	79 %	85 %
Harsh environment floaters	64 %	70 %	86 %	93 %	100 %
Deepwater floaters	50 %	50 %	62 %	100 %	100 %
Midwater floaters	89 %	100 %	100 %	100 %	100 %
High-specification jackups	54 %	77 %	93 %	100 %	100 %

Performance and Other Key Indicators

Contract backlog—Contract backlog is defined as the maximum contractual operating dayrate multiplied by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions, which are not expected to be significant to our contract drilling revenues. The contract backlog represents the maximum contract drilling revenues that can be earned considering the contractual operating dayrate in effect during the firm contract period and represents the basis for the maximum revenues in our revenue efficiency measurement. To determine maximum revenues for purposes of calculating revenue efficiency, however, we include the revenues earned for mobilization, demobilization and contract preparation, other incentive provisions or cost escalation provisions which are excluded from the amounts presented for contract backlog. The contract backlog for our fleet was as follows:

	July 21, 2016	April 21, 2016	February 11, 2016
Contract backlog	(In millions)		
Ultra-deepwater floaters	\$ 12,165	\$ 12,797	\$ 13,539
Harsh environment floaters	753	830	920
Deepwater floaters	332	274	320
Midwater floaters	156	275	261
High-specification jackups	314	379	467
Total contract backlog	<u>\$ 13,720</u>	<u>\$ 14,555</u>	<u>\$ 15,507</u>

Our contract backlog includes only firm commitments, which are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog includes amounts associated with our newbuild units that are currently under construction. The contractual operating dayrate may be higher than the actual dayrate we ultimately receive or an alternative contractual dayrate, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating dayrate may also be higher than the actual dayrate we ultimately receive because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.

Average daily revenue—Average daily revenue is defined as contract drilling revenues earned per operating day. An operating day is defined as a calendar day during which a rig is contracted to earn a dayrate during the firm contract period after commencement of operations. The average daily revenue for our fleet was as follows:

	Three months ended		
	June 30, 2016	March 31, 2016	June 30, 2015
Average daily revenue			
Ultra-deepwater floaters	\$ 503,000	\$ 490,300	\$ 531,400
Harsh environment floaters	\$ 343,500	\$ 548,600	\$ 513,300
Deepwater floaters	\$ 238,600	\$ 310,000	\$ 364,000
Midwater floaters	\$ 304,600	\$ 361,400	\$ 338,800
High-specification jackups	\$ 137,900	\$ 150,200	\$ 172,100
Total fleet average daily revenue	<u>\$ 353,700</u>	<u>\$ 395,400</u>	<u>\$ 399,700</u>

Our average daily revenue fluctuates relative to market conditions and our revenue efficiency. The average daily revenue may also be affected by revenues for lump sum bonuses or demobilization fees received from our customers. Our total fleet average daily revenue is also affected by the mix of rig classes being operated, as deepwater floaters, midwater floaters and high-specification jackups are typically contracted at lower dayrates compared to ultra-deepwater floaters and harsh environment floaters. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove rigs from the calculation upon disposal, classification as held for sale or classification as discontinued operations.

Revenue efficiency—Revenue efficiency is defined as actual contract drilling revenues for the measurement period divided by the maximum revenue calculated for the measurement period, expressed as a percentage. Maximum revenue is defined as the greatest amount of contract drilling revenues the drilling unit could earn for the measurement period, excluding amounts related to incentive provisions. The revenue efficiency rates for our fleet were as follows:

	Three months ended		
	June 30,	March 31,	June 30,
	2016	2016	2015
Revenue efficiency			
Ultra-deepwater floaters	97 %	94 %	97 %
Harsh environment floaters	98 %	99 %	98 %
Deepwater floaters	97 %	97 %	100 %
Midwater floaters	99 %	98 %	95 %
High-specification jackups	87 %	87 %	99 %
Total fleet average revenue efficiency	97 %	95 %	97 %

Our revenue efficiency rate varies due to revenues earned under alternative contractual dayrates, such as a waiting-on-weather rate, repair rate, standby rate, force majeure rate or zero rate, that may apply under certain circumstances. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We exclude rigs that are not operating under contract, such as those that are stacked.

Rig utilization—Rig utilization is defined as the total number of operating days divided by the total number of rig calendar days in the measurement period, expressed as a percentage. The rig utilization rates for our fleet were as follows:

	Three months ended		
	June 30,	March 31,	June 30,
	2016	2016	2015
Rig utilization			
Ultra-deepwater floaters	43 %	50 %	65 %
Harsh environment floaters	46 %	52 %	74 %
Deepwater floaters	52 %	60 %	71 %
Midwater floaters	48 %	39 %	89 %
High-specification jackups	59 %	60 %	87 %
Total fleet average rig utilization	47 %	51 %	75 %

Our rig utilization rate declines as a result of idle and stacked rigs and during shipyard and mobilization periods to the extent these rigs are not earning revenues. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove rigs from the calculation upon disposal, classification as held for sale or classification as discontinued operations. Accordingly, our rig utilization can increase when idle or stacked units are removed from our drilling fleet.

Operating Results

Three months ended June 30, 2016 compared to the three months ended June 30, 2015

The following is an analysis of our operating results. See “—Performance and Other Key Indicators” for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Three months ended			
	June 30,			
	2016	2015	Change	% Change
(In millions, except day amounts and percentages)				
Operating days	2,585	4,437	(1,852)	(42)%
Average daily revenue	\$ 353,700	\$ 399,700	\$ (46,000)	(12)%
Revenue efficiency	97 %	97 %		
Rig utilization	47 %	75 %		
Contract drilling revenues	\$ 918	\$ 1,777	\$ (859)	(48)%
Other revenues	25	107	(82)	77 %
	943	1,884	(941)	(50)%
Operating and maintenance expense	(500)	(197)	(303)	n/m
Depreciation expense	(225)	(249)	24	10 %
General and administrative expense	(42)	(44)	2	5 %
Loss on impairment	(20)	(890)	870	98 %
Gain (loss) on disposal of assets, net	(2)	2	(4)	n/m
Operating income	154	506	(352)	(70)%
Other income (expense), net				
Interest income	4	6	(2)	(33)%
Interest expense, net of amounts capitalized	(95)	(120)	25	21 %
Gain on retirement of debt	38	—	38	n/m
Other, net	3	(5)	8	n/m
Income from continuing operations before income tax expense	104	387	(283)	(73)%
Income tax expense	(17)	(40)	23	58 %
Income from continuing operations	\$ 87	\$ 347	\$ (260)	(75)%

“n/m” means not meaningful.

Operating revenues—Contract drilling revenues decreased for the three months ended June 30, 2016 compared to the three months ended June 30, 2015 primarily due to the following: (a) approximately \$685 million of decreased revenues resulting from additional rigs idle or stacked, (b) approximately \$160 million of decreased revenues resulting from rigs sold or classified as held for sale and (c) approximately \$75 million of decreased revenues resulting from lower dayrates. These decreases were partially offset by approximately \$70 million of increased revenues associated with our newbuild ultra-deepwater drillships that commenced operations in the six months ended June 30, 2016.

Other revenues decreased for the three months ended June 30, 2016 compared to the three months ended June 30, 2015, due to approximately \$56 million of decreased revenues resulting from drilling contracts early terminated or cancelled by our customers and \$26 million of decreased revenues for reimbursable items.

Costs and expenses—Excluding the effect of \$788 million resulting from cost reimbursements from settlements, recoveries from insurance and net adjustments to contingent liabilities associated with the Macondo well incident, operating and maintenance costs and expenses decreased for the three months ended June 30, 2016 compared to the three months ended June 30, 2015 by approximately \$485 million. These decreases were primarily due to the following: (a) approximately \$290 million of decreased costs and expenses resulting from cost reductions for our idle or stacked rigs, (b) approximately \$95 million of decreased costs and expenses resulting from our active fleet primarily resulting from fewer shipyard, mobilization and reduced personnel expenses, (c) approximately \$75 million of decreased costs and expenses resulting from rigs sold or classified as held for sale and (d) approximately \$45 million of reduced onshore costs. These decreases were partially offset by approximately \$20 million of increased cost and expenses associated with our newbuild ultra-deepwater drillships that commenced operations in the six months ended June 30, 2016.

Depreciation expense decreased for the three months ended June 30, 2016 compared to the three months ended June 30, 2015 primarily due to the following: (a) approximately \$33 million of decreased depreciation resulting from the impairment of our deepwater

floater and midwater floater asset groups in the year ended December 31, 2015 and (b) approximately \$9 million of decreased depreciation resulting from rigs sold or classified as held for sale. These decreases were partially offset by approximately \$23 million of increased depreciation resulting from our newbuild ultra-deepwater drillships and other property and equipment that were placed into service subsequent to June 30, 2015.

Impairments—In the three months ended June 30, 2016, we recognized a loss of \$20 million associated with the impairment of certain assets classified as held for sale. In the three months ended June 30, 2015, we recognized a loss of \$668 million associated with the impairment of our midwater floater asset group and an aggregate loss of \$222 million associated with the impairment of certain assets classified as held for sale.

Other income and expense—Interest expense, net of amounts capitalized, decreased in the three months ended June 30, 2016 compared to the three months ended June 30, 2015, primarily due to the following: (a) approximately \$11 million of increased interest capitalized as a result of our newbuild construction program and (b) approximately \$26 million of decreased interest expense as a result of our debt repurchases and redemptions, partially offset by (c) approximately \$8 million of increased interest expense as a result of downgrades to the credit rating for our senior unsecured long-term debt.

Income tax expense—We operate internationally and provide for income taxes based on the tax laws and rates in the countries in which we operate and earn income. In the three months ended June 30, 2016 and 2015, our effective tax rate, excluding discrete items, was 16.3 percent and 16.9 percent, respectively, based on income from continuing operations before income tax expense, after excluding certain items, such as losses on impairment and gains and losses on certain asset disposals. The tax effect, if any, of the excluded items as well as settlements of prior year tax liabilities and changes in prior year tax estimates are all treated as discrete period tax expenses or benefits. In the three months ended June 30, 2016 and 2015, the effect of the various discrete period tax items was a net tax expense of \$5 million and net tax benefit of less than \$1 million, respectively. For the three months ended June 30, 2016 and 2015, these discrete tax items, coupled with the excluded income and expense items noted above, resulted in an effective tax rate of 16.2 percent and 10.3 percent, respectively, based on income from continuing operations before income tax expense.

The relationship between our provision for or benefit from income taxes and our income before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues versus income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Generally, our annual marginal tax rate is lower than our annual effective tax rate. Consequently, our income tax expense does not change proportionally with our income before income taxes. Significant decreases in our income before income taxes typically lead to higher effective tax rates, while significant increases in income before income taxes can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. With respect to the annual effective tax rate calculation for the three months ended June 30, 2016, a significant portion of our income tax expense was generated in countries in which income taxes are imposed on gross revenues, with the most significant of these countries being Angola. Conversely, the countries in which we incurred the most significant income taxes during this period that were based on income before income tax include Norway, Switzerland, the U.K. and the U.S.

Our rig operating structures further complicate our tax calculations, especially in instances where we have more than one operating structure for the particular taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract. For example, two rigs operating in the same country could generate significantly different provisions for income taxes if they are owned by two different subsidiaries that are subject to differing tax laws and regulations in the respective country of incorporation.

See “—Contingencies and Uncertainties—Tax matters.”

Six months ended June 30, 2016 compared to six months ended June 30, 2015

The following is an analysis of our operating results. See “—Performance and Other Key Indicators” for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Six months ended			
	June 30,		Change	% Change
	2016	2015		
(In millions, except day amounts and percentages)				
Operating days	5,385	9,452	(4,067)	(43)%
Average daily revenue	\$ 375,400	\$ 398,800	\$ (23,400)	(6)%
Revenue efficiency	96 %	97 %		
Rig utilization	49 %	77 %		
Contract drilling revenues	\$ 2,029	\$ 3,777	\$ (1,748)	(46)%
Other revenues	255	150	105	70 %
	2,284	3,927	(1,643)	(42)%
Operating and maintenance expense	(1,165)	(1,281)	116	9 %
Depreciation expense	(442)	(540)	98	18 %
General and administrative expense	(85)	(90)	5	6 %
Loss on impairment	(23)	(1,826)	1,803	99 %
Loss on disposal of assets, net	(1)	(5)	4	80 %
Operating income	568	185	383	n/m
Other income (expense), net				
Interest income	10	12	(2)	(17)%
Interest expense, net of amounts capitalized	(184)	(236)	52	22 %
Gain on retirement of debt	38	—	38	n/m
Other, net	2	42	(40)	(95)%
Income from continuing operations before income tax expense	434	3	431	n/m
Income tax expense	(91)	(123)	32	26 %
Income (loss) from continuing operations	\$ 343	\$ (120)	\$ 463	n/m

“n/m” means not meaningful.

Operating revenues—Contract drilling revenues decreased for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 primarily due to the following: (a) approximately \$1.27 billion of decreased revenues resulting from additional rigs idle or stacked, (b) approximately \$390 million of decreased revenues resulting from rigs sold or classified as held for sale and (c) approximately \$140 million of decreased revenues resulting from lower dayrates. These decreases were partially offset by approximately \$85 million of increased revenues associated with our newbuild ultra-deepwater drillships that commenced operations in the six months ended June 30, 2016 and approximately \$30 million of increased revenues from fewer shipyard and mobilization days for the active fleet.

Other revenues increased for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 primarily due to approximately \$151 million of increased revenues resulting from drilling contracts early terminated or cancelled by our customers, partially offset by approximately \$46 million of decreased revenues for reimbursable items.

Costs and expenses—Excluding the effect of \$788 million resulting from cost reimbursements from settlements, recoveries from insurance and net adjustments to contingent liabilities associated with the Macondo well incident in 2015, operating and maintenance costs and expenses decreased for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 by approximately \$900 million. These decreases were primarily due to the following: (a) approximately \$520 million of decreased costs and expenses resulting from cost reductions for our idle or stacked rigs, (b) approximately \$200 million of decreased costs and expenses resulting from rigs sold or classified as held for sale, (c) approximately \$180 million of decreased costs and expenses for our active fleet primarily resulting from fewer shipyard, mobilization and reduced personnel costs and (d) approximately \$70 million of onshore cost reductions. These decreases were partially offset by (a) approximately \$35 million of increased costs and expenses resulting from the reactivation of one harsh environment floater and (b) approximately \$30 million of increased cost and expenses associated with our newbuild ultra-deepwater drillships that commenced operations in the six months ended June 30, 2016.

Depreciation expense decreased for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 primarily due to the following: (a) approximately \$85 million of decreased depreciation resulting from the impairment of our deepwater floater and midwater floater asset groups in the year ended December 31, 2015 and (b) approximately \$40 million of decreased

depreciation resulting from rigs sold or classified as held for sale. These decreases were partially offset by approximately \$31 million of increased depreciation associated with our two newbuild ultra-deepwater drillships and other property and equipment placed into service subsequent to June 30, 2015.

Impairments—In the six months ended June 30, 2016, we recognized a loss of \$23 million associated with the impairment of certain assets classified as held for sale. In the six months ended June 30, 2015, we recognized a loss of \$507 million associated with the impairment of our deepwater floater asset group, a loss of \$668 million associated with the impairment of our midwater floater asset group and an aggregate loss of \$651 million associated with the impairment of certain assets classified as held for sale.

Other income and expense—Interest expense, net of amounts capitalized, decreased in the six months ended June 30, 2016 compared to the six months ended June 30, 2015, primarily due to the following: (a) approximately \$34 million of increased interest capitalized as a result of our newbuild construction program and (b) approximately \$43 million of decreased interest expense as a result of our debt repurchases and redemptions, partially offset by (c) approximately \$15 million of increased interest expense as a result of downgrades to the credit rating for our senior unsecured long-term debt.

Other income, net, decreased in the six months ended June 30, 2016 compared to the six months ended June 30, 2015, primarily due to income of \$34 million recognized in the prior-year period associated with license fees and royalties for our dual-activity patent with no comparable gains in the current-year period.

Income tax expense—We operate internationally and provide for income taxes based on the tax laws and rates in the countries in which we operate and earn income. In the six months ended June 30, 2016 and 2015, our effective tax rate, excluding discrete items, was 21.5 percent and 21.6 percent, respectively, based on income from continuing operations before income tax expense, after excluding certain items, such as losses on impairment and gains and losses on certain asset disposals. The tax effect, if any, of the excluded items as well as settlements of prior year tax liabilities and changes in prior year tax estimates are all treated as discrete period tax expenses or benefits. For the six months ended June 30, 2016 and 2015, the effect of the various discrete period tax items was a net tax expense of \$4 million and less than \$1 million, respectively. For the six months ended June 30, 2016 and 2015, these discrete tax items, coupled with the excluded income and expense items noted above, resulted in an effective tax rate of 21.0 percent and 4,100.0 percent, respectively, based on income from continuing operations before income tax expense.

For the six months ended June 30, 2016, to calculate our estimated effective income tax rate, excluding discrete items, of 21.5 percent in accordance with accounting standards for the provision of income taxes, we excluded certain operating losses in taxable jurisdictions for which we do not expect to realize a tax benefit. For the six months ended June 30, 2016, our estimated effective income tax rate, excluding discrete items, would have been 23.0 percent if we had included all jurisdictions in our calculations.

The relationship between our provision for or benefit from income taxes and our income before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues versus income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Generally, our annual marginal tax rate is lower than our annual effective tax rate. Consequently, our income tax expense does not change proportionally with our income before income taxes. Significant decreases in our income before income taxes typically lead to higher effective tax rates, while significant increases in income before income taxes can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. With respect to the annual effective tax rate calculation for the six months ended June 30, 2016, a significant portion of our income tax expense was generated in countries in which income taxes are imposed on gross revenues, with the most significant of these countries being Angola. Conversely, the countries in which we incurred the most significant income taxes during this period that were based on income before income tax include Norway, Switzerland, the U.K. and the U.S.

Our rig operating structures further complicate our tax calculations, especially in instances where we have more than one operating structure for the particular taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract. For example, two rigs operating in the same country could generate significantly different provisions for income taxes if they are owned by two different subsidiaries that are subject to differing tax laws and regulations in the respective country of incorporation.

See “—Contingencies and Uncertainties—Tax matters.”

Liquidity and Capital Resources

Sources and uses of cash

At June 30, 2016, we had \$2.2 billion in cash and cash equivalents. In the six months ended June 30, 2016, our primary sources of cash were our cash flows from operating activities, including cash proceeds from customers that executed early terminations or cancellations of drilling contracts; and net proceeds from restricted cash investments. Our primary uses of cash were capital expenditures, primarily associated with our newbuild construction projects, debt repurchases and payment of scheduled installments for our Macondo well incident settlement obligations.

	Six months ended		
	June 30,		
	2016	2015	Change
	(In millions)		
Cash flows from operating activities			
Net income (loss)	\$ 343	\$ (121)	\$ 464
Depreciation	442	540	(98)
Loss on impairment	23	1,826	(1,803)
Gain on retirement of debt	(38)	—	(38)
Deferred income tax expense (benefit)	14	(90)	104
Other non-cash items, net	34	59	(25)
Changes in deferred revenues and costs, net	26	9	17
Changes in Macondo well incident assets and liabilities, net	(60)	(603)	543
Changes in other operating assets and liabilities, net	54	217	(163)
	\$ 838	\$ 1,837	\$ (999)

Net cash provided by operating activities decreased primarily due to reduced operating activities, partially offset by cash proceeds of \$455 million received in the prior-year period associated with insurance recoveries with no comparable activity in the current-year period, cash proceeds of \$340 million received from customers in the current-year period for early terminations or cancellations of drilling contracts with no comparable activity in the prior-year period, and decreased cash payments of \$200 million for scheduled installments for our Macondo well incident settlement obligations.

	Six months ended		
	June 30,		
	2016	2015	Change
	(In millions)		
Cash flows from investing activities			
Capital expenditures	\$ (826)	\$ (396)	\$ (430)
Proceeds from disposal of assets, net	15	33	(18)
Proceeds from repayment of loans receivable	—	15	(15)
	\$ (811)	\$ (348)	\$ (463)

Net cash used in investing activities increased primarily due to an increase in capital expenditures, primarily associated with milestone payments for our major construction projects and other shipyard projects.

	Six months ended		
	June 30,		
	2016	2015	Change
	(In millions)		
Cash flows from financing activities			
Repayments of debt	\$ (251)	\$ (69)	\$ (182)
Proceeds from cash investments restricted for financing activities, net of deposits	49	57	(8)
Distributions of qualifying additional paid-in capital	—	(327)	327
Other, net	(11)	(16)	5
	<u>\$ (213)</u>	<u>\$ (355)</u>	<u>\$ 142</u>

Net cash used in financing activities decreased primarily due to cash used to pay our shareholders installments of distributions of qualifying additional paid-in capital in the prior-year period with no comparable cash flows in the current-year period. Partially offsetting the decrease was an increase in cash used to repay debt.

Drilling fleet

Expansion—From time to time, we review possible acquisitions of businesses and drilling rigs and may make significant future capital commitments for such purposes. We may also consider investments related to major rig upgrades, new rig construction, or the acquisition of a rig under construction. We may commit to such investment without first obtaining customer contracts. Any acquisition, upgrade or new rig construction could involve the payment by us of a substantial amount of cash or the issuance of a substantial number of additional shares or other securities. Our failure to secure drilling contracts for rigs under construction could have an adverse effect on our results of operations or cash flows.

In the six months ended June 30, 2016, we made capital expenditures of \$826 million, including capitalized interest of \$89 million. The following table presents the historical and projected capital expenditures and other capital additions, including capitalized interest, for our recently completed and ongoing major construction projects were as follows:

	Total costs through December 31, 2015	Total costs for the six months ended June 30, 2016	Expected costs for the six months ending December 31, 2016	For the years ending December 31,					Total estimated costs at completion
				2017	2018	2019	2020		
(In millions)									
Deepwater Thalassa (a)	\$ 861	\$ 22	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 900
Deepwater Proteus (a)	758	68	—	—	—	—	—	—	826
Deepwater Conqueror (b)	301	319	235	—	—	—	—	—	855
Deepwater Pontus (c)	459	236	71	144	—	—	—	—	910
Deepwater Poseidon (c)	450	71	216	134	49	—	—	—	920
Transocean Cassiopeia (d)	54	2	3	5	1	12	198	275	275
Ultra-Deepwater drillship TBN1 (e)	204	8	9	51	25	62	471	830	830
Transocean Centaurus (d)	53	2	2	5	7	12	209	290	290
Transocean Cepheus (d)	53	2	2	5	8	11	209	290	290
Ultra-Deepwater drillship TBN2 (e)	157	6	7	48	21	38	518	795	795
Transocean Cetus (d)	52	2	3	5	8	10	210	290	290
Transocean Circinus (d)	51	2	2	5	9	9	212	290	290
Total	\$ 3,453	\$ 740	\$ 567	\$ 402	\$ 128	\$ 154	\$ 2,027	\$ 7,471	

- (a) The ultra-deepwater floaters *Deepwater Thalassa* and *Deepwater Proteus* were placed into service and commenced operations in February 2016 and May 2016, respectively. In the remainder of the year ending December 31, 2016, we expect to take delivery of additional equipment, ordered but not yet received.
- (b) *Deepwater Conqueror*, a newbuild ultra-deepwater drillship under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, is expected to commence operations in the fourth quarter of 2016.
- (c) *Deepwater Pontus* and *Deepwater Poseidon*, two newbuild ultra-deepwater drillships under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, are expected to commence operations in the fourth quarter of 2017 and the first quarter of 2018, respectively.
- (d) *Transocean Cassiopeia*, *Transocean Centaurus*, *Transocean Cepheus*, *Transocean Cetus* and *Transocean Circinus*, five Keppel FELS Super B 400 Bigfoot class design newbuild high-specification jackups under construction at Keppel FELS' shipyard in Singapore do not yet have drilling contracts and are expected to be delivered in the first quarter of 2020, the second quarter of 2020, the third quarter of 2020, the fourth quarter of 2020 and the fourth quarter of 2020, respectively. The delivery expectations and the cost projections presented above reflect the terms of our construction agreements, as amended to delay delivery in consideration of current market conditions.
- (e) Our two unnamed dynamically positioned ultra-deepwater drillships under construction at the Jurong Shipyard Pte Ltd. in Singapore do not yet have drilling contracts and are expected to be delivered in the first quarter of 2020 and the third quarter of 2020, respectively. The delivery expectations and the cost projections presented above reflect the terms of our construction agreements, as amended to delay delivery in consideration of current market conditions.

The ultimate amount of our capital expenditures is partly dependent upon financial market conditions, the actual level of operational and contracting activity, the costs associated with the current regulatory environment and customer requested capital improvements and equipment for which the customer agrees to reimburse us. As with any major shipyard project that takes place over an extended period of time, the actual costs, the timing of expenditures and the project completion date may vary from estimates based on numerous factors, including actual contract terms, weather, exchange rates, shipyard labor conditions, availability of suppliers to recertify equipment and the market demand for components and resources required for drilling unit construction. We intend to fund the cash requirements relating to our capital expenditures through available cash balances, cash generated from operations and asset sales. We also have available credit under the Five-Year Revolving Credit Facility, as described below, and may utilize other commercial bank or capital market financings. Economic conditions could impact the availability of these sources of funding.

Dispositions—From time to time, we may also review the possible disposition of non-strategic drilling units. Considering recent market conditions, we have committed to plans to sell certain lower-specification drilling units for scrap value. During the six months ended June 30, 2016, we identified two such drilling units that we have sold or intend to sell for scrap value. During the year ended December 31, 2015, we identified 22 such drilling units that we have sold for scrap value. We continue to evaluate the drilling units in our fleet and may identify additional lower specification drilling units to be sold for scrap value.

During the six months ended June 30, 2016, we completed the sale of one deepwater floater and five midwater floaters, along with related equipment, and we received net cash proceeds of \$11 million. During the year ended December 31, 2015, we completed the sale of two ultra-deepwater floaters, six deepwater floaters and nine midwater floaters, along with related equipment, and we received aggregate net cash proceeds of \$35 million.

Sources and uses of liquidity

Overview—We expect to use existing cash balances, internally generated cash flows, proceeds from our debt offering, proceeds from the disposal of assets, borrowings under our bank credit agreement or proceeds from the issuance of additional debt to fulfill anticipated obligations, such as capital expenditures, scheduled debt maturities or other payments, such as payments in connection with our Tender Offer (see “Debt tender offer”), repayment of debt due within one year, payments of our Macondo well incident settlement obligations, working capital and other needs in our operations. We may also consider establishing additional credit facilities under credit agreements. Subject in each case to then existing market conditions and to our then expected liquidity needs, among other factors, we may continue to use a portion of our internally generated cash flows to reduce debt prior to scheduled maturities through debt repurchases, either in the open market or in privately negotiated transactions, or through debt redemptions or tender offers. From time to time, we may also use borrowings under our bank credit agreement to maintain liquidity for short-term cash needs.

Our access to debt and equity markets may be limited due to a variety of events, including, among others, credit rating agency downgrades of our debt ratings, industry conditions, general economic conditions, market conditions and market perceptions of us and our industry. During the year ended December 31, 2015, three credit rating agencies downgraded their credit ratings of our non-credit enhanced senior unsecured long-term debt (“Debt Rating”) to Debt Ratings that are below investment grade. During the six months ended June 30, 2016, two of the credit rating agencies further downgraded our Debt Rating. Such downgrades have caused, and any further downgrades may cause, us to experience increased fees under our credit facility and interest rates under agreements governing certain of our senior notes and may limit our ability to access debt markets. Our ability to access such markets may be severely restricted at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. An economic downturn could have an impact on the lenders participating in our credit facilities or on our customers, causing them to fail to meet their obligations to us.

Our internally generated cash flow is directly related to our business and the market sectors in which we operate. Should the drilling market continue to deteriorate, or should we experience poor results in our operations, cash flow from operations may be reduced. We have, however, continued to generate positive cash flow from operating activities over recent years and expect that such cash flow will continue to be positive over the next year.

Debt issuance—On July 21, 2016, we completed an offering of an aggregate principal amount of \$1.25 billion of the 9.00% Senior Notes due July 15, 2023, and we received aggregate cash proceeds of \$1.21 billion, net of initial purchasers’ fees and estimated offering costs payable by us. We will pay interest on the 9.00% Senior Notes semiannually on January 15 and July 15 each year, beginning on January 15, 2017. The indenture that governs the 9.00% Senior Notes contains covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes, engage in certain sale and lease-back transactions covering any of our drilling units, allow our subsidiaries to incur certain additional debt, and consolidate, merge or enter into a scheme of arrangement qualifying as an amalgamation. We intend to use the net proceeds from the debt offering to complete a Tender Offer (see “Debt tender offer”) and for general corporate purposes.

Debt tender offer—On August 1, 2016, we completed the Tender Offer to purchase for cash up to \$1.0 billion aggregate principal amount of the Tendered Notes. As a result of the Tender Offer, we received valid tenders from holders of an aggregate principal amount of \$981 million of the Tendered Notes, and we have made or expect to make an aggregate cash payment of \$876 million to settle the Tendered Notes.

Debt repurchases and redemptions—In the six months ended June 30, 2016, we repurchased in the open market an aggregate principal amount of \$228 million of our debt securities for an aggregate cash payment of \$189 million. In the year ended December 31, 2015, we repurchased in the open market an aggregate principal amount of \$503 million of certain of our debt securities for an aggregate cash payment of \$468 million. On July 30, 2015, we redeemed the remaining aggregate principal amount of \$893 million of the 4.95% Senior Notes for an aggregate cash payment of \$904 million.

Distributions of qualifying additional paid-in capital—In May 2015, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of \$0.60 per outstanding share, payable in four quarterly installments of \$0.15 per outstanding share, subject to certain limitations. In May 2015, we recognized a liability of \$218 million for the distribution payable, recorded in other current liabilities, with a corresponding entry to additional paid-in capital. On June 17 and September 23, 2015, we paid the first two installments in the aggregate amount of \$109 million to shareholders of record as of May 29 and August 25, 2015. On October 29, 2015, shareholders at our extraordinary general meeting approved the cancellation of the third and fourth installments of the distribution.

In May 2014, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of \$3.00 per outstanding share, payable in four quarterly installments, subject to certain limitations. On March 18, 2015, we paid the final installment in the aggregate amount of \$272 million to shareholders of record as of February 20, 2015.

Litigation settlements and insurance recoveries—On May 20, 2015, we entered into a confidential settlement agreement with BP plc (together with its affiliates, “BP”) to settle various disputes remaining between the parties with respect to the Macondo well incident. Pursuant to the terms of the agreement, we received from BP a cash payment of \$125 million in July 2015 to partially reimburse us for legal fees that we incurred. Additionally, in connection with the settlement, BP agreed to discontinue its attempts to recover as an additional insured under our liability insurance program. As a result, we submitted claims to our insurers and, in the year ended December 31, 2015, we received aggregate cash proceeds of \$538 million from insurance for recovery of previously incurred losses.

On May 29, 2015, together with the Plaintiffs’ Steering Committee (the “PSC”), we filed a settlement agreement in which we agreed to pay a total of \$212 million, plus up to \$25 million for partial reimbursement of attorneys’ fees, to resolve (1) punitive damages claims of private plaintiffs, businesses, and local governments and (2) certain claims that BP had made against us and had assigned to private plaintiffs who previously settled economic damages claims against BP. This PSC settlement is subject to approval by the U.S. District Court for the Eastern District of Louisiana (the “MDL Court”) and acceptance by a minimum number of plaintiffs. In June 2016 and August 2015, we made a cash deposit of \$25 million and \$212 million, respectively, into an escrow account pending approval of the settlement by the MDL Court. As of July 26, 2016, the balance of our escrow account was \$237 million.

Effective October 13, 2015, we finalized a settlement agreement with the states of Alabama, Florida, Louisiana, Mississippi, and Texas (collectively, the “States”), pursuant to which the States agreed to release all of their claims against us arising from the Macondo well incident. On October 22, 2015, we made an aggregate cash payment of \$35 million to the States.

Pursuant to a cooperation guilty plea agreement by and among the U.S. Department of Justice (“DOJ”) and certain of our affiliates (the “Plea Agreement”), which was accepted by the court on February 14, 2013, we agreed to pay a criminal fine of \$100 million and to consent to the entry of an order requiring us to pay \$150 million to the National Fish & Wildlife Foundation and \$150 million to the National Academy of Sciences in scheduled installments through February 2017. In each of the six months ended June 30, 2016 and 2015, we made aggregate cash payments of \$60 million. The final installment of \$60 million is due on or before February 14, 2017.

Pursuant to a civil consent decree by and among the DOJ and certain of our affiliates (“the Consent Decree”), which was approved by the court on February 19, 2013, we agreed to pay a civil penalty totaling \$1.0 billion, plus interest at a fixed rate of 2.15 percent. In the three months ended March 31, 2015, we paid the final installment of \$204 million, including interest.

Revolving credit facility—In June 2014, we entered into an amended and restated bank credit agreement, which established a \$3.0 billion unsecured five-year revolving credit facility, that is scheduled to expire on June 28, 2019 (the “Five-Year Revolving Credit Facility”). Among other things, the Five-Year Revolving Credit Facility includes limitations on creating liens, incurring subsidiary debt, transactions with affiliates, sale/leaseback transactions, mergers and the sale of substantially all assets. The Five-Year Revolving Credit Facility also includes a covenant imposing a maximum debt to tangible capitalization ratio of 0.6 to 1.0. At June 30, 2016, our debt to tangible capitalization ratio, as defined, was 0.4 to 1.0. In order to borrow or have letters of credit issued under the Five-Year Revolving Credit Facility, we must, at the time of the borrowing request, not be in default under the bank credit agreements and make certain representations and warranties, including with respect to compliance with laws and solvency, to the lenders, but we are not required to make any representation to the lenders as to the absence of a material adverse effect. Repayment of borrowings under the Five-Year Revolving Credit Facility is subject to acceleration upon the occurrence of an event of default. We are also subject to various covenants under the indentures pursuant to which our public debt was issued, including restrictions on creating liens, engaging in sale/leaseback transactions and engaging in certain merger, consolidation or reorganization transactions. A default under our public debt indentures, our capital lease contract or any other debt owed to unaffiliated entities that exceeds \$125 million could trigger a default under the Five-Year Revolving Credit Facility and, if not waived by the lenders, could cause us to lose access to the Five-Year Revolving Credit Facility.

We may borrow under the Five-Year Revolving Credit Facility at either (1) the adjusted London Interbank Offered Rate plus a margin (the “Five-Year Revolving Credit Facility Margin”), which ranges from 1.125 percent to 2.0 percent based on the Debt Rating, or (2) the base rate specified in the credit agreement plus the Five-Year Revolving Credit Facility Margin, less one percent per annum. Throughout the term of the Five-Year Revolving Credit Facility, we pay a facility fee on the daily unused amount of the underlying commitment which ranges from 0.15 percent to 0.35 percent depending on our Debt Rating. At July 26, 2016, based on our Debt Rating on that date, the Five-Year Revolving Credit Facility Margin was 2.0 percent and the facility fee was 0.35 percent. At July 26, 2016, we had no borrowings outstanding, no letters of credit issued, and \$3.0 billion of available borrowing capacity under the Five-Year Revolving Credit Facility.

Noncontrolling interest—In February 2016 and May 2016, Transocean Partners declared and paid an aggregate distribution of \$50 million, of which \$14 million was paid to the holders of noncontrolling interest. In the year ended December 31, 2015, Transocean Partners declared and paid an aggregate distribution of \$100 million to its unitholders, of which \$29 million was paid to the holders of noncontrolling interest.

On November 4, 2015, Transocean Partners announced that its board of directors approved a unit repurchase program, authorizing it to repurchase up to \$40 million of its publicly held common units. Subject to market conditions, Transocean Partners may repurchase units from time to time in the open market or in privately negotiated transactions. It may suspend or discontinue the program at any time. The common units repurchased under the program will be cancelled. As of July 26, 2016, Transocean Partners had repurchased 478,376 of its publicly held common units for an aggregate purchase price of \$4 million. At July 26, 2016, we held a 71.3 percent limited liability company interest in Transocean Partners.

Share repurchase program—In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, equivalent to approximately \$3.6 billion. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. At December 31, 2015, we held 2.9 million of our shares. On October 29, 2015, shareholders at our extraordinary general meeting approved the cancellation of all shares that have been repurchased to date under our share repurchase program. The shares repurchased under our share repurchase program were cancelled as of January 7, 2016 upon registration of the cancellation in the commercial register. In the six months ended June 30, 2016, we did not purchase any shares under our share repurchase program.

Based upon our ongoing capital requirements, the price of our shares, regulatory and tax considerations, cash flow generation, the amount and duration of our contract backlog, general market conditions, debt ratings considerations and other factors, we may elect to retain cash, reduce debt, make capital investments or acquisitions or otherwise use cash for general corporate purposes, and consequently, we may elect not to repurchase any additional shares under this program. Decisions regarding the amount, if any, and timing of any share repurchases will be made from time to time based upon these factors. Any repurchased shares under the share repurchase program would be held by us for cancellation by the shareholders at a future general meeting of shareholders. At July 26, 2016, the authorization remaining under the share repurchase program was for the repurchase of up to CHF 3.2 billion, equivalent to approximately \$3.3 billion, of our outstanding shares.

Contractual obligations—As of June 30, 2016, there have been no material changes to the contractual obligations as previously disclosed in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended December 31, 2015.

Other commercial commitments—As of June 30, 2016, there have been no material changes to the commercial commitments as previously disclosed in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended December 31, 2015.

Contingencies and Uncertainties

Macondo well incident

On April 22, 2010, the ultra-deepwater floater *Deepwater Horizon* sank after a blowout of the Macondo well caused a fire and explosion on the rig off the coast of Louisiana. At the time of the explosion, *Deepwater Horizon* was contracted to BP. Litigation commenced shortly after the incident, and most claims against us were consolidated by the U.S. Judicial Panel on Multidistrict Litigation and transferred to the MDL Court. A significant portion of the contingencies arising from the Macondo well incident has now been resolved as a result of settlements with the DOJ, BP, the PSC and the States. We believe the remaining most notable claims against us arising from the Macondo well incident are the potential settlement class opt-outs from the PSC Settlement Agreement. We can provide no assurance as to the outcome of the remaining claims arising from the Macondo well incident, the timing of any upcoming appeal or further rulings, or that we will not enter into additional settlements as to some or all of the remaining matters related to the Macondo well incident. See Notes to Condensed Consolidated Financial Statements—Note 11—Contingencies.

Tax matters

We conduct operations through our various subsidiaries in a number of countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes. From time to time, we may identify changes to previously evaluated tax positions that could result in adjustments to our recorded assets and liabilities. In March 2016, the U.K. publicly announced its 2016 Budget and Finance Bill. These tax reform proposals include measures that would deny tax deductions or require inclusion of taxable income for certain cross-border structure arrangements and transactions and are expected to be declared effective January 1, 2017. The U.K. continues to modify the initial proposals. Although the final legislation could result in a higher effective tax rate and an associated increase in tax costs due to our controlling interest in Transocean Partners, we do not believe that the proposals, as currently drafted, would result in an increase in our tax costs. We continue to monitor developments for potential applicability to our structure.

We file federal and local tax returns in several jurisdictions throughout the world. Tax authorities in certain jurisdictions are examining our tax returns and in some cases have issued assessments. We are defending our tax positions in those jurisdictions. We are also defending against tax-related claims in courts, including our ongoing civil trial in Norway.

While we cannot predict or provide assurance as to the final outcome of these proceedings, we do not expect the ultimate liability to have a material adverse effect on our consolidated statement of financial position or results of operations, although it may have a material adverse effect on our consolidated cash flows.

See Notes to Condensed Consolidated Financial Statements—Note 6—Income Taxes.

Regulatory matters

For a description of regulatory and environmental matters relating to the Macondo well incident, please see “—Macondo well incident.”

Other matters

In addition, from time to time, we receive inquiries from governmental regulatory agencies regarding our operations around the world, including inquiries with respect to various tax, environmental, regulatory and compliance matters. To the extent appropriate under the circumstances, we investigate such matters, respond to such inquiries and cooperate with the regulatory agencies.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements. This discussion should be read in conjunction with disclosures included in the notes to our condensed consolidated financial statements related to estimates, contingencies and other accounting policies. Significant accounting policies are discussed in Note 2 to our condensed consolidated financial statements in this quarterly report on Form 10-Q and in Note 2 to our consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2015.

To prepare financial statements, we are required to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to our allowance for doubtful accounts, materials and supplies obsolescence, investments, property and equipment, income taxes, defined benefit pension plans and other postretirement employee benefits, contingent liabilities and share based compensation. These estimates require significant judgments and assumptions. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

For a discussion of the critical accounting policies and estimates that we use in the preparation of our condensed consolidated financial statements, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our annual report on Form 10-K for the year ended December 31, 2015. We have discussed the development, selection and disclosure of these critical accounting policies and estimates with the audit committee of our board of directors. During the six months ended June 30, 2016, there have been no material changes to the types of judgments, assumptions and estimates upon which our critical accounting estimates are based.

New Accounting Pronouncements

For a discussion of the new accounting pronouncements that have had or are expected to have an effect on our condensed consolidated financial statements, see Notes to Condensed Consolidated Financial Statements—Note 3—New Accounting Pronouncements in this quarterly report on Form 10-Q and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended December 31, 2015.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate risk and currency exchange rate risk, primarily associated with our long-term and short-term debt, our restricted cash balances and investments and our international operations. For a discussion of our interest rate risk and currency exchange rate risk, see “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our annual report on Form 10-K for the year ended December 31, 2015. There have been no material changes to these previously reported matters during the six months ended June 30, 2016.

Item 4. Controls and Procedures

Disclosure controls and procedures—We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as defined in the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rules 13a-15 and 15d-15, were effective as of June 30, 2016 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (1) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure and (2) recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission’s rules and forms.

Internal control over financial reporting—There were no changes to our internal control over financial reporting during the quarter ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

We have certain actions, claims and other matters pending as discussed and reported in “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 14—Commitments and Contingencies” and “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contingencies and Uncertainties—Macondo well incident” in our annual report on Form 10-K for the year ended December 31, 2015. We are also involved in various tax matters as described in “Part II. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 6—Income Taxes” and in “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contingencies and Uncertainties—Tax matters” in our annual report on Form 10-K for the year ended December 31, 2015. All such actions, claims, tax and other matters are incorporated herein by reference.

As of June 30, 2016, we were also involved in a number of other lawsuits, claims and disputes, which have arisen in the ordinary course of our business and for which we do not expect the liability, if any, to have a material adverse effect on our current consolidated statement of financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the matters referred to above or of any such other pending or threatened litigation or legal proceedings. There can be no assurance that our beliefs or expectations as to the outcome or effect of any lawsuit or claim or dispute will prove correct and the eventual outcome of these matters could materially differ from management’s current estimates.

In addition to the legal proceedings described above, we may from time to time identify other matters that we monitor through our compliance program and in response to events arising generally within our industry and in the markets where we do business. For example, in the year ended December 31, 2015, we began investigating statements made by a former employee of Petróleo Brasileiro S.A. (“Petrobras”) related to the award to us of a drilling services contract in Brazil. These statements were made in connection with an ongoing criminal investigation by the Brazilian authorities into Petrobras and certain other companies and individuals. We have completed our internal investigation, and we have not identified any wrongdoing by any of our employees or agents in connection with our business. We have voluntarily met with governmental authorities in the U.S. to discuss the statements made by the former Petrobras employee and our internal investigation as well as our findings. We will continue to investigate these types of allegations and cooperate with governmental authorities. Through the process of monitoring and proactive investigation, we strive to ensure no violation of our policies, Code of Integrity or law has, or will, occur; however, there can be no assurance as to the outcome of these matters.

Item 1A. Risk Factors

Except as disclosed below, there have been no material changes to the risk factors as previously disclosed in “Item 1A. Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2015.

§ Failure to complete, or delays in completing, the merger with Transocean Partners could negatively impact the market price of our shares and our financial results.

Completion of the proposed merger with Transocean Partners LLC, a Marshall Islands limited liability company (“Transocean Partners”) is subject to various conditions, including, among others, approval by the unitholders of Transocean Partners, the absence of injunctions or other legal restrictions, and the truth and accuracy of representations and warranties, including those relating to the absence of any material adverse effect. There is no certainty that the various closing conditions will be satisfied and that the necessary approvals will be obtained. If these or other conditions are not satisfied or if there is a delay in the satisfaction of such conditions, then we may not be able to complete the merger timely or at all, and such failure or delay may have other adverse consequences. If the merger is not completed or is delayed, we will be subject to a number of risks, including:

§ we will not realize the expected benefits of the combined company;

§ the market price of our shares may decline to the extent that their current market price reflects a market assumption that the merger will be completed; and

§ some costs relating to the merger, such as certain financial advisor and legal fees, must be paid even if the merger is not completed.

§ The results of the United Kingdom’s referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

In June 2016, a majority of voters in the United Kingdom (the “U.K.”) elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the U.K. formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the U.K. and the European Union, including with respect to the laws and regulations that will apply as the U.K. determines which European Union-derived laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (b) (in millions)
April 2016	—	\$ —	—	\$ 3.323
May 2016	2,599	9.95	—	3.323
June 2016	—	—	—	3.323
Total	2,599	\$ 9.95	—	\$ 3.323

(a) Total number of shares purchased in the second quarter of 2016 consists of 2,599 shares withheld by us through a broker arrangement and limited to statutory tax in satisfaction of withholding taxes due upon the vesting of restricted shares granted to our employees under our Long-Term Incentive Plan.

(b) In May 2009, at the annual general meeting of Transocean Ltd., our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, equivalent to approximately \$3.6 billion. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. Since inception of the share repurchase program, we repurchased 2,863,267 of our shares under the share repurchase program for an aggregate cost of \$240 million, equivalent to an average cost of \$83.74 per share, and at December 31, 2015, we held such shares in treasury. On October 29, 2015, shareholders at our extraordinary general meeting approved the cancellation of all shares that have been repurchased to date under our share repurchase program. The cancellation of our shares held in treasury became effective as of January 7, 2016 upon registration of the cancellation in the commercial register. Based upon our ongoing capital requirements, cash flow generation and general market conditions, among other factors, we may elect not to repurchase any additional shares under this program. See “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Operating Results—Liquidity and Capital Resources—Sources and uses of liquidity.”

Item 4. Mine Safety Disclosures

Not applicable.

Item 6 Exhibits

(a) Exhibits

The following exhibits are filed in connection with this Report:

Number	Description
2.1	Agreement and Plan of Merger among Transocean Ltd., Transocean Partners Holdings Ltd., TPHL Holdings LLC and Transocean Partners LLC, dated July 31, 2016 (incorporated by reference to Exhibit 2.1 to Transocean Ltd.’s Current Report on Form 8-K (Commission File No. 000-53533) filed on August 1, 2016)
† 3.1	Articles of Association of Transocean Ltd.
3.2	Organizational Regulations of Transocean Ltd. (incorporated by reference to Exhibit 3.2 to Transocean Ltd.’s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2014)
4.1	Indenture, dated as of July 21, 2016, by and among Transocean Inc., the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to Transocean Ltd.’s Current Report on Form 8-K (Commission File No. 000-53533) filed on July 22, 2016)
† 31.1	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
† 31.2	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
† 32.1	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
† 32.2	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
† 101	The following materials from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Operations, (ii) the Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Equity, (v) the Condensed Consolidated Statements of Cash Flows and (vi) related notes.

† Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized, on August 3, 2016.

TRANSOCEAN LTD.

By: /s/ Mark L. Mey

Mark L. Mey

Executive Vice President, Chief Financial Officer

(Principal Financial Officer)

By: /s/ David Tonnel

David Tonnel

Senior Vice President, Supply Chain and Corporate Controller

(Principal Accounting Officer)

**Statuten
von Transocean Ltd.**

vom 12. Mai 2016

**Articles of Association of
Transocean Ltd.**

as of May 12, 2016

Abschnitt 1:
Firma, Sitz, Zweck und Dauer der Gesellschaft

Artikel 1

Firma, Sitz

Unter der Firma
Transocean Ltd.
(die **Gesellschaft**)

Name, Place of
Incorporation

besteht eine Aktiengesellschaft mit Sitz in
Steinhausen, Kanton Zug, Schweiz.

Zweck

Artikel 2

Purpose

- 1 Zweck der Gesellschaft ist der Erwerb, das Halten, die Verwaltung, die Verwertung und die Veräusserung von Beteiligungen an Unternehmen im In- und Ausland, ob direkt oder indirekt, insbesondere an Unternehmen, die im Bereich der Erbringung von Dienstleistungen für Offshore Öl- und Gasbohrungen, einschliesslich Management Dienstleistungen, Bohringenieurs- und Bohr-Projekt Management-Dienstleistungen für Öl- und Gasbohrungen, sowie von Öl- und Gas-Exploration und -Produktionsaktivitäten tätig sind, sowie die Finanzierung dieser Aktivitäten. Die Gesellschaft kann Grundstücke und gewerbliche Schutzrechte im In- und Ausland erwerben, halten, verwalten, belasten und verkaufen.
- 2 Die Gesellschaft kann alle Tätigkeiten ausüben und Massnahmen ergreifen, die geeignet erscheinen, den Zweck der Gesellschaft zu fördern, oder die mit diesem zusammenhängen.

Artikel 3

Dauer

Die Dauer der Gesellschaft ist
unbeschränkt.

Duration

Section 1:
Name, Place of Incorporation, Purpose and Duration of the Company

Article 1

Under the name
Transocean Ltd.
(the **Company**)

there exists a corporation with its place of incorporation in Steinhausen, Canton of Zug, Switzerland.

Article 2

- 1 The purpose of the Company is to acquire, hold, manage, exploit and sell, whether directly or indirectly, participations in businesses in Switzerland and abroad, in particular in businesses that are involved in offshore contract drilling services for oil and gas wells, oil and gas drilling management services, drilling engineering services and drilling project management services and oil and gas exploration and production activities, and to provide financing for this purpose. The Company may acquire, hold, manage, mortgage and sell real estate and intellectual property rights in Switzerland and abroad.
- 2 The Company may engage in all types of transactions and may take all measures that appear appropriate to promote the purpose of the Company or that are related thereto.

Article 3

The duration of the Company is
unlimited.

Abschnitt 2:
Aktienkapital

Artikel 4

Aktienkapital

Das Aktienkapital der Gesellschaft beträgt CHF 37'096'738.20, eingeteilt in 370'967'382 voll liberierte Namenaktien. Jede Namenaktie hat einen Nennwert von CHF 0.10 (jede Namenaktie nachfolgend bezeichnet als **Aktie** bzw. die **Aktien**).

Share Capital

Artikel 5

Genehmigtes
Aktienkapital

- 1 Der Verwaltungsrat ist ermächtigt, das Aktienkapital jederzeit bis zum 12. Mai 2018 im Maximalbetrag von CHF 2'225'804.30 durch Ausgabe von höchstens 22'258'043 vollständig zu liberierenden Aktien mit einem Nennwert von je CHF 0.10 zu erhöhen. Eine Erhöhung (i) auf dem Weg einer Festübernahme durch eine Bank, ein Bankenkonsortium oder Dritte und eines anschliessenden Angebots an die bisherigen Aktionäre sowie (ii) in Teilbeträgen ist zulässig.
- 2 Der Verwaltungsrat legt den Zeitpunkt der Ausgabe, den Ausgabebetrag, die Art, wie die neuen Aktien zu liberieren sind, den Beginn der Dividendenberechtigung, die Bedingungen für die Ausübung der Bezugsrechte sowie die Zuteilung der Bezugsrechte, welche nicht ausgeübt wurden, fest. Nicht-ausgeübte Bezugsrechte kann der Verwaltungsrat verfallen lassen, oder er kann diese bzw. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, zu Marktkonditionen platzieren oder anderweitig im Interesse der Gesellschaft verwenden.
- 3 Der Verwaltungsrat ist ermächtigt, die Bezugsrechte der Aktionäre zu entziehen oder zu beschränken und einzelnen Aktionären oder Dritten zuzuweisen:

Authorized
Share Capital

Section 2:
Share Capital

Article 4

The share capital of the Company is CHF 37,096,738.20 and is divided into 370,967,382 fully paid registered shares. Each registered share has a par value of CHF 0.10 (each such registered share hereinafter a **Share** and collectively the **Shares**).

Article 5

- 1 The Board of Directors is authorized to increase the share capital, at any time until May 12, 2018, by a maximum amount of CHF 2,225,804.30 by issuing a maximum of 22,258,043 fully paid up Shares with a par value of CHF 0.10 each. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties, followed by an offer to the then-existing shareholders of the Company, and (ii) in partial amounts shall be permissible.
- 2 The Board of Directors shall determine the time of the issuance, the issue price, the manner in which the new Shares have to be paid up, the date from which the Shares carry the right to dividends, the conditions for the exercise of the preemptive rights and the allotment of preemptive rights that have not been exercised. The Board of Directors may allow the preemptive rights that have not been exercised to expire, or it may place such rights or Shares, the preemptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Company.
- 3 The Board of Directors is authorized to withdraw or limit the preemptive rights of the shareholders and to allot them to individual shareholders or third parties:

(a)
wenn der Ausgabebetrag der neuen Aktien unter Berücksichtigung des Marktpreises festgesetzt wird; oder

(b)
für die Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen oder für die Finanzierung oder Refinanzierung solcher Transaktionen oder die Finanzierung von neuen Investitionsvorhaben der Gesellschaft; oder

(c)
zum Zwecke der Erweiterung des Aktionärskreises in bestimmten Finanz- oder Investoren-Märkten, zur Beteiligung von strategischen Partnern, oder im Zusammenhang mit der Kotierung von neuen Aktien an inländischen oder ausländischen Börsen; oder

(d)
für die Einräumung einer Mehrzuteilungsoption (*Greenshoe*) von bis zu 20% der zu platzierenden oder zu verkaufenden Aktien an die betreffenden Erstkäufer oder Festübernehmer im Rahmen einer Aktienplatzierung oder eines Aktienverkaufs; oder

(e)
für die Beteiligung von Mitgliedern des Verwaltungsrates, Mitglieder der Geschäftsleitung, Mitarbeitern, Beauftragten, Beratern oder anderen Personen, die für die Gesellschaft oder eine ihrer Tochtergesellschaften Leistungen erbringen.

- 4 Die neuen Aktien unterliegen den Eintragungsbeschränkungen in das Aktienbuch von Artikel 7 und 9 dieser Statuten.

Artikel 6

(a)
if the issue price of the new Shares is determined by reference to the market price; or

(b)
for the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of any of such transactions, or for the financing of new investment plans of the Company; or

(c)
for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing of new Shares on domestic or foreign stock exchanges; or

(d)
for purposes of granting an over-allotment option (*Greenshoe*) of up to 20% of the total number of Shares in a placement or sale of Shares to the respective initial purchaser(s) or underwriter(s); or

(e)
for the participation of members of the Board of Directors, members of the Executive Management Team, employees, contractors, consultants or other persons performing services for the benefit of the Company or any of its subsidiaries.

- 4 The new Shares shall be subject to the limitations for registration in the share register pursuant to Articles 7 and 9 of these Articles of Association.

Article 6

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| <p>1 Das Aktienkapital kann sich durch Ausgabe von höchstens 167'617'649 voll zu liberierenden Aktien im Nennwert von je CHF 0.10 um höchstens CHF 16'761'764.90 erhöhen durch:</p> <p>(a) die Ausübung von Wandel-, Tausch-, Options-, Bezugs- oder ähnlichen Rechten auf den Bezug von Aktien (nachfolgend die Rechte), welche Dritten oder Aktionären in Verbindung mit auf nationalen oder internationalen Kapitalmärkten neu oder bereits begebenen Anleiheobligationen, Optionen, Warrants oder anderen Finanzmarktinstrumenten oder neuen oder bereits bestehenden vertraglichen Verpflichtungen der Gesellschaft, einer ihrer Gruppengesellschaften oder einer deren Rechtsvorgänger eingeräumt werden (nachfolgend zusammen die mit Rechten verbundenen Obligationen); und/oder</p> <p>(b) die Ausgabe von Aktien oder mit Rechten verbundenen Obligationen an Mitglieder des Verwaltungsrates, Mitglieder der Geschäftsleitung, Arbeitnehmer, Beauftragte, Berater oder anderen Personen, welche Dienstleistungen für die Gesellschaft oder ihre Tochtergesellschaften erbringen.</p> <p>2 Bei der Ausgabe von mit Rechten verbundenen Obligationen durch die Gesellschaft, eine ihrer Gruppengesellschaften oder eine deren Rechtsvorgänger ist das Bezugsrecht der Aktionäre ausgeschlossen. Zum Bezug der neuen Aktien, die bei Ausübung von mit Rechten verbundenen Obligationen ausgegeben werden, sind die jeweiligen Inhaber der mit Rechten verbundenen Obligationen berechtigt. Die Bedingungen der mit Rechten verbundenen Obligationen sind durch den Verwaltungsrat festzulegen.</p> | <p>1 The share capital may be increased in an amount not to exceed CHF 16,761,764.90 through the issuance of up to 167,617,649 fully paid-up Shares with a par value of CHF 0.10 per Share through:</p> <p>(a) the exercise of conversion, exchange, option, warrant or similar rights for the subscription of Shares (hereinafter the Rights) granted to third parties or shareholders in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations by or of the Company, one of its group companies, or any of their respective predecessors (hereinafter collectively, the Rights-Bearing Obligations); and/or</p> <p>(b) the issuance of Shares or Rights-Bearing Obligations granted to members of the Board of Directors, members of the executive management, employees, contractors, consultants or other persons providing services to the Company or its subsidiaries.</p> <p>2 The preemptive rights of the shareholders shall be excluded in connection with the issuance of any Rights-Bearing Obligations by the Company, one of its group companies, or any of their respective predecessors. The then-current owners of such Rights-Bearing Obligations shall be entitled to subscribe for the new Shares issued upon conversion, exchange or exercise of any Rights-Bearing Obligations. The conditions of the Rights-Bearing Obligations shall be determined by the Board of Directors.</p> |
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- 3 Der Verwaltungsrat ist ermächtigt, die Vorwegzeichnungsrechte der Aktionäre im Zusammenhang mit der Ausgabe von mit Rechten verbundenen Obligationen durch die Gesellschaft oder eine ihrer Gruppengesellschaften zu beschränken oder aufzuheben, falls (1) die Ausgabe zum Zwecke der Finanzierung oder Refinanzierung der Übernahme von Unternehmen, Unternehmensteilen, Beteiligungen oder Investitionen, oder (2) die Ausgabe auf nationalen oder internationalen Finanzmärkten oder im Rahmen einer Privatplatzierung erfolgt.
- Wird das Vorwegzeichnungsrecht weder direkt noch indirekt durch den Verwaltungsrat gewährt, gilt Folgendes:
- (a)
Die mit Rechten verbundenen Obligationen sind zu den jeweils marktüblichen Bedingungen auszugeben oder einzugehen; und
- (b)
der Umwandlungs-, Tausch- oder sonstige Ausübungspreis der mit Rechten verbundenen Obligationen ist unter Berücksichtigung des Marktpreises im Zeitpunkt der Ausgabe der mit Rechten verbundenen Obligationen festzusetzen; und
- (c)
die mit Rechten verbundenen Obligationen sind höchstens während 30 Jahren ab dem jeweiligen Zeitpunkt der betreffenden Ausgabe oder des betreffenden Abschlusses wandel-, tausch- oder ausübbar.

- 3 The Board of Directors shall be authorized to withdraw or limit the advance subscription rights of the shareholders in connection with the issuance by the Company or one of its group companies of Rights-Bearing Obligations if (1) the issuance is for purposes of financing or refinancing the acquisition of an enterprise, parts of an enterprise, participations or investments or (2) the issuance occurs in national or international capital markets or through a private placement.
- If the advance subscription rights are neither granted directly nor indirectly by the Board of Directors, the following shall apply:
- (a)
The Rights-Bearing Obligations shall be issued or entered into at market conditions; and
- (b)
the conversion, exchange or exercise price of the Rights-Bearing Obligations shall be set with reference to the market conditions prevailing at the date on which the Rights-Bearing Obligations are issued; and
- (c)
the Rights-Bearing Obligations may be converted, exchanged or exercised during a maximum period of 30 years from the date of the relevant issuance or entry.
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- 4 Bei der Ausgabe von Aktien oder mit Rechten verbundenen Obligationen gemäss Artikel 6 Absatz 1(b) dieser Statuten sind das Bezugsrecht wie auch das Vorwegzeichnungsrecht der Aktionäre der Gesellschaft ausgeschlossen. Die Ausgabe von Aktien oder mit Rechten verbundenen Obligationen an die in Artikel 6 Absatz 1(b) dieser Statuten genannten Personen erfolgt gemäss einem oder mehreren Beteiligungsplänen der Gesellschaft. Die Ausgabe von Aktien an die Artikel 6 Absatz 1(b) dieser Statuten genannten Personen kann zu einem Preis erfolgen, der unter dem Kurs der Börse liegt, an der die Aktien gehandelt werden, muss aber mindestens zum Nennwert erfolgen.
- 5 Die neuen Aktien, welche über die Ausübung von mit Rechten verbundenen Obligationen erworben werden, unterliegen den Eintragungsbeschränkungen in das Aktienbuch gemäss Artikel 7 und 9 dieser Statuten.

Artikel 7

- 1 Die Gesellschaft oder von ihr beauftragte Dritte führen ein Aktienbuch. Darin werden die Eigentümer und Nutzniesser der Aktien sowie Nominees mit Namen und Vornamen, Wohnort, Adresse und Staatsangehörigkeit (bei juristischen Personen mit Firma und Sitz) eingetragen. Die Gesellschaft oder der von ihr mit der Aktienbuchführung beauftragte Dritte ist berechtigt, bei Eintragung im Aktienbuch von der antragstellenden Person einen angemessenen Nachweis seiner Berechtigung an den Aktien zu verlangen. Ändert eine im Aktienbuch eingetragene Person ihre Adresse, so hat sie dies dem Aktienbuchführer mitzuteilen. Solange dies nicht geschehen ist, gelten alle brieflichen Mitteilungen der Gesellschaft an die im Aktienbuch eingetragenen Personen als rechtsgültig an die bisher im Aktienbuch eingetragene Adresse erfolgt.

Share Register,
Exercise of
Rights,
Restrictions on
Registration,
Nominees

- 4 The preemptive rights and advance subscription rights of the shareholders shall be excluded in connection with the issuance of any Shares or Rights-Bearing Obligations pursuant to Article 6 para 1(b) of these Articles of Association. Shares or Rights-Bearing Obligations shall be issued to any of the persons referred to in Article 6 para 1(b) of these Articles of Association in accordance with one or more benefit or incentive plans of the Company. Shares may be issued to any of the persons referred to in Article 6 para 1(b) of these Articles of Association at a price lower than the current market price quoted on the stock exchange on which the Shares are traded, but at least at par value.
- 5 The new Shares acquired through the exercise of Rights-Bearing Obligations shall be subject to the limitations for registration in the share register pursuant to Articles 7 and 9 of these Articles of Association.

Article 7

- 1 The Company shall maintain, itself or through a third party, a share register that lists the surname, first name, address and citizenship (in the case of legal entities, the company name and company seat) of the holders and usufructuaries of the Shares as well as the nominees. The Company or the third party maintaining the share register on behalf of the Company shall be entitled to request at the time of the entry into the share register from the Person requesting such entry appropriate evidence of that Person's title to the Shares. A person recorded in the share register shall notify the share registrar of any change in address. Until such notification shall have occurred, all written communication from the Company to persons of record shall be deemed to have validly been made if sent to the address recorded in the share register.

- 2 Ein Erwerber von Aktien wird auf Gesuch als Aktionär mit Stimmrecht im Aktienbuch eingetragen, vorausgesetzt, dass ein solcher Erwerber ausdrücklich erklärt, die Aktien im eigenen Namen und auf eigene Rechnung erworben zu haben. Der Verwaltungsrat kann Nominees, welche Aktien im eigenen Namen aber auf fremde Rechnung halten, als Aktionäre mit Stimmrecht im Aktienbuch der Gesellschaft eintragen. Die an den Aktien wirtschaftlich Berechtigten, welche die Aktien über einen Nominee halten, üben Aktionärsrechte mittelbar über den Nominee aus.
- 3 Der Verwaltungsrat kann nach Anhörung des eingetragenen Aktionärs dessen Eintragung im Aktienbuch als Aktionär mit Stimmrecht mit Rückwirkung auf das Datum der Eintragung streichen, wenn diese durch falsche oder irreführende Angaben zustande gekommen ist. Der Betroffene muss über die Streichung sofort informiert werden.

Artikel 8

Form der
Aktien

- 1 Die Gesellschaft gibt Aktien in Form von Einzelurkunden, Globalurkunden oder Wertrechten aus. Der Gesellschaft steht es im Rahmen der gesetzlichen Vorgaben frei, ihre in einer dieser Formen ausgegebenen Aktien jederzeit und ohne Zustimmung der Aktionäre in eine andere Form umzuwandeln. Die Gesellschaft trägt die Kosten, die bei einer solchen Umwandlung anfallen.
- 2 Ein Aktionär hat keinen Anspruch auf Umwandlung von in bestimmter Form ausgegebenen Aktien in eine andere Form. Jeder Aktionär kann jedoch jederzeit die Ausstellung einer Bescheinigung über die von ihm gemäss Aktienbuch gehaltenen Namenaktien verlangen.

Form of
Shares

- 2 An acquirer of Shares shall be recorded upon request in the share register as a shareholder with voting rights; *provided, however*, that any such acquirer expressly declares to have acquired the Shares in its own name and for its own account, save that the Board of Directors may record nominees who hold Shares in their own name, but for the account of third parties, as shareholders of record with voting rights in the share register of the Company. Beneficial owners of Shares who hold Shares through a nominee exercise the shareholders' rights through the intermediation of such nominee.
- 3 After hearing the registered shareholder concerned, the Board of Directors may cancel the registration of such shareholder as a shareholder with voting rights in the share register with retroactive effect as of the date of registration, if such registration was made based on false or misleading information. The relevant shareholder shall be informed promptly of the cancellation.

Article 8

- 1 The Company may issue Shares in the form of individual certificates, global certificates or uncertificated securities. Subject to applicable law, the Company may convert the Shares from one form into another form at any time and without the approval of the shareholders. The Company shall bear all cost associated with any such conversion.
- 2 A shareholder has no right to request a conversion of the Shares from one form into another form. Each shareholder may, however, at any time request a written attestation of the number of Shares held by it as reflected in the share register.

- 3 Werden Bucheffekten im Auftrag der Gesellschaft oder des Aktionärs von einer Verwahrungsstelle, einem Registrar, Transfer Agenten, einer Trust Gesellschaft, Bank oder einer ähnlichen Gesellschaft verwaltet (die **Verwahrungsstelle**), so setzt Wirksamkeit gegenüber der Gesellschaft voraus, dass diese Bucheffekten und die damit verbundenen Rechte unter Mitwirkung der Verwahrungsstelle übertragen oder daran Sicherheiten bestellt werden.
- 4 Für den Fall, dass die Gesellschaft beschliesst, Aktienzertifikate zu drucken und auszugeben, müssen die Aktienzertifikate die Unterschrift von zwei zeichnungsberechtigten Personen tragen. Mindestens eine dieser Personen muss ein Mitglied des Verwaltungsrates sein. Faksimile-Unterschriften sind erlaubt.

Artikel 9

Rechtsausübung

- 1 Die Gesellschaft anerkennt nur einen Vertreter pro Aktie.
- 2 Stimmrechte und die damit verbundenen Rechte können der Gesellschaft gegenüber von einem Aktionär, Nutzniesser der Aktien oder Nominee jeweils nur im Umfang ausgeübt werden, wie dieser mit Stimmrecht im Aktienbuch eingetragen ist.

Exercise of Rights

Abschnitt 3: *Gesellschaftsorgane*

A. Generalversammlung

Artikel 10

Zuständigkeit

Die Generalversammlung ist das oberste Organ der Gesellschaft.

Authority

Artikel 11

- 3 If intermediated securities are administered on behalf of the Company or a shareholder by an intermediary, registrar, transfer agent, trust company, bank or similar entity (the **Intermediary**), any transfer or grant of a security interest in such intermediated securities and the appurtenant rights associated therewith, in order for such transfer or grant of a security interest to be valid against the Company, requires the cooperation of the Intermediary.
- 4 If the Company decides to print and deliver share certificates, the share certificates shall bear the signatures of two duly authorized signatories of the Company, at least one of which shall be a member of the Board of Directors. These signatures may be facsimile signatures.

Article 9

- 1 The Company shall only accept one representative per Share.
- 2 Voting rights and appurtenant rights associated therewith may be exercised in relation to the Company by a shareholder, usufructuary of Shares or nominee only to the extent that such person is recorded in the share register with the right to exercise his voting rights.

Section 3: *Corporate Bodies*

A. General Meeting of Shareholders

Article 10

The General Meeting of Shareholders is the supreme corporate body of the Company.

Article 11

Ordentliche
Generalver-
sammlung

Die ordentliche Generalversammlung findet alljährlich innerhalb von sechs Monaten nach Schluss des Geschäftsjahres statt. Spätestens zwanzig Kalendertage vor der Versammlung sind der Geschäftsbericht, der Vergütungsbericht und die Revisionsberichte den Aktionären am Gesellschaftssitz zur Einsicht aufzulegen. Jeder Aktionär kann verlangen, dass ihm unverzüglich eine Ausfertigung des Geschäftsberichts, des Vergütungsberichts und der Revisionsberichte ohne Kostenfolge zugesandt wird. Die im Aktienbuch eingetragenen Aktionäre werden über die Verfügbarkeit des Geschäftsberichts, des Vergütungsberichts und der Revisionsberichte durch schriftliche Mitteilung unterrichtet.

Artikel 12

Ausser-ordentliche
Generalversammlung

- 1 Ausserordentliche Generalversammlungen finden in den vom Gesetz vorgesehenen Fällen statt, insbesondere, wenn der Verwaltungsrat es für notwendig oder angezeigt erachtet oder die Revisionsstelle dies verlangt.
- 2 Ausserdem muss der Verwaltungsrat eine ausserordentliche Generalversammlung einberufen, wenn es eine Generalversammlung so beschliesst oder wenn ein oder mehrere Aktionäre, welche zusammen mindestens den zehnten Teil des im Handelsregister eingetragenen Aktienkapitals vertreten, dies verlangen, unter der Voraussetzung, dass folgende Angaben gemacht werden: (a)(1) die Verhandlungsgegenstände, schriftlich unterzeichnet von dem/den antragstellenden Aktionär(en), (2) die Anträge sowie (3) der Nachweis der erforderlichen Anzahl der im Aktienbuch eingetragenen Aktien; und (b) die weiteren Informationen, die von der Gesellschaft nach den Regeln der U.S. Securities and Exchange Commission (SEC) in einem sog. Proxy Statement aufgenommen und veröffentlicht werden müssen.

Artikel 13

Annual
General
Meeting

The Annual General Meeting shall be held each year within six months after the close of the fiscal year of the Company. The Annual Report, the Compensation Report and the Auditor's Reports shall be made available for inspection by the shareholders at the registered office of the Company no later than twenty calendar days prior to the Annual General Meeting. Each shareholder is entitled to request prompt delivery of a copy of the Annual Report, the Compensation Report and the Auditor's Reports free of charge. Shareholders of record will be notified of the availability of the Annual Report, the Compensation Report and the Auditor's Reports in writing.

Article 12

Extraordinary
General
Meetings

- 1 Extraordinary General Meetings shall be held in the circumstances provided by law, in particular when deemed necessary or appropriate by the Board of Directors or if so requested by the Auditor.
- 2 An Extraordinary General Meeting shall further be convened by the Board of Directors upon resolution of a General Meeting of Shareholders or if so requested by one or more shareholders who, in the aggregate, represent at least one-tenth of the share capital recorded in the Commercial Register and who submit (a)(1) a request signed by such shareholder(s) that specifies the item(s) to be included on the agenda, (2) the respective proposals of the shareholders and (3) evidence of the required shareholdings recorded in the share register and (b) such other information as would be required to be included in a proxy statement pursuant to the rules of the U.S. Securities and Exchange Commission (SEC).

Article 13

Einberufung	1	Die Generalversammlung wird durch den Verwaltungsrat, nötigenfalls die Revisionsstelle, spätestens 20 Kalendertage vor dem Tag der Generalversammlung einberufen. Die Einberufung erfolgt durch einmalige Bekanntmachung im Publikationsorgan der Gesellschaft gemäss Artikel 32 dieser Statuten. Für die Einhaltung der Einberufungsfrist ist der Tag der Veröffentlichung der Einberufung im Publikationsorgan massgeblich, wobei der Tag der Veröffentlichung nicht mitzuzählen ist. Die im Aktienbuch eingetragenen Aktionäre können zudem auf dem ordentlichen Postweg über die Generalversammlung informiert werden.	Notice of Shareholders' Meetings	1	Notice of a General Meeting of Shareholders shall be given by the Board of Directors or, if necessary, by the Auditor, no later than twenty calendar days prior to the date of the General Meeting of Shareholders. Notice of the General Meeting of Shareholders shall be given by way of a one-time announcement in the official means of publication of the Company pursuant to Article 32 of these Articles of Association. The notice period shall be deemed to have been observed if notice of the General Meeting of Shareholders is published in such official means of publication, it being understood that the date of publication is not to be included for purposes of computing the notice period. Shareholders of record may in addition be informed of the General Meeting of Shareholders by ordinary mail.
	2	Die Einberufung muss die Verhandlungsgegenstände sowie die Anträge des Verwaltungsrates und des oder der Aktionäre, welche die Durchführung einer Generalversammlung oder die Traktandierung eines Verhandlungsgegenstandes verlangt haben, und bei Wahlgeschäften die Namen des oder der zur Wahl vorgeschlagenen Kandidaten enthalten.		2	The notice of a General Meeting of Shareholders shall specify the items on the agenda and the proposals of the Board of Directors and the shareholder(s) who requested that a General Meeting of Shareholders be held or an item be included on the agenda, and, in the event of elections, the name(s) of the candidate(s) that has or have been put on the ballot for election.
Artikel 14			Article 14		

- Traktandierung
- 1 Jeder Aktionär kann die Traktandierung eines Verhandlungsgegenstandes verlangen. Das Traktandierungsbegehren muss mindestens 30 Kalendertage vor dem Jahrestag des sog. Proxy Statements der Gesellschaft, das im Zusammenhang mit der Generalversammlung im jeweiligen Vorjahr veröffentlicht und gemäss den anwendbaren SEC Regeln bei der SEC eingereicht wurde, schriftlich unter Angabe des Verhandlungsgegenstandes und der Anträge sowie unter Nachweis der erforderlichen Anzahl im Aktienbuch eingetragenen Aktien eingereicht werden. Falls das Datum der anstehenden Generalversammlung mehr als 30 Kalendertage vor oder nach dem Jahrestag der vorangegangenen Generalversammlung angesetzt worden ist, ist das Traktandierungsbegehren stattdessen spätestens 10 Kalendertage nach dem Tag einzureichen, an dem die Gesellschaft das Datum der Generalversammlung öffentlich bekannt gemacht hat.
 - 2 Zu nicht gehörig angekündigten Verhandlungsgegenständen können keine Beschlüsse gefasst werden. Hiervon ausgenommen sind jedoch der Beschluss über den in einer Generalversammlung gestellten Antrag auf (i) Einberufung einer ausserordentlichen Generalversammlung sowie (ii) Durchführung einer Sonderprüfung gemäss Artikel 697a des Schweizerischen Obligationenrechts (**OR**).
 - 3 Zur Stellung von Anträgen im Rahmen der Verhandlungsgegenstände und zu Verhandlungen ohne Beschlussfassung bedarf es keiner vorgängigen Ankündigung.

Artikel 15

- Agenda
- 1 Any shareholder may request that an item be included on the agenda of a General Meeting of Shareholders. An inclusion of an item on the agenda must be requested in writing at least 30 calendar days prior to the anniversary date of the Company's proxy statement in connection with the previous year's General Meeting of Shareholders, as filed with the SEC pursuant to the applicable rules of the SEC, and shall specify in writing the relevant agenda items and proposals, together with evidence of the required shareholdings recorded in the share register; *provided, however*, that if the date of the General Meeting of Shareholders is more than 30 calendar days before or after such anniversary date, such request must instead be made at least by the 10th calendar day following the date on which the Company has made public disclosure of the date of the General Meeting of Shareholders.
 - 2 No resolution may be passed at a General Meeting of Shareholders concerning an agenda item in relation to which due notice was not given. Proposals made during a General Meeting of Shareholders to (i) convene an Extraordinary General Meeting or (ii) initiate a special investigation in accordance with article 697a of the Swiss Code of Obligations (**CO**) are not subject to the due notice requirement set forth herein.
 - 3 No prior notice is required to bring motions related to items already on the agenda or for the discussion of matters on which no resolution is to be taken.

Article 15

Vorsitz der
Generalver-
sammlung,
Protokoll,
Stimmzähler

- 1 An der Generalversammlung führt der Präsident des Verwaltungsrates oder, bei dessen Verhinderung, der Vizepräsident oder eine andere vom Verwaltungsrat bezeichnete Person den Vorsitz.
- 2 Der Vorsitzende der Generalversammlung bestimmt den Protokollführer und die Stimmzähler, die alle nicht Aktionäre sein müssen. Das Protokoll ist vom Vorsitzenden und vom Protokollführer zu unterzeichnen.
- 3 Der Vorsitzende der Generalversammlung hat sämtliche Leitungsbefugnisse, die für die ordnungsgemässe Durchführung der Generalversammlung nötig und angemessen sind.

Artikel 16

Recht auf
Teilnahme,
Vertretung der
Aktionäre

- 1 Jeder im Aktienbuch eingetragene Aktionär ist berechtigt, an der Generalversammlung und deren Beschlüssen teilzunehmen. Ein Aktionär kann sich an der Generalversammlung durch einen unabhängigen Stimmrechtsvertreter vertreten lassen, wobei die Vollmacht und die Weisungen an den unabhängigen Stimmrechtsvertreter auch in einer vom Verwaltungsrat von Zeit zu Zeit näher bestimmten elektronischen Form erteilt werden können, oder durch jeden anderen Bevollmächtigten, der jedoch kein Aktionär sein muss. Der Verwaltungsrat regelt die Einzelheiten über die Vertretung und Teilnahme an der Generalversammlung in Verfahrensvorschriften, einschliesslich mittels Verfahrensvorschriften in der Einladung zur Generalversammlung oder in den Stimmrechtskarten, die den Aktionären zugestellt werden.

Acting Chair,
Minutes, Vote
Counters

- 1 At the General Meeting of Shareholders the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or any other person designated by the Board of Directors, shall take the chair.
- 2 The acting chair of the General Meeting of Shareholders shall appoint the secretary and the vote counters, none of whom need be shareholders. The minutes of the General Meeting of Shareholders shall be signed by the acting chair and the secretary.
- 3 The acting chair of the General Meeting of Shareholders shall have all powers and authority necessary and appropriate to ensure the orderly conduct of the General Meeting of Shareholders.

Article 16

Right to
Participation
and
Representation

- 1 Each shareholder recorded in the share register is entitled to participate at the General Meeting of Shareholders and in any vote taken. The shareholders may be represented by the independent proxy, including, without limitation, by granting proxy and providing instructions to such independent proxy by electronic means, as determined by the Board of Directors from time to time, or by any other proxy who need not be a shareholder. The Board of Directors shall issue the particulars of the right to representation and participation at the General Meeting of Shareholders in procedural rules, including in procedural rules included in the notice of the General Meeting of Shareholders or the proxy cards made available to shareholders.



- 2 Die Aktionäre wählen den unabhängigen Stimmrechtsvertreter an einer Generalversammlung für eine Amtszeit bis zum Abschluss der nächsten ordentlichen Generalversammlung. Wiederwahl ist möglich. Ist das Amt des unabhängigen Stimmrechtsvertreters aus irgendeinem Grund vakant, ernennt der Verwaltungsrat den unabhängigen Stimmrechtsvertreter für die nächste Generalversammlung.

Artikel 17

Stimmrecht

Jede Aktie berechtigt zu einer Stimme. Das Stimmrecht untersteht den Bedingungen von Artikel 7 und 9 dieser Statuten.

Voting Rights

Artikel 18

Beschlüsse und Wahlen

- 1 Die Generalversammlung fasst Beschlüsse und entscheidet Wahlen, soweit das Gesetz oder diese Statuten es nicht anders bestimmen, mit der relativen Mehrheit der abgegebenen Aktienstimmen (wobei Enthaltungen, sog. Broker Nonvotes, leere oder ungültige Stimmen für die Bestimmung des Mehrs nicht berücksichtigt werden).
- 2 Die Generalversammlung entscheidet über die Wahl von Mitgliedern des Verwaltungsrates nach dem proportionalen Wahlverfahren, wonach diejenige Person, welche die grösste Zahl der abgegebenen Aktienstimmen für einen Verwaltungsratssitz erhält, als für den betreffenden Verwaltungsratssitz gewählt gilt. Aktienstimmen gegen einen Kandidaten, Stimmenthaltungen, sog. Broker Nonvotes, ungültige oder leere Stimmen haben für die Zwecke dieses Artikels 18 Abs. 2 keine Auswirkungen auf die Wahl von Mitgliedern des Verwaltungsrates.
- 3 Für die Abwahl von amtierenden Mitgliedern des Verwaltungsrates gilt das Mehrheitserfordernis gemäss Artikel 20 Abs. 2(e) sowie das Präsenzquorum von Artikel 21 Abs. 1(a).

Resolutions and Elections

- 2 Shareholders shall elect the independent proxy at a General Meeting of Shareholders for a term of office extending until completion of the next Annual General Meeting. Re-election is possible. If the office of the independent proxy is vacant, for any reason, the Board of Directors shall appoint the independent proxy for the next General Meeting of Shareholders.

Article 17

Each Share shall convey the right to one vote. The right to vote is subject to the conditions of Articles 7 and 9 of these Articles of Association.

Article 18

- 1 Unless otherwise required by law or these Articles of Association, the General Meeting of Shareholders shall take resolutions and decide elections upon a relative majority of the votes cast at the General Meeting of Shareholders (whereby abstentions, broker nonvotes, blank or invalid ballots shall be disregarded for purposes of establishing the majority).
- 2 The General Meeting of Shareholders shall decide elections of members of the Board of Directors upon a plurality of the votes cast at the General Meeting of Shareholders. A plurality means that the individual who receives the largest number of votes for a board seat is elected to that board seat. Votes against any candidate, abstentions, broker nonvotes, blank or invalid ballots shall have no impact on the election of members of the Board of Directors under this Article 18 para. 2.
- 3 For the removal of a serving member of the Board of Directors, the voting requirement set forth in Article 20 para. 2(e) and the presence quorum set forth in Article 21 para. 1(a) shall apply.

- 4 Die Abstimmungen und Wahlen erfolgen offen, es sei denn, dass die Generalversammlung schriftliche Abstimmung respektive Wahl beschliesst oder der Vorsitzende dies anordnet. Der Vorsitzende kann Abstimmungen und Wahlen auch mittels elektronischem Verfahren durchführen lassen. Elektronische Abstimmungen und Wahlen sind schriftlichen Abstimmen und Wahlen gleichgestellt.
- 5 Der Vorsitzende kann eine offene Wahl oder Abstimmung immer durch eine schriftliche oder elektronische wiederholen lassen, sofern nach seiner Meinung Zweifel am Abstimmungsergebnis bestehen. In diesem Fall gilt die vorausgegangene offene Wahl oder Abstimmung als nicht geschehen.

Artikel 19

- 4 Resolutions and elections shall be decided by a show of hands, unless a written ballot is resolved by the General Meeting of Shareholders or is ordered by the acting chair of the General Meeting of Shareholders. The acting chair may also hold resolutions and elections by use of an electronic voting system. Electronic resolutions and elections shall be considered equal to resolutions and elections taken by way of a written ballot.
- 5 The chair of the General Meeting of Shareholders may at any time order that an election or resolution decided by a show of hands be repeated by way of a written or electronic ballot if he considers the vote to be in doubt. The resolution or election previously held by a show of hands shall then be deemed to have not taken place.

Article 19

Der Generalversammlung sind folgende
Geschäfte vorbehalten:

- (a)
Die Festsetzung und Änderung dieser
Statuten;
- (b)
die Wahl der Mitglieder des
Verwaltungsrates, des
Verwaltungsratspräsidenten, der
Mitglieder des Vergütungsausschusses,
der Revisionsstelle und des unabhängigen
Stimmrechtsvertreters;
- (c)
die Genehmigung des Lageberichts und
der Konzernrechnung;
- (d)
die Genehmigung der Jahresrechnung
sowie die Beschlussfassung über die
Verwendung des Bilanzgewinnes,
insbesondere die Festsetzung der
Dividende;
- (e)
die Genehmigung der Vergütung des
Verwaltungsrates und der
Geschäftsleitung gemäss Artikel 29a
dieser Statuten;
- (f)
die Entlastung der Mitglieder des
Verwaltungsrates und der
Geschäftsleitung;
- (g)
die Genehmigung eines
Zusammenschlusses mit einem
Nahestehenden Aktionär (gemäss der
Definition dieser Begriffe in Artikel 35
dieser Statuten); und
- (h)
die Beschlussfassung über die
Gegenstände, die der
Generalversammlung durch das Gesetz
oder die Statuten vorbehalten sind oder
ihr, vorbehältlich Artikel 716a OR, durch
den Verwaltungsrat vorgelegt werden.

Artikel 20

The following powers shall be vested
exclusively in the General Meeting of
Shareholders:

- (a)
The adoption and amendment of
these Articles of Association;
- (b)
the election of the members of the
Board of Directors, the Chair of
the Board of Directors, the
members of the Compensation
Committee, the Auditor and the
independent proxy;
- (c)
the approval of the Management
Report and the Consolidated
Financial Statements;
- (d)
the approval of the Annual
Statutory Financial Statements of
the Company and the resolution on
the allocation of profit shown on
the Annual Statutory Balance
Sheet, in particular the
determination of any dividend;
- (e)
the ratification of the
compensation of the Board of
Directors and the Executive
Management Team pursuant to
Article 29a of these Articles of
Association;
- (f)
the discharge from liability of the
members of the Board of Directors
and the Executive Management
Team;
- (g)
the approval of a Business
Combination with an Interested
Shareholder (as each such term is
defined in Article 35 of these
Articles of Association); and
- (h)
the adoption of resolutions on
matters that are reserved to the
General Meeting of Shareholders
by law, these Articles of
Association or, subject to article
716a CO, that are submitted to the
General Meeting of Shareholders
by the Board of Directors.

Article 20

- 1 Ein Beschluss der Generalversammlung, der mindestens zwei Drittel der an der Generalversammlung vertretenen Stimmen und die absolute Mehrheit der an der Generalversammlung vertretenen Aktiennennwerte auf sich vereinigt, ist erforderlich für:
- (a) Die Ergänzung oder Änderung des Gesellschaftszweckes gemäss Artikel 2 dieser Statuten;
 - (b) die Einführung und Abschaffung von Stimmrechtsaktien;
 - (c) die Beschränkung der Übertragbarkeit der Aktien und die Aufhebung einer solche Beschränkung;
 - (d) die Beschränkung der Ausübung des Stimmrechts und die Aufhebung einer solchen Beschränkung;
 - (e) eine genehmigte oder bedingte Kapitalerhöhung;
 - (f) die Kapitalerhöhung (i) aus Eigenkapital, (ii) gegen Sacheinlage oder zwecks Sachübernahme oder (iii) die Gewährung von besonderen Vorteilen;
 - (g) die Einschränkung oder Aufhebung des Bezugsrechts;
 - (h) die Verlegung des Sitzes der Gesellschaft;
 - (i) die Umwandlung von Namen- in Inhaberaktien und umgekehrt; und
 - (j) die Auflösung der Gesellschaft.

- 2 Ein Beschluss der Generalversammlung, der mindestens zwei Drittel aller stimmberechtigten Aktien auf sich vereinigt, ist erforderlich für:
- (a) Jede Änderung von Artikel 14 Abs. 1 dieser Statuten;
 - (b) jede Änderung von Artikel 18 dieser Statuten;
 - (c) jede Änderung dieses Artikels 20 Abs. 2;

The approval of at least two-thirds of the votes and the absolute majority of the par value of Shares, each as represented at a General Meeting of Shareholders, shall be required for resolutions with respect to:

- (a) The amendment or modification of the purpose of the Company as described in Article 2 of these Articles of Association;
- (b) the creation and the cancelation of shares with privileged voting rights;
- (c) the restriction on the transferability of Shares and the cancelation of such restriction;
- (d) the restriction on the exercise of the right to vote and the cancelation of such restriction;
- (e) an authorized or conditional increase in share capital;
- (f) an increase in share capital (i) through the conversion of capital surplus, (ii) through contribution in kind or for purposes of an acquisition of assets, or (iii) the granting of special privileges;
- (g) the limitation on or withdrawal of preemptive rights;
- (h) the relocation of the registered office of the Company;
- (i) the conversion of registered shares into bearer shares and vice versa; and
- (j) the dissolution of the Company.

- 2 The approval of at least two-thirds of the Shares entitled to vote shall be required for:

- (a) Any change to Article 14 para. 1 of these Articles of Association;
- (b) any change to Article 18 of these Articles of Association;
- (c) any change to this Article 20 para. 2;

- (d) jede Änderung von Artikel 21, 22, 23 oder 24 dieser Statuten; und
- (e) die Abwahl eines amtierenden Mitglieds des Verwaltungsrates.
- 3 Zusätzlich zu etwaigen gesetzlich bestehenden Zustimmungserfordernissen ist ein Beschluss der Generalversammlung mit einer Mehrheit, die mindestens die Summe von: (i) zwei Drittel aller stimmberechtigten Aktien; zuzüglich (ii) einer Zahl von stimmberechtigten Aktien, die einem Drittel der von Nahestehenden Aktionären (wie in Artikel 35 dieser Statuten definiert) gehaltenen Aktienstimmen entspricht, auf sich vereinigt, erforderlich für (1) jeden Zusammenschluss der Gesellschaft mit einem Nahestehenden Aktionär innerhalb eines Zeitraumes von drei Jahren, seitdem diese Person zu einem Nahestehenden Aktionär wurde, (2) jede Änderung von Artikel 19(f) dieser Statuten oder (3) jede Änderung von Artikel 20 Abs. 3 dieser Statuten (einschliesslich der dazugehörigen Definitionen in Artikel 35 dieser Statuten). Das im vorangehenden Satz aufgestellte Zustimmungserfordernis ist jedoch nicht anwendbar falls:
- (a) der Verwaltungsrat, bevor diese Person zu einem Nahestehenden Aktionär wurde, entweder den Zusammenschluss oder eine andere Transaktion genehmigte, als Folge derer diese Person zu einem Nahestehenden Aktionär wurde;

- (d) any change to Article 21, 22, 23 or 24 of these Articles of Association; and
- (e) a resolution with respect to the removal of a serving member of the Board of Directors.
- 3 In addition to any approval that may be required under applicable law, the approval of a majority at least equal to the sum of: (i) two-thirds of the Shares entitled to vote; plus (ii) a number of Shares entitled to vote that is equal to one-third of the number of Shares held by Interested Shareholders (as defined in Article 35 of these Articles of Association), shall be required for the Company to (1) engage in any Business Combination with an Interested Shareholder for a period of three years following the time that such Person became an Interested Shareholder, (2) amend Article 19(f) of these Articles of Association or (3) amend this Article 20 para. 3 of these Articles of Association (including any of the definitions pertaining thereto as set forth in Article 35 of these Articles of Association); *provided, however*, that the approval requirement in the preceding sentence shall not apply if:
- (a) Prior to such time that such Person became an Interested Shareholder, the Board of Directors approved either the Business Combination or the transaction which resulted in such Person becoming an Interested Shareholder;
-

(b)
nach Vollzug der Transaktion, als Folger dieser Person zu einem Nahestehenden Aktionär wurde, der Nahestehende Aktionär mindestens 85% der unmittelbar vor Beginn der betreffenden Transaktion allgemein stimmberechtigten Aktien hält, wobei zur Bestimmung der Anzahl der allgemein stimmberechtigten Aktien (nicht jedoch zur Bestimmung der durch den Nahestehenden Aktionär gehaltenen Aktien) folgende Aktien nicht zu berücksichtigen sind: Aktien, (x) welche von Personen gehalten werden, die sowohl Verwaltungsrats- wie Geschäftsleitungsmitglieder sind, und (y) welche für Mitarbeiteraktienpläne reserviert sind, soweit die diesen Plänen unterworfenen Mitarbeiter nicht das Recht haben, unter Wahrung der Vertraulichkeit darüber zu entscheiden, ob Aktien, die dem betreffenden Mitarbeiteraktienplan unterstehen, in einem Übernahme- oder Austauschangebot angedient werden sollen oder nicht;

(c)
eine Person unbeabsichtigterweise zu einem Nahestehenden Aktionär wird und (x) das Eigentum an einer genügenden Anzahl Aktien sobald als möglich veräußert, so dass sie nicht mehr länger als Nahestehender Aktionär qualifiziert und (y) zu keinem Zeitpunkt während der drei dem Zusammenschluss zwischen der Gesellschaft und dieser Person unmittelbar vorangehenden Jahren als Nahestehender Aktionär gegolten hätte, ausgenommen aufgrund des unbeabsichtigten Erwerbs der Eigentümerschaft.

(b)
upon consummation of the transaction which resulted in such Person becoming an Interested Shareholder, the Interested Shareholder Owned at least 85% of the Shares generally entitled to vote at the time the transaction commenced, excluding for purposes of determining such number of Shares then in issue (but not for purposes of determining the Shares Owned by the Interested Shareholder), those Shares Owned (x) by Persons who are both members of the Board of Directors and officers of the Company and (y) by employee share plans in which employee participants do not have the right to determine confidentially whether Shares held subject to the plan will be tendered in a tender or exchange offer;

(c)
a Person becomes an Interested Shareholder inadvertently and (x) as soon as practicable divests itself of Ownership of sufficient Shares so that such Person ceases to be an Interested Shareholder and (y) would not, at any time within the three-year period immediately prior to a Business Combination between the Company and such Person, have been an Interested Shareholder but for the inadvertent acquisition of Ownership;

(d) der Zusammenschluss vor Vollzug oder Verzicht auf und nach öffentlicher Bekanntgabe oder der nach diesem Abschnitt erforderlichen Mitteilung (was auch immer früher erfolgt) eine(r) beabsichtigten Transaktion vorgeschlagen wird, welche (i) eine der Transaktionen im Sinne des zweiten Satzes dieses Artikels 20 Abs. 3(d) darstellt; (ii) mit oder von einer Person abgeschlossen wird, die entweder während den letzten drei Jahren kein Nahestehender Aktionär war oder zu einem Nahestehenden Aktionär mit der Genehmigung des Verwaltungsrates wurde; und (iii) von einer Mehrheit der dann zum amtierenden Mitglieder des Verwaltungsrates (aber mindestens einem) genehmigt oder nicht abgelehnt wird, die entweder bereits Verwaltungsratsmitglieder waren, bevor in den drei vorangehenden Jahren irgendeine Person zu einem Nahestehenden Aktionär wurde, oder die auf Empfehlung einer Mehrheit solcher Verwaltungsratsmitglieder als deren Nachfolger zur Wahl vorgeschlagen wurden. Die im vorangehenden Satz erwähnten beabsichtigten Transaktionen sind auf folgende beschränkt: (x) eine Fusion oder andere Form des Zusammenschlusses der Gesellschaft (mit Ausnahme einer Fusion, welche keine Genehmigung durch die Generalversammlung der Gesellschaft voraussetzt); (y) ein Verkauf, eine Vermietung oder Verpachtung, hypothekarische Belastung oder andere Verpfändung, Übertragung oder andere Verfügung (ob in einer oder mehreren Transaktionen), einschliesslich im Rahmen eines Tauschs, von Vermögenswerten der Gesellschaft oder einer direkten oder indirekten Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird (jedoch nicht an eine direkt oder indirekt zu 100% gehaltene Konzerngesellschaft oder an die Gesellschaft), soweit diese Vermögenswerte einen Marktwert von 50% oder mehr entweder des auf konsolidierter Basis aggregierten Marktwertes aller Vermögenswerte der Gesellschaft oder des aggregierten Marktwertes aller dann ausgegebenen Aktien haben, unabhängig davon, ob eine dieser Transaktionen Teil einer Auflösung der Gesellschaft ist oder nicht; oder (z) ein vorgeschlagenes Übernahme- oder Umtauschangebot für 50% oder mehr der ausstehenden Stimmrechte der Gesellschaft. Die Gesellschaft muss Nahestehenden Aktionären sowie den übrigen Aktionären den Vollzug einer der unter (x) oder (y) des zweiten Satzes dieses

(d) the Business Combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (i) constitutes one of the transactions described in the second sentence of this Article 20 para. 3(d); (ii) is with or by a person who either was not an Interested Shareholder during the previous three years or who became an Interested Shareholder with the approval of the Board of Directors; and (iii) is approved or not opposed by a majority of the members of the Board of Directors then in office (but not less than one) who were Directors prior to any person becoming an Interested Shareholder during the previous three years or were recommended for election to succeed such Directors by a majority of such Directors. The proposed transactions referred to in the preceding sentence are limited to (x) a merger or consolidation of the Company (except for a merger in respect of which no vote of the Company's shareholders is required); (y) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-Owned subsidiary of the Company (other than to any direct or indirect wholly Owned subsidiary or to the Company) having an aggregate market value equal to 50% or more of either that aggregate market value of all of the assets of the Company determined on a consolidated basis or the aggregate market value of all the issued shares; or (z) a proposed tender or exchange offer for 50% or more of the voting shares then in issue. The Company shall give not less than 20 days' notice to all Interested Shareholders as well as to the other shareholders prior to the consummation of any of the transactions described in clause (x) or (y) of the second sentence of this Article 20 para. 3(d).

Artikels 20 Abs. 3(d) erwähnten
Transaktionen mindestens 20
Kalendertage vorher mitteilen.

Artikel 21			Article 21		
Präsenzquorum	1	Die nachfolgend aufgeführten Angelegenheiten erfordern zum Zeitpunkt der Konstituierung der Generalversammlung ein Präsenzquorum von Aktionären oder deren Vertretern, welche mindestens zwei Drittel des im Handelsregister eingetragenen Aktienkapitals vertreten, damit die Generalversammlung beschlussfähig ist: (a) Die Beschlussfassung über die Abwahl eines amtierenden Verwaltungsratsmitglieds; und (b) die Beschlussfassung, diesen Artikel 21 oder Artikel 18, 19(f), 20, 22, 23 oder 24 dieser Statuten zu ergänzen, zu ändern, nicht anzuwenden oder ausser Kraft zu setzen.	Presence Quorum	1	The matters set forth below require that a quorum of shareholders of record holding in person or by proxy at least two-thirds of the share capital recorded in the Commercial Register are present at the time when the General Meeting of Shareholders proceeds to business: (a) the adoption of a resolution to remove a serving Director; and (b) the adoption of a resolution to amend, vary, suspend the operation of, disapply or cancel this Article 21 or Articles 18, 19(f), 20, 22, 23 or 24 of these Articles of Association.
	2	Jede andere Beschlussfassung oder Wahl setzt zu ihrer Gültigkeit voraus, dass zum Zeitpunkt der Konstituierung der Generalversammlung zumindest die Mehrheit aller stimmberechtigten Aktien anwesend ist. Die Aktionäre können mit der Behandlung der Traktanden fortfahren, selbst wenn Aktionäre nach Bekanntgabe des Quorums durch den Vorsitzenden die Generalversammlung verlassen und damit weniger als das geforderte Präsenzquorum an der Generalversammlung verbleibt.		2	The adoption of any other resolution or election requires that at least a majority of all the Shares entitled to vote be represented at the time when the General Meeting of Shareholders proceeds to business. The shareholders present at a General Meeting of Shareholders may continue to transact business, despite the withdrawal of shareholders from such General Meeting of Shareholders following announcement of the presence quorum at that meeting.
<i>B. Verwaltungsrat</i>			<i>B. Board of Directors</i>		
Artikel 22			Article 22		
Anzahl der Verwaltungsräte		Der Verwaltungsrat besteht aus mindestens zwei und höchstens 11 Mitgliedern. Vorbehalten bleibt Artikel 38 dieser Statuten.	Number of Directors		The Board of Directors shall consist of no less than two and no more than 11 members. Article 38 of these Articles of Association remains reserved.
	Artikel 23			Article 23	

Amtsdauer		Term of Office	
	1		1
	2		2

Die Aktionäre wählen die Mitglieder des Verwaltungsrates und den Verwaltungsratspräsidenten einzeln an einer Generalversammlung für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung. Wiederwahl ist möglich. Ist das Amt des Verwaltungsratspräsidenten aus irgendeinem Grund vakant, ernennt der Verwaltungsrat den Verwaltungsratspräsidenten für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung.

Wenn ein Verwaltungsratsmitglied vor Ablauf seiner Amtsdauer aus welchen Gründen auch immer ersetzt wird, endet die Amtsdauer des an seiner Stelle gewählten neuen Verwaltungsratsmitgliedes mit dem Ende der Amtsdauer seines Vorgängers.

The Shareholders shall elect the members of the Board of Directors and the Chair of the Board of Directors individually at a General Meeting of Shareholders for a term of office extending until completion of the next Annual General Meeting. Re-election is possible. If the office of the Chair of the Board of Directors is vacant, for any reason, the Board of Directors shall appoint the Chair from among its members for a term of office extending until completion of the next Annual General Meeting.

If, before the expiration of his term of office, a Director should be replaced for whatever reason, the term of office of the newly elected member of the Board of Directors shall expire at the end of the term of office of his predecessor.

Artikel 24

- Organisation des 1 Vorbehältlich der Wahl des
Verwaltungs- rates, Verwaltungsratspräsidenten und der
Entschädigung Mitglieder des Vergütungsausschusses
durch die Aktionäre an einer
Generalversammlung bestimmt der
Verwaltungsrat seine Organisation selbst.
Er kann einen oder mehrere Vize-
Präsidenten wählen. Er bestellt weiter
einen Sekretär, welcher nicht Mitglied des
Verwaltungsrates sein muss. Der
Verwaltungsrat regelt unter Vorbehalt der
Bestimmungen des Gesetzes und dieser
Statuten die Einzelheiten seiner
Organisation in einem
Organisationsreglement.
- 2 *[absichtlich leer gelassen]*

Article 24

- Organization of 1 Except for the election of the Chair of
the Board, the Board of Directors and the
Remuneration members of the Compensation
Committee by the shareholders at a
General Meeting of Shareholders, the
Board of Directors shall determine its
own organization. It may elect one or
more Vice-Chairs. It shall further
appoint a Secretary, who need not be
a member of the Board of
Directors. Subject to applicable law
and these Articles of Association, the
Board of Directors shall establish the
particulars of its organization in
organizational regulations.
- 2 *[intentionally omitted]*
-

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| 3 | <p>Soweit gesetzlich zulässig, hält die Gesellschaft aktuelle und ehemalige Mitglieder des Verwaltungsrates und der Geschäftsleitung sowie deren Erben, Konkurs- oder Nachlassmassen aus Gesellschaftsmitteln für Schäden, Verluste und Kosten aus drohenden, hängigen oder abgeschlossenen Klagen, Verfahren oder Untersuchungen zivil-, straf- oder verwaltungsrechtlicher oder anderer Natur schadlos, welche ihnen oder ihren Erben, Konkurs- oder Nachlassmassen entstehen aufgrund von tatsächlichen oder behaupteten Handlungen, Zustimmungen oder Unterlassungen im Zusammenhang mit der Ausübung ihrer Pflichten oder behaupteten Pflichten oder aufgrund der Tatsache, dass sie Mitglied des Verwaltungsrates oder der Geschäftsleitung der Gesellschaft sind oder waren oder auf Aufforderung der Gesellschaft als Mitglied des Verwaltungsrates, der Geschäftsleitung oder als Arbeitnehmer oder Agent eines anderen Unternehmens, einer anderen Gesellschaft, einer nicht-rechtsfähigen Personengesellschaft oder eines Trusts sind oder waren. Diese Pflicht zur Schadloshaltung besteht nicht, soweit in einem endgültigen, nicht weiterziehbaren Entscheid eines zuständigen Gerichts bzw. einer zuständigen Verwaltungsbehörde entschieden worden ist, dass eine der genannten Personen ihre Pflichten als Mitglied des Verwaltungsrates oder der Geschäftsleitung absichtlich oder grobfahrlässig verletzt hat.</p> | 3 | <p>The Company shall indemnify and hold harmless, to the fullest extent permitted by law, the existing and former members of the Board of Directors and officers, and their heirs, executors and administrators, out of the assets of the Company from and against all threatened, pending or completed actions, suits or proceedings – whether civil, criminal, administrative or investigative – and all costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done or alleged to be done, concurred or alleged to be concurred in or omitted or alleged to be omitted in or about the execution of their duty, or alleged duty, or by reason of the fact that he is or was a member of the Board of Director or officer of the Company, or while serving as a member of the Board of Director or officer of the Company is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise; <i>provided, however,</i> that this indemnity shall not extend to any matter in which any of said persons is found, in a final judgment or decree of a court or governmental or administrative authority of competent jurisdiction not subject to appeal, to have committed an intentional or grossly negligent breach of his statutory duties as a member of the Board of Director or officer.</p> |
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- 4 Ohne den vorangehenden Absatz 3 dieses Artikels 24 einzuschränken, bevorschusst die Gesellschaft Mitgliedern des Verwaltungsrates und der Geschäftsleitung Gerichts- und Anwaltskosten. Die Gesellschaft kann solche Vorschüsse zurückfordern, wenn ein zuständiges Gericht oder eine zuständige Verwaltungsbehörde in einem endgültigen, nicht weiterziehbaren Urteil bzw. Entscheid zum Schluss kommt, dass eine der genannten Personen ihre Pflichten als Mitglied des Verwaltungsrates oder der Geschäftsleitung absichtlich oder grobfahrlässig verletzt hat.

Artikel 25

Befugnisse des
Verwaltungs-
rates

- 1 Der Verwaltungsrat hat die in Artikel 716a OR statuierten unübertragbaren und unentziehbaren Aufgaben, insbesondere:
- (a) die Oberleitung der Gesellschaft und die Erteilung der nötigen Weisungen;
 - (b) die Festlegung der Organisation; und
 - (c) die Oberaufsicht über die mit der Geschäftsführung betrauten Personen, namentlich im Hinblick auf die Befolgung der Gesetze, Statuten, Reglemente und Weisungen.
- 2 Der Verwaltungsrat kann überdies in allen Angelegenheiten Beschluss fassen, die nicht nach Gesetz oder Statuten der Generalversammlung zugeteilt sind.
- 3 Der Verwaltungsrat kann Beteiligungspläne der Gesellschaft der Generalversammlung zur Genehmigung vorlegen.

Artikel 26

- 4 Without limiting the foregoing paragraph 3 of this Article 24, the Company shall advance court costs and attorneys' fees to the existing and former members of the Board of Directors and officers. The Company may however recover such advanced costs if any of said persons is found, in a final judgment or decree of a court or governmental or administrative authority of competent jurisdiction not subject to appeal, to have committed an intentional or grossly negligent breach of his statutory duties as a Director of officer.

Article 25

Specific
Powers of
the Board

- 1 The Board of Directors has the non-delegable and inalienable duties as specified in Article 716a CO, in particular:
- (a) the ultimate direction of the business of the Company and the issuance of the required directives;
 - (b) the determination of the organization of the Company; and
 - (c) the ultimate supervision of the persons entrusted with management duties, in particular with regard to compliance with law, these Articles of Association, regulations and directives.
- 2 In addition, the Board of Directors may pass resolutions with respect to all matters that are not reserved to the General Meeting of Shareholders by law or under these Articles of Association.
- 3 The Board of Directors may submit benefit or incentive plans of the Company to the General Meeting of Shareholders for approval.

Article 26

Übertragung von
Befugnissen

Der Verwaltungsrat kann unter Vorbehalt von Artikel 25 Abs. 1 dieser Statuten sowie der Vorschriften des OR die Geschäftsleitung nach Massgabe eines Organisationsreglements ganz oder teilweise an eines oder mehrere seiner Mitglieder, an einen oder mehrere Ausschüsse des Verwaltungsrates oder an Dritte übertragen. Die Verwaltungsratsmitglieder, Ausschüsse oder die Dritten, die vom Verwaltungsrat mit Geschäftsaufgaben betraut sind, werden in diesen Statuten als "**Geschäftsleitung**" bezeichnet.

Delegation of
Powers

Subject to Article 25 para. 1 of these Articles of Association and the applicable provisions of the CO, the Board of Directors may delegate the executive management of the Company in whole or in part to individual directors, one or more committees of the Board of Directors or to persons other than Directors pursuant to organizational regulations. The directors, committees or persons to whom the Board of Directors delegates executive management shall be referred to in these Articles of Association as the "**Executive Management Team**."

Artikel 27

Sitzungen des
Verwaltungsrats

- 1 Sofern das vom Verwaltungsrat erlassene Organisationsreglement nichts anderes festlegt, ist zur gültigen Beschlussfassung über Geschäfte des Verwaltungsrates die Anwesenheit einer Mehrheit der Mitglieder des gesamten Verwaltungsrates notwendig. Kein Präsenzquorum ist erforderlich für die Statutenanpassungs- und Feststellungsbeschlüsse des Verwaltungsrates im Zusammenhang mit Kapitalerhöhungen.

Meeting of the
Board of
Directors

Article 27

- 1 Except as otherwise set forth in organizational regulations of the Board of Directors, the attendance quorum necessary for the transaction of the business of the Board of Directors shall be a majority of the whole Board of Directors. No attendance quorum shall be required for resolutions of the Board of Directors providing for the confirmation of a capital increase or for the amendment of the Articles of Association in connection therewith.

- 2 Der Verwaltungsrat fasst seine Beschlüsse mit einer Mehrheit der von den anwesenden Verwaltungsräten abgegebenen Stimmen, vorausgesetzt, das Präsenzquorum von Absatz 1 dieses Artikels 27 ist erfüllt. Der Vorsitzende hat bei Stimmengleichheit keinen Stichentscheid.

- 2 The Board of Directors shall pass its resolutions with the majority of the votes cast by the Directors present at a meeting at which the attendance quorum of para. 1 of this Article 27 is satisfied. The Chairman shall have no casting vote.

Artikel 28

Zeichnungs-
berechtigung

Die rechtsverbindliche Vertretung der Gesellschaft durch Mitglieder des Verwaltungsrates und durch Dritte wird in einem Organisationsreglement festgelegt.

Signature
Power

Article 28

The due and valid representation of the Company by members of the Board of Directors and other persons shall be set forth in organizational regulations.

B^{bis}. Vergütungsausschuss

Artikel 28a

Amtsdauer,
Organisation des
Vergütungs-
ausschusses

- 1 Der Vergütungsausschuss (der **Vergütungsausschuss**) ist der Ausschuss des Verwaltungsrates, der für Vergütungsfragen zuständig ist. Er besteht aus mindestens drei (3) Mitgliedern des Verwaltungsrates. Die Mitglieder des Vergütungsausschusses müssen die anwendbaren Anforderungen an Unabhängigkeit, Erfahrung oder andere regulatorische oder börsenspezifische Anforderungen erfüllen.
- 2 Die Aktionäre wählen die Mitglieder des Vergütungsausschusses einzeln an einer Generalversammlung für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung. Wiederwahl ist möglich. Ist der Vergütungsausschuss nicht vollständig besetzt, ernennt der Verwaltungsrat aus seiner Mitte Ersatzmitglieder für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung.
- 3 Der Verwaltungsrat ernennt den Vorsitzenden des Vergütungsausschusses. Unter Vorbehalt der Bestimmungen des Gesetzes und dieser Statuten regelt der Verwaltungsrat die Einzelheiten der Organisation des Vergütungsausschusses in einem Reglement oder einer Satzung.

Artikel 28b

B^{bis}. Compensation Committee

Article 28a

Term of office,
Organization of
the
Compensation
Committee

- 1 The compensation committee (the **Compensation Committee**) shall be the committee of the Board of Directors responsible for compensation matters. It shall consist of no fewer than three (3) members of the Board of Directors. The members of the Compensation Committee shall meet any applicable independence, experience or other regulatory or stock exchange requirements.
- 2 The shareholders shall elect the members of the Compensation Committee individually at a General Meeting of Shareholders for a term of office extending until completion of the next Annual General Meeting. Re-election is possible. If there are vacancies on the Compensation Committee, the Board of Directors shall appoint from among its members substitutes for a term of office extending until completion of the next Annual General Meeting.
- 3 The Board of Directors shall elect the Chair of the Compensation Committee. Subject to applicable law and these Articles of Association, the Board of Directors shall establish the particulars of the organization of the Compensation Committee in regulations or in a charter.

Article 28b

Befugnisse und Pflichten	<p>1 Der Vergütungsausschuss hat unter anderem die Aufgabe, den Verwaltungsrat (1) bei der Erarbeitung eines angemessenen Vergütungs- und Leistungsprogrammes für die Mitglieder des Verwaltungsrates und der Geschäftsleitung und (2) bei der Vorbereitung der Anträge des Verwaltungsrates an die Generalversammlung betreffend die Vergütung des Verwaltungsrates und der Geschäftsleitung zu unterstützen. Der Vergütungsausschuss übernimmt weiter andere mit der Vergütung in Zusammenhang stehende Aufgaben, wie sie von Zeit zu Zeit vom Verwaltungsrat an ihn delegiert werden.</p> <p>2 Der Verwaltungsrat regelt die Einzelheiten der Befugnisse und Pflichten des Vergütungsausschusses in einem Reglement oder einer Satzung. Insbesondere legt der Verwaltungsrat fest, inwieweit der Vergütungsausschuss Leistungsziele, Zielwerte und die individuelle Vergütung der Mitglieder des Verwaltungsrates und der Geschäftsleitung selbst bestimmt, und inwieweit der Vergütungsausschuss dem Verwaltungsrat Vorschläge hierzu zur definitiven Beschlussfassung unterbreitet.</p> <p>3 Der Verwaltungsrat kann weitere Befugnisse und Pflichten an den Vergütungsausschuss delegieren.</p>	Powers and Duties	<p>1 The Compensation Committee shall, among other things, assist the Board of Directors in (1) developing an appropriate compensation and benefit program for the members of the Board of Directors and the Executive Management Team and (2) preparing the proposals of the Board of Directors to the General Meeting of Shareholders regarding the compensation of the Board of Directors and the Executive Management Team. The Compensation Committee shall further perform such other compensation-related duties as delegated to it by the Board of Directors from time to time.</p> <p>2 The Board of Directors shall establish the particulars of the powers and duties of the Compensation Committee in regulations or in a charter. In particular, the Board of Directors shall establish to what extent the Compensation Committee shall determine performance objectives, target values and the individual compensation of the members of the Board of Directors and the Executive Management Team itself, and to what extent the Compensation Committee shall submit proposals in relation thereto to the Board of Directors for its final determination.</p> <p>3 The Board of Directors may delegate further authorities and duties to the Compensation Committee.</p>
	<p><i>C. Revisionsstelle</i></p>		<p><i>C. Auditor</i></p>
	<p>Artikel 29</p>		<p>Article 29</p>
Amtsdauer, Befugnisse und Pflichten	<p>1 Die Revisionsstelle wird von der Generalversammlung gewählt und es obliegen ihr die vom Gesetz zugewiesenen Befugnisse und Pflichten.</p> <p>2 Die Amtsdauer der Revisionsstelle beträgt ein Jahr, beginnend am Tage der Wahl an einer ordentlichen Generalversammlung und endend am Tage der nächsten ordentlichen Generalversammlung.</p>	Term, Powers and Duties	<p>1 The Auditor shall be elected by the General Meeting of Shareholders and shall have the powers and duties vested in it by law.</p> <p>2 The term of office of the Auditor shall be one year, commencing on the day of election at an Annual General Meeting of Shareholders and terminating on the day of the next Annual General Meeting of Shareholders.</p>

Abschnitt 3a:*Vergütung des Verwaltungsrates und der Geschäftsleitung*

Artikel 29a

Genehmigung der Vergütung des Verwaltungsrates und der Geschäftsleitung durch die Aktionäre

- 1 Die Aktionäre genehmigen, unter Vorbehalt der nachstehenden Abs. 3 und Abs. 4, an jeder ordentlichen Generalversammlung die Anträge des Verwaltungsrates betreffend den Maximalgesamtbetrag (in US Dollars, Schweizer Franken oder einer anderen Währung):
 - (a) der Vergütung des Verwaltungsrates für die Periode zwischen der ordentlichen Generalversammlung, an der um Genehmigung ersucht wird, und der nächsten ordentlichen Generalversammlung; und
 - (b) der Vergütung der Geschäftsleitung für das Geschäftsjahr, das nach der ordentlichen Generalversammlung, an der um Genehmigung ersucht wird, beginnt.
- 2 Der Verwaltungsrat kann die Aktionäre an einer Generalversammlung um Genehmigung eines Gesamtbetrages oder eines Maximalgesamtbetrages der Vergütung des Verwaltungsrates bzw. der Geschäftsleitung, oder von Elementen davon, oder zusätzlicher oder bedingter Beträge für von Abs. 1 dieses Artikels 29a abweichende Zeitperioden ersuchen, sei es auf retrospektiver Basis, prospektiver Basis oder einer Kombination davon.

Shareholder Ratification of Compensation of the Board of Directors and the Executive Management Team

Section 3a:*Compensation of the Board of Directors and the Executive Management Team*

Article 29a

- 1 The shareholders shall, subject to para. 3 and para. 4 below, at each Annual General Meeting ratify the proposals of the Board of Directors as regards the maximum aggregate amount (expressed in U.S. dollars, Swiss francs or any other currency) of, respectively:
 - (a) the compensation of the Board of Directors for the period between the Annual General Meeting at which ratification is sought and the next Annual General Meeting; and
 - (b) the compensation of the Executive Management Team for the fiscal year commencing after the Annual General Meeting at which ratification is sought.
- 2 The Board of Directors may seek ratification by the shareholders at a General Meeting of Shareholders on a retrospective or prospective basis, or a combination thereof, of the aggregate amount, or maximum aggregate amount, of compensation, respectively, of the Board of Directors and the Executive Management Team, or any element thereof, or any additional or contingent amount, in relation to different time periods than those referred to in para. 1 of this Article 29a.

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| <p>3 Innerhalb des von den Aktionären an der jeweiligen Generalversammlung genehmigten Gesamtbetrages oder Maximalgesamtbetrages ist ausschliesslich der Verwaltungsrat, oder soweit delegiert, der Vergütungsausschuss befugt und verantwortlich, die tatsächliche individuelle Vergütung jedes Mitglieds des Verwaltungsrates beziehungsweise der Geschäftsleitung zu bestimmen. Zu diesem Zweck wird der Wert der Vergütung in der Regel gemäss allgemein anerkannten Bewertungsmethoden per Datum der Zuteilung des jeweiligen Vergütungselements bestimmt.</p> <p>4 Genehmigen die Aktionäre an einer Generalversammlung einen Antrag des Verwaltungsrates gemäss Abs. 1 oder Abs. 2 hiervor nicht, so zieht der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss den nicht-genehmigten Antrag unter Berücksichtigung, soweit feststellbar, der Gründe, aus denen die Aktionäre den Antrag nicht genehmigt haben, in Wiedererwägung und ersucht die Aktionäre um Genehmigung eines revidierten Antrags; die Genehmigung kann an der Generalversammlung, an welcher der Antrag gemäss Abs. 1 oder Abs. 2 hiervor nicht genehmigt wurde, an einer ausserordentlichen Generalversammlung oder an der nächsten ordentlichen Generalversammlung erfolgen.</p> <p>5 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können, unter Vorbehalt der nachträglichen Genehmigung durch die Aktionäre, Vergütung vor der Genehmigung durch die Aktionäre an einer Generalversammlung zuteilen oder bezahlen.</p> | <p>3 Within the aggregate amount, or maximum aggregate amount ratified by the shareholders at the relevant General Meeting of Shareholders, it shall be the exclusive authority and responsibility of the Board of Directors or, where delegated to it, the Compensation Committee, to determine the actual individual compensation of, respectively, each member of the Board of Directors and the Executive Management Team. For such purposes, the value of compensation shall as a rule be determined in accordance with generally recognized valuation methods as per the grant date of the respective compensation element.</p> <p>4 If the shareholders at a General Meeting of Shareholders have not ratified a proposal of the Board of Directors pursuant to para. 1 or para. 2 above, the Board of Directors or, where delegated to it, the Compensation Committee shall reconsider the proposal that has not been ratified, taking into account, to the extent identifiable, the reasons for which the shareholders did not ratify the proposal, and seek shareholder ratification for a revised proposal at the General Meeting of Shareholders at which the proposal pursuant to para. 1 or para. 2 above has not been ratified, at an Extraordinary General Meeting or at the next Annual General Meeting.</p> <p>5 The Company or companies under its control may grant or pay compensation subject to subsequent shareholder ratification prior to shareholder ratification at a General Meeting of Shareholders.</p> |
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- 6 Der Begriff "Vergütung", so wie er in diesen Statuten verwendet wird (ausser soweit im Rahmen einer spezifischen Bestimmung dieser Statuten anders definiert), umfasst jegliche Form der Entschädigung, einschliesslich (ohne Beschränkung auf) anteilsbasierte Vergütung oder Leistungs-, Erfolgs- oder andere Vergütung, in bar, Aktien, gesperrten Aktien, gesperrten Aktieneinheiten, aufgeschobenen Einheiten, Optionen, Aktienwertsteigerungsrechten, Bonus-Aktien, Leistungsprämien oder anderen Finanzinstrumenten oder Derivaten, oder irgendeine Kombination davon, und andere Leistungen und Vorteile, welche den betreffenden Empfängern zugeteilt oder bezahlt wird bzw. welche diese erhalten (vorausgesetzt, dass Mitglieder des Verwaltungsrates nur eine anteilsbasierte Vergütung in der Form von Aktien, gesperrten Aktien, gesperrten Aktieneinheiten, aufgeschobenen Einheiten oder ähnlichen Instrumenten erhalten dürfen), in jedem Fall unabhängig davon, ob die Vergütung, die Leistungen oder die Vorteile in Aktien, in anderen Finanzmarktinstrumenten, in bar oder als Sach- oder Dienstleistung ausgerichtet oder beglichen werden. Der Begriff "Vergütung" umfasst nicht den Ersatz oder die Bevorschussung von Auslagen, die der betreffende Empfänger im Interesse der Gesellschaft oder von ihr kontrollierten Gesellschaften getätigt hat, oder eine Schadloshaltung oder Bevorschussung von Auslagen, die an ein Mitglied des Verwaltungsrates oder der Geschäftsleitung gemäss Artikel 24 Abs. 3 und Abs. 4 dieser Statuten ausgerichtet wird.

Artikel 29b

- 6 The term "compensation," as used in these Articles of Association (except to the extent defined otherwise in a specific provision of these Articles of Association), shall include any form of remuneration, including, without limitation, equity awards, or incentive awards or other awards, in cash, shares, restricted shares, restricted share units, deferred units, options, share appreciation rights, bonus shares, performance awards, awards of other financial instruments or derivatives, or any combination of the foregoing, granted or paid to, and any other benefits and perquisites received by, the respective recipients (it being understood that members of the Board of Directors may only receive equity awards in the form of shares, restricted shares, restricted share units, deferred units or similar instruments), in each case irrespective of whether any of such awards, benefits or perquisites are provided or settled in shares, other securities, cash, in kind or in form of services. The term "compensation" shall not include the reimbursement or the advancement of expenses incurred by the respective recipient in the interest of the Company or companies under its control, or any indemnification or advancement of expenses provided to a member of the Board of Directors or the Executive Management Team pursuant to Article 24 para. 3 and para. 4 of these Articles of Association.

Article 29b

- 1 Die Vergütung des Verwaltungsrates kann (i) Barkomponenten, (ii) Aktien, gesperrte Aktien, gesperrte Aktieneinheiten, aufgeschobene Einheiten oder ähnliche Instrumente und/oder (iii) Leistungen oder Vorteile in der Form von Sach- oder Dienstleistungen umfassen, wie im Einzelnen vom Verwaltungsrat oder, soweit delegiert, vom Vergütungsausschuss von Zeit zu Zeit unter Vorbehalt der anwendbaren Planbestimmungen festgelegt. Die so festgelegte Vergütung soll unter anderem die Funktion und die Aufgaben der Verwaltungsräte im Verwaltungsrat und in Ausschüssen des Verwaltungsrates berücksichtigen. Exekutive Verwaltungsräte erhalten keine Vergütung zusätzlich zur Vergütung, welche ihnen im Rahmen ihrer Funktion als Officers der Gesellschaft ausgerichtet wird.
- 2 Sofern vom Verwaltungsrat oder, soweit delegiert, vom Vergütungsausschuss nicht anders festgelegt, besteht die Vergütung der Geschäftsleitung in der Regel aus (i) einem Basissalär, (ii) kurzfristiger Leistungs- oder Erfolgsvergütung gemäss den anwendbaren Plänen, (iii) langfristiger Leistungs- oder Erfolgsvergütung gemäss den anwendbaren Plänen und (iv) weiterer Vergütung, die der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss als angemessen erachtet, einschliesslich (ohne Beschränkung auf) Beiträge an Vorsorgeleistungspläne und Spesenpauschalen.

- 1 The compensation of the Board of Directors may include (i) cash components, (ii) shares, restricted shares, restricted share units, deferred units or similar instruments, and/or (iii) benefits or perquisites in kind or in the form of services, as shall be determined by the Board of Directors or, where delegated to it, the Compensation Committee from time to time, subject to the terms of the applicable plans. The compensation so determined shall, among other things, take into account the position and the roles of the directors within the Board of Directors and on committees of the Board of Directors. Executive directors shall not receive any compensation in addition to the compensation paid to them in their roles as officers of the Company.
 - 2 Except as otherwise determined by the Board of Directors or, where delegated to it, the Compensation Committee, the compensation of the Executive Management Team shall generally consist of (i) a base salary, (ii) short-term incentive compensation pursuant to the applicable plans, (iii) long-term incentive compensation pursuant to the applicable plans and (iv) any other compensation as deemed appropriate by the Board of Directors or, where delegated to it, the Compensation Committee, including, without limitation, contributions to post-retirement benefit plans and allowances.
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| 3 | Kurzfristige Leistungs- oder Erfolgsvergütung soll Mitgliedern der Geschäftsleitung die Möglichkeit geben, einen jährlichen Bar-Bonus, andere an kurzfristigen Leistungs- oder Erfolgszielen ausgerichtete Vergütung, oder eine Kombination davon zu verdienen, jeweils wie vom Verwaltungsrat oder, soweit delegiert, vom Vergütungsausschuss von Zeit zu Zeit festgelegt, und ist gestützt auf Performance festzulegen, gemessen an vordefinierten Zielen, einschliesslich (ohne Beschränkung auf) Sicherheitszielen, finanziellen Zielen, strategischen Unternehmenszielen, individuellen Leistungszielen, Leistungszielen bezogen auf vergleichbare Unternehmen, und anderen Zielen, wie vom Verwaltungsrat, oder soweit delegiert, vom Vergütungsausschuss von Zeit zu Zeit festgelegt. | 3 | Short-term incentive compensation shall provide members of the Executive Management Team with the opportunity to earn an annual cash bonus, other short-term incentive awards, or a combination thereof, as shall be determined by the Board of Directors or, where delegated to it, the Compensation Committee from time to time, and shall be based on performance as measured against predetermined objectives, including, without limitation, safety performance objectives, financial performance objectives, strategic corporate objectives, individual performance objectives, peer performance objectives, and such other objectives, all as established by the Board of Directors or, where delegated to it, the Compensation Committee from time to time. |
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- 4 Langfristige Leistungs- oder Erfolgsvergütung ist mit dem Ziel auszugestalten, einen Anreiz für eine erhöhte Leistung und die Erreichung von langfristigen Zielen durch die Geschäftsleitung zu setzen, das Wachstum von Shareholder Value zu fördern und Schlüsseltalente anzubinden, unter anderem dadurch, dass Mitgliedern der Geschäftsleitung Möglichkeiten gegeben werden, am langfristigen Wachstum und der Profitabilität der Gesellschaft teilzuhaben. Zu diesem Zweck, einschliesslich (ohne Beschränkung) zwecks Bestimmung der relevanten Zielwerte der Vergütung gemäss den anwendbaren Plänen, kann der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss unter anderem die Position und den Grad der Verantwortung des betreffenden Vergütungsempfängers, individuelle Leistungsziele, Ziele der Gesellschaft oder Teilen davon, einschliesslich (ohne Beschränkung) die Aktienrendite im Verhältnis zum Markt, anderen Unternehmen oder anderen Richtgrössen, berücksichtigen. Der endgültige Wert von langfristigen Leistungs- oder Erfolgsvergütung kann den jeweiligen Zielwert übersteigen. Der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss bestimmt das relative Gewicht der Leistungskriterien und die jeweiligen Referenzwerte.
- 5 Der Verwaltungsrat, oder soweit delegiert, der Vergütungsausschuss legt, soweit anwendbar, die Zuteilungs-, Vesting-, Ausübungs- und Verfallsbedingungen fest; der Verwaltungsrat, oder soweit delegiert, der Vergütungsausschuss kann vorsehen, dass bei Eintritt von im Voraus bestimmten Ereignissen wie etwa einem Kontrollwechsel oder der Beendigung eines Arbeits-, Mandats- oder anderen Vertrags Vesting- und Ausübungsbedingungen fortbestehen, verkürzt oder aufgehoben werden, Vergütungen unter Annahme der Zielerreichung ausgerichtet werden oder Vergütungen verfallen.
- 4 Long-term incentive compensation shall be designed so as to motivate superior performance and achievement of long-term goals by the Executive Management Team, to promote the growth of shareholder value and retain key talent, among other things, by providing members of the Executive Management Team with opportunities to participate in the long-term growth and profitability of the Company. For such purposes, including, without limitation, for purposes of determining the relevant target values of compensation pursuant to the applicable plans, the Board of Directors or, where delegated to it, the Compensation Committee may, among other things, take into account the position and level of responsibility of the respective compensation recipient, individual performance targets, targets of the Company or parts thereof, including, without limitation, total shareholder return relative to market, other companies or other benchmarks. The definitive value of long-term incentive compensation may exceed the relevant target value. The Board of Directors or, where delegated to it, the Compensation Committee shall determine the relative weight of the performance criteria and the respective target values.
- 5 The Board of Directors or, where delegated to it, the Compensation Committee shall, as applicable, determine the grant, vesting, exercise and forfeiture conditions; the Board of Directors or, where delegated to it, the Compensation Committee may provide for the continuation, acceleration or removal of vesting and exercise conditions, for the payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case with regard to pre-determined events such as a change-in-control or termination of an employment, mandate or other agreement.
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- 6 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können die Aktien, die im Rahmen der aktienbezogenen Vergütung an die Begünstigten auszugeben oder zu liefern sind, jeweils soweit verfügbar, aus genehmigtem oder bedingtem Aktienkapital oder unter Verwendung von eigenen Aktien bereitstellen.
- 7 Vergütung gemäss diesen Statuten kann durch die Gesellschaft oder durch von ihr kontrollierte Gesellschaften zugeteilt oder bezahlt werden.

Artikel 29c

- 6 The Company or companies under its control may procure the Shares to be issued or delivered to beneficiaries of equity-based awards, to the extent available, from authorized share capital, conditional share capital, or through use of treasury shares.
- 7 Compensation pursuant to these Articles of Association may be granted or paid by the Company or companies under its control.

Article 29c

Zusatzbetrag
für Änderungen
in der
Geschäfts-
leitung

Reicht der von den Aktionären an einer Generalversammlung genehmigte Maximalgesamtbetrag der Vergütung der Geschäftsleitung für die Vergütung einer Person, die während einer Vergütungsperiode, für welche die Aktionäre bereits ihre Genehmigung erteilt haben, neu eine Geschäftsleitungsfunktion antritt, nicht aus, sind die Gesellschaft oder von ihr kontrollierte Gesellschaften ermächtigt, jeder solchen Person für die Dauer der bereits durch die Aktionäre an einer Generalversammlung genehmigten Vergütungsperiode(n) eine Vergütung (der **Zusatzbetrag**) zuzuteilen oder zu bezahlen, die keiner Genehmigung durch die Aktionäre unterliegt. Als Zusatzbetrag können die Gesellschaft oder von ihr kontrollierte Gesellschaften jeder solcher Person je relevante Vergütungsperiode für jeden der beiden nachfolgenden Zwecke je einen die Gesamtjahresvergütung des betreffenden Vorgängers bzw. für eine ähnliche vorbestehende Funktion um bis zu 40% übersteigenden Betrag zuteilen oder bezahlen: (1) als Vergütung für die relevante Vergütungsperiode; und zusätzlich (2) zum Ausgleich der Nachteile, die im Zusammenhang mit dem Stellenwechsel entstehen. Für die Zwecke dieser Bestimmung gilt als Gesamtjahresvergütung die im jüngsten Proxy Statement der Gesellschaft für das vorangehende Geschäftsjahr ausgewiesene Gesamtjahresvergütung des betreffenden Vorgängers bzw. für eine ähnliche vorbestehende Funktion; für die kurzfristige und langfristige Leistungs- oder Erfolgsvergütung ist dabei auf die tatsächlichen Werte oder, sofern höher, die Zielwerte der betreffenden Vergütungselemente abzustellen, je wie sie im jüngsten Proxy Statement der Gesellschaft für das vorangehende Geschäftsjahr ausgewiesen sind. Die Gesellschaft oder von ihr kontrollierte Gesellschaften dürfen gestützt auf die Bestimmung dieses Artikel 29c je relevante Vergütungsperiode keinesfalls an mehr als fünf (5) Personen einen Zusatzbetrag im Rahmen der Maximalwerte gemäss der Bestimmung dieses Artikels 29c zuteilen oder bezahlen.

Supplementary
Amount for
Changes to the
Executive
Management
Team

If the maximum aggregate amount of compensation of the Executive Management Team ratified by shareholders at a General Meeting of Shareholders is not sufficient to also cover the compensation of a person who newly assumes an Executive Management Team function during a compensation period for which shareholder ratification has already been granted, the Company or companies under its control shall be authorized to grant or pay, in relation to the compensation period(s) already ratified by the shareholders at a General Meeting of Shareholders, to each such person compensation (the **Supplementary Amount**), which shall not be subject to ratification by the shareholders. The Company or companies under its control may grant or pay as Supplementary Amount to each such person for each relevant compensation period for each of the following two purposes a separate amount of up to 40% in excess of the Total Annual Compensation of the respective predecessor or for a similar preexisting position: (1) as compensation for the relevant compensation period; and, in addition, (2) as compensation for any prejudice incurred in connection with the change of employment. For purposes of this provision, Total Annual Compensation shall mean the total annual compensation of the respective predecessor or for a similar preexisting position as disclosed in the most recent proxy statement of the Company in relation to the preceding fiscal year; for such purposes, short-term and long-term incentive compensation shall be included on the basis of the actual values or, if higher, the target values of the respective compensation elements, in each case as disclosed in the most recent proxy statement of the Company in relation to the preceding fiscal year. On the basis of this Article 29c, the Company or companies under its control may in no event grant or pay, in each relevant compensation period, a Supplementary Amount to more than five (5) persons within the limitations of the maximum values pursuant to the provision of this Article 29c.

Abschnitt 3b:

Verträge betreffend Vergütung mit Mitgliedern des Verwaltungsrates und der Geschäftsleitung

Artikel 29d

Verträge betreffend Vergütung mit Mitgliedern des Verwaltungsrates und der Geschäftsleitung

- 1 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können mit Mitgliedern des Verwaltungsrates unbefristete oder befristete Mandatsverträge oder andere Verträge über deren Vergütung als Verwaltungsräte abschliessen. Die Dauer von befristeten Verträgen darf die Amtsdauer eines Verwaltungsrates nicht überschreiten. Eine Erneuerung eines befristeten Vertrags ist zulässig. Unbefristete Verträge haben eine Kündigungsfrist von maximal einer Amtsdauer.
- 2 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können mit Mitgliedern der Geschäftsleitung unbefristete oder befristete Arbeitsverträge oder andere Verträge über ihre Vergütung als Mitglieder der Geschäftsleitung abschliessen. Die maximale Dauer eines befristeten Vertrags beträgt ein (1) Jahr. Eine Erneuerung eines befristeten Vertrags ist zulässig. Unbefristete Verträge haben eine Kündigungsfrist von maximal zwölf (12) Monaten.
- 3 Mitglieder der Geschäftsleitung können während der Kündigungsfrist von ihrer Arbeitspflicht befreit werden. Des Weiteren ist es zulässig, dass die Gesellschaft oder von ihr kontrollierte Gesellschaften Aufhebungs- oder ähnliche Vereinbarungen abschliessen.

Agreements Regarding Compensation With Members of the Board of Directors and the Executive Management Team

Section 3b:

Agreements Regarding Compensation With Members of the Board of Directors and the Executive Management Team

Article 29d

- 1 The Company or companies under its control may enter into mandate or other agreements with the members of the Board of Directors regarding their compensation as directors for a fixed term or for an indefinite term. The duration of fixed term agreements may not exceed a director's term of office. A renewal of a fixed term agreement is permissible. Agreements for an indefinite term may have a termination notice period not exceeding a term of office.
- 2 The Company or companies under its control may enter into employment or other agreements with the members of the Executive Management Team regarding their compensation as members of the Executive Management Team for a fixed term or for an indefinite term. The duration of fixed term agreements may not exceed one (1) year. A renewal of a fixed term agreement is permissible. Agreements for an indefinite term may have a termination notice period of a maximum of twelve (12) months.
- 3 Members of the Executive Management Team may be released from their obligation of work during the period of the termination notice period. Further, it shall be permissible for the Company or companies under its control to enter into termination or similar agreements.

- 4 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können mit Mitgliedern der Geschäftsleitung Konkurrenzverbote für die Zeit nach Beendigung des Arbeitsvertrags vereinbaren. Die Dauer eines solchen Konkurrenzverbots für ein Mitglied der Geschäftsleitung darf ein (1) Jahr nicht überschreiten, und die Entschädigung für ein Konkurrenzverbot darf die Summe des Basissalärs und des Ziel-Bar-Bonus des betreffenden Mitglieds der Geschäftsleitung im letzten vollen Geschäftsjahr, während dem er oder sie von der Gesellschaft oder von einer von ihr kontrollierten Gesellschaft angestellt war, nicht übersteigen.

Abschnitt 3c:

*Mandate ausserhalb des Konzerns,
Darlehen, Vorsorgeleistungen ausserhalb
der beruflichen Vorsorge*

Artikel 29e

Mandate
ausserhalb des
Konzerns

- 1 Kein Mitglied des Verwaltungsrates kann zusätzlich zum Mandat bei der Gesellschaft mehr als zehn (10) Mandate in Personen wahrnehmen, wovon nicht mehr als vier (4) in Personen sein dürfen, deren Aktien an einer Börse kotiert sind.
- 2 Kein Mitglied der Geschäftsleitung kann mehr als vier (4) Mandate in Personen wahrnehmen, wovon zusätzlich zu einem allfälligen Mandat bei der Gesellschaft nicht mehr als eines (1) in einer Person sein darf, deren Aktien an einer Börse kotiert sind.
- 3 Die folgenden Mandate fallen nicht unter die Beschränkungen gemäss Abs. 1 und Abs. 2 dieses Artikels 29e:
 - (a) Mandate in Personen, welche die Gesellschaft kontrollieren, durch die Gesellschaft kontrolliert werden oder unter gemeinsamer Kontrolle mit der Gesellschaft stehen;

Mandates
Outside the
Group

- 4 The Company or companies under its control may enter into non-competition agreements with members of the Executive Management Team for the period after the termination of the employment agreement. The duration of any such non-competition undertaking by an Executive Management Team member shall not exceed one (1) year, and the consideration paid for a non-competition undertaking shall not exceed the sum of the base salary and the target cash bonus of the respective Executive Management Team member in the last full fiscal year in which he or she was employed with the Company or one of its companies under its control.

Section 3c:

*Mandates Outside the Group, Loans,
Post-Retirement Benefits Beyond
Occupational Pensions*

Article 29e

- 1 No member of the Board of Directors may hold more than ten (10) Mandates in Persons other than the Company, of which not more than four (4) may be in Persons whose shares are listed on a stock exchange.
- 2 No member of the Executive Management Team may hold more than four (4) Mandates in Persons of which, in addition to a Mandate at the Company, if any, not more than one (1) may be in Persons whose shares are listed on a stock exchange.
- 3 The following Mandates shall not be subject to the limitations set forth in para. 1 and para. 2 of this Article 29e:
 - (a) Mandates in any Person which Controls, is Controlled by or is under common Control with the Company;

(b)
Ohne Einschränkung von lit. a hiervor, Mandate, die auf Anordnung der Gesellschaft oder von Personen, welche die Gesellschaft kontrollieren, durch die Gesellschaft kontrolliert werden oder unter gemeinsamer Kontrolle mit der Gesellschaft stehen, wahrgenommen werden. Kein Mitglied des Verwaltungsrates oder der Geschäftsleitung kann mehr als zehn (10) solche Mandate wahrnehmen; und

(c)
Mandate in Vereinen und Verbänden, gemeinnützigen Organisationen, Non-For-Profit Organisationen, Stiftungen (einschliesslich Personalfürsorgestiftungen), Trusts und ähnliche Personen. Kein Mitglied des Verwaltungsrates oder der Geschäftsleitung kann mehr als zehn (10) solche Mandate wahrnehmen.

- 4 Der Begriff "Mandat", so wie er in diesen Statuten verwendet wird, umfasst jeglichen Einsitz in das oberste Leitungs- oder Verwaltungsorgan einer Person, die zur Eintragung in ein schweizerisches Handelsregister oder ein entsprechendes ausländisches Register verpflichtet ist. Bis zu zehn (10) Mandate in verschiedenen Personen, welche ausserhalb des Anwendungsbereichs von Artikel 29e Abs. 3(a) unter einheitlicher Kontrolle oder gleicher wirtschaftlicher Berechtigung stehen, gelten als ein Mandat.

Artikel 29f

Darlehen /
Vorsorge-
leistungen
ausserhalb der
beruflichen
Vorsorge

- 1 Die Gesellschaft oder von ihr kontrollierte Gesellschaften entrichten keine Darlehen an Mitglieder des Verwaltungsrates oder der Geschäftsleitung.

Loans / Post-
Retirement
Benefits
Beyond
Occupational
Pensions

(b)
Without limitation to subpara. a above, Mandates held at the instruction of the Company or any Person which Controls, is Controlled by or is under common Control with the Company; *provided, however*, that no member of the Board of Directors or the Executive Management Team shall hold more than ten (10) such Mandates; and

(c)
Mandates in associations, charitable organizations, non-for-profit organizations, foundations (including in relation to post-retirement benefits), trusts and similar Persons; *provided, however*, that no member of the Board of Directors or the Executive Management Team shall hold more than ten (10) such Mandates.

- 4 The term "Mandate," as used in these Articles of Association, shall refer to any position in the supreme governing body of a Person that is required to be registered in a Swiss Commercial Register or a foreign register of equivalent nature. Up to ten (10) Mandates in different Persons that are under joint Control or common beneficial ownership outside the scope of application of Article 29e para. 3(a) shall be deemed to be one Mandate.

Article 29f

- 1 The Company or companies under its control shall not grant any loans to members of the Board of Directors or the Executive Management Team.



Geschäftsjahr	2	Die Gesellschaft oder von ihr kontrollierte Gesellschaften können an ein Mitglied der Geschäftsleitung Vorsorgeleistungen ausserhalb der beruflichen Vorsorge ausrichten, wobei solche Vorsorgeleistungen 50% des Basissalärs im Geschäftsjahr, das der Pensionierung unmittelbar vorausgeht, nicht übersteigen dürfen.		2	The Company or companies under its control may grant a member of the Executive Management Team post-retirement benefits beyond occupational pensions; <i>provided, however</i> , that any such post-retirement benefits may not exceed 50% of the base salary in the fiscal year immediately preceding the retirement.
	Abschnitt 4: <i>Jahresrechnung, Konzernrechnung und Gewinnverteilung</i>			Section 4: <i>Annual Statutory Financial Statements, Consolidated Financial Statements and Profit Allocation</i>	
	Artikel 30			Article 30	
	Der Verwaltungsrat legt das Geschäftsjahr fest.			The Board of Directors determines the fiscal year.	
Verteilung des Bilanzgewinns, Reserven		Artikel 31			Article 31
	1	Über den Bilanzgewinn verfügt die Generalversammlung im Rahmen der anwendbaren gesetzlichen Vorschriften. Der Verwaltungsrat unterbreitet ihr seine Vorschläge.	Allocation of Profit Shown on the Annual Statutory Balance Sheet, Reserves	1	The profit shown on the Annual Statutory Balance Sheet shall be allocated by the General Meeting of Shareholders in accordance with applicable law. The Board of Directors shall submit its proposals to the General Meeting of Shareholders.
	2	Neben der gesetzlichen Reserve können weitere Reserven geschaffen werden.		2	Further reserves may be taken in addition to the reserves required by law.
	3	Dividenden, welche nicht innerhalb von fünf Jahren nach ihrem Auszahlungsdatum bezogen werden, fallen an die Gesellschaft und werden in die allgemeinen gesetzlichen Reserven verbucht.		3	Dividends that have not been collected within five years after their payment date shall enure to the Company and be allocated to the general statutory reserves.
Abschnitt 5: <i>Auflösung und Liquidation</i>			Section 5: <i>Winding-up and Liquidation</i>		
Artikel 32			Article 32		

Auflösung und Liquidation	<p>1 Die Generalversammlung kann jederzeit die Auflösung und Liquidation der Gesellschaft nach Massgabe der gesetzlichen und statutarischen Vorschriften beschliessen.</p> <p>2 Die Liquidation wird durch den Verwaltungsrat durchgeführt, sofern sie nicht durch die Generalversammlung anderen Personen übertragen wird.</p> <p>3 Die Liquidation der Gesellschaft erfolgt nach Massgabe der gesetzlichen Vorschriften.</p> <p>4 Nach erfolgter Tilgung der Schulden wird das Vermögen unter die Aktionäre nach Massgabe der eingezahlten Beträge verteilt, soweit diese Statuten nichts anderes vorsehen.</p>	Winding-up and Liquidation	<p>1 The General Meeting of Shareholders may at any time resolve on the winding-up and liquidation of the Company pursuant to applicable law and the provisions set forth in these Articles of Association.</p> <p>2 The liquidation shall be effected by the Board of Directors, unless the General Meeting of Shareholders shall appoint other persons as liquidators.</p> <p>3 The liquidation of the Company shall be effectuated pursuant to the statutory provisions.</p> <p>4 Upon discharge of all liabilities, the assets of the Company shall be distributed to the shareholders pursuant to the amounts paid in, unless these Articles of Association provide otherwise.</p>
	<p>Abschnitt 6: <i>Bekanntmachungen, Mitteilungen</i></p>		<p>Section 6: <i>Announcements, Communications</i></p>
	<p>Artikel 33</p>		<p>Article 33</p>
Bekanntmachungen, Mitteilungen	<p>1 Publikationsorgan der Gesellschaft ist das Schweizerische Handelsamtsblatt.</p> <p>2 Soweit keine individuelle Benachrichtigung durch das Gesetz, börsengesetzliche Bestimmungen oder diese Statuten verlangt wird, gelten sämtliche Mitteilungen an die Aktionäre als gültig erfolgt, wenn sie im Schweizerischen Handelsamtsblatt veröffentlicht worden sind. Schriftliche Bekanntmachungen der Gesellschaft an die Aktionäre werden auf dem ordentlichen Postweg an die letzte im Aktienbuch verzeichnete Adresse des Aktionärs oder des bevollmächtigten Empfängers geschickt. Finanzinstitute, welche Aktien für wirtschaftlich Berechtigte halten und als solches im Aktienbuch eingetragen sind, gelten als bevollmächtigte Empfänger.</p>	Announcements, Communications	<p>1 The official means of publication of the Company shall be the Swiss Official Gazette of Commerce.</p> <p>2 To the extent that individual notification is not required by law, stock exchange regulations or these Articles of Association, all communications to the shareholders shall be deemed valid if published in the Swiss Official Gazette of Commerce. Written communications by the Company to its shareholders shall be sent by ordinary mail to the last address of the shareholder or authorized recipient recorded in the share register. Financial institutions holding Shares for beneficial owners and recorded in such capacity in the share register shall be deemed to be authorized recipients.</p>

Abschnitt 7: <i>Verbindlicher Originaltext</i>		Section 7: <i>Original Language</i>	
Artikel 34		Article 34	
Verbindlicher Originaltext	Falls sich zwischen der deutschen und englischen Fassung dieser Statuten Differenzen ergeben, hat die deutsche Fassung Vorrang.	Original Language	In the event of deviations between the German and English version of these Articles of Association, the German text shall prevail.
Abschnitt 8: <i>Definitionen</i>		Section 8: <i>Definitions</i>	
Artikel 35		Article 35	
Aktie(n)	1 Der Begriff Aktie(n) hat die in Artikel 4 dieser Statuten aufgeführte Bedeutung.	Share(s)	1 The term Share(s) has the meaning assigned to it in Article 4 of these Articles of Association.
Eigentümer	2 Eigentümer(in) , unter Einschluss der Begriffe Eigentum , halten , gehalten , Eigentümerschaft oder ähnlicher Begriffe, bedeutet, wenn verwendet mit Bezug auf Aktien, jede Person, welche allein oder zusammen mit oder über Nahestehende Gesellschaften oder Nahestehende Personen:	Owner	2 Owner , including the terms Own , Owned and Ownership when used with respect to any Shares means a Person that individually or with or through any of its Affiliates or Associates:
	(a) wirtschaftliche Eigentümerin dieser Aktien ist, ob direkt oder indirekt;		(a) beneficially Owns such Shares, directly or indirectly;

(b)

(1) das Recht hat, aufgrund eines Vertrags, einer Absprache oder einer anderen Vereinbarung, oder aufgrund der Ausübung eines Wandel-, Tausch-, Bezugs- oder Optionsrechts oder anderweitig Aktien zu erwerben (unabhängig davon, ob dieses Recht sofort ausübbar ist oder nur nach einer gewissen Zeit); vorausgesetzt, dass eine Person nicht als Eigentümerin derjenigen Aktien gelten soll, die im Rahmen eines Übernahme- oder Umtauschgebots, das diese Person oder eine dieser Person Nahestehende Gesellschaft oder Nahestehende Person eingeleitet hat, angedient werden, bis diese Aktien zum Kauf oder Tausch akzeptiert werden; oder (2) das Recht hat, die Stimmrechte dieser Aktien aufgrund eines Vertrags, einer Absprache oder einer anderen Vereinbarung auszuüben; vorausgesetzt, dass eine Person nicht als Eigentümerin von Aktien gilt infolge des Rechts, das Stimmrecht auszuüben, soweit der diesbezügliche Vertrag, die diesbezügliche Absprache oder die diesbezügliche andere Vereinbarung nur aufgrund einer widerruflichen Vollmacht (*proxy*) oder Zustimmung zustande gekommen ist, und diese Vollmacht (*proxy*) oder Zustimmung in Erwiderung auf eine an 10 oder mehr Personen gemachte diesbezügliche Aufforderung ergangen ist; oder

(c)

zwecks Erwerbs, Haltens, Stimmrechtsausübung (mit Ausnahme der Stimmrechtsausübung aufgrund einer widerruflichen Vollmacht (*proxy*) oder Zustimmung wie in Artikel 35 Abs. 2(b)(ii)(2) umschrieben) oder Veräußerung dieser Aktien mit einer anderen Person in einen Vertrag, eine Absprache oder eine andere Vereinbarung getreten ist, die direkt oder indirekt entweder selbst oder über ihr Nahestehende Gesellschaften oder Nahestehende Personen wirtschaftlich Eigentümerin dieser Aktien ist.

(b)

has (1) the right to acquire such Shares (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; *provided, however*, that a Person shall not be deemed the Owner of Shares tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered Shares are accepted for purchase or exchange; or (2) the right to vote such Shares pursuant to any agreement, arrangement or understanding; *provided, however*, that a Person shall not be deemed the Owner of any Shares because of such Person's right to vote such Shares if the agreement, arrangement or understanding to vote such Shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more Persons; or

(c)

has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in Article 35 para. 2(b)(ii)(2)), or disposing of such Shares with any other Person that beneficially Owns, or whose Affiliates or Associates beneficially Own, directly or indirectly, such Shares.

Gesamtjahresvergütung	2a	Der Begriff Gesamtjahresvergütung hat für Zwecke der Bestimmung von Artikel 29c dieser Statuten die in Artikel 29c dieser Statuten aufgeführte Bedeutung.	Total Annual Compensation	2a	The term Total Annual Compensation has, for purposes of the provision of Article 29c of these Articles of Association, the meaning assigned to it in Article 29c of these Articles of Association.
Geschäftsleitung	2b	Der Begriff Geschäftsleitung hat die in Artikel 26 dieser Statuten aufgeführte Bedeutung. In Bezug auf Artikel 20 Abs. 3 und den dazugehörigen Definitionen in diesem Abschnitt 8 sowie in Bezug auf Artikel 24 Abs. 3 und Abs. 4 ist der Begriff "Mitglieder der Geschäftsleitung" weiterhin als Bezugnahme auf alle Mitglieder der Geschäftsleitung zusammen mit allen anderen Officers der Gesellschaft zu verstehen.	Executive Management Team	2b	The term Executive Management Team has the meaning assigned to it in Article 26 of these Articles of Association. In relation to Article 20 para. 3 and the definitions pertaining thereto as set forth in this Section 8 and Article 24 para. 3 and para. 4, the term "officer" shall continue to be a reference to the members of the Executive Management Team together with all other officers of the Company.
Gesellschaft	3	Der Begriff Gesellschaft hat die in Artikel 1 dieser Statuten aufgeführte Bedeutung.	Company	3	The term Company has the meaning assigned to it in Article 1 of these Articles of Association.

Kontrolle	4	<p>Kontrolle, einschliesslich die Begriffe kontrollierend, kontrolliert von und unter gemeinsamer Kontrolle mit, bedeutet die Möglichkeit, direkt oder indirekt auf die Geschäftsführung und die Geschäftspolitik einer Person Einfluss zu nehmen, sei es aufgrund des Haltens von Stimmrechten, eines Vertrags oder auf andere Weise. Eine Person, welche 20% oder mehr der ausgegebenen oder ausstehenden Stimmrechte einer Kapitalgesellschaft, rechts- oder nicht-rechtsfähigen Personengesellschaft oder eines anderen Rechtsträgers hält, hat mangels Nachweises des Gegenteils unter Anwendung des Beweismasses der überwiegenden Wahrscheinlichkeit der Beweismittel vermutungsweise Kontrolle über einen solchen Rechtsträger. Ungeachtet des Voranstehenden gilt diese Vermutung der Kontrolle nicht, wenn eine Person in Treu und Glauben und nicht zur Umgehung dieser Bestimmung Stimmrechte als Stellvertreter (<i>agent</i>), Bank, Börsenmakler (<i>broker</i>), Nominee, Depotbank (<i>custodian</i>) oder Treuhänder (<i>trustee</i>) für einen oder mehrere Eigentümer hält, die für sich allein oder zusammen als Gruppe keine Kontrolle über den betreffenden Rechtsträger haben.</p>	Control	4	<p>Control, including the terms controlling, controlled by and under common control with, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the Ownership of voting shares, by contract, or otherwise. A Person who is the Owner of 20% or more of the issued or outstanding voting shares of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such Person holds voting shares, in good faith and not for the purpose of circumventing this provision, as an agent, bank, broker, nominee, custodian or trustee for one or more Owners who do not individually or as a group have control of such entity.</p>
Mandat	4a	<p>Der Begriff Mandat hat die in Artikel 29e Abs. 4 dieser Statuten aufgeführte Bedeutung.</p>	Mandate	4a	<p>The term Mandate has the meaning assigned to it in Article 29e para. 4 of these Articles of Association.</p>

Nahestehender Aktionär	5	<p>Nahestehender Aktionär bedeutet jede Person (unter Ausschluss der Gesellschaft oder jeder direkten oder indirekten Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird), (i) die Eigentümerin von 15% oder mehr der ausgegebenen Aktien ist, oder (ii) die als Nahestehende Gesellschaft oder Nahestehende Person anzusehen ist und irgendwann in den drei unmittelbar vorangehenden Jahren vor dem Zeitpunkt, zu dem bestimmt werden muss, ob diese Person ein Nahestehender Aktionär ist, Eigentümerin von 15% oder mehr der ausgegebenen Stimmrechte gewesen ist, ebenso wie jede Nahestehende Gesellschaft und Nahestehende Person dieser Person; vorausgesetzt, dass eine Person nicht als Nahestehender Aktionär gilt, die aufgrund von Handlungen, die ausschliesslich der Gesellschaft zuzurechnen sind, Eigentümerin von Aktien in Überschreitung der 15%-Beschränkung ist; wobei jedoch jede solche Person dann als Nahestehender Aktionär gilt, falls sie später zusätzliche Aktien erwirbt, ausser dieser Erwerb erfolgt aufgrund von weiteren Gesellschaftshandlungen, die weder direkt noch indirekt von dieser Person beeinflusst werden. Zur Bestimmung, ob eine Person ein Nahestehender Aktionär ist, sind die als ausgegeben geltenden Aktien unter Einschluss der von dieser Person gehaltenen Aktien (unter Anwendung des Begriffs "gehalten" wie in Artikel 35 Abs. 2 dieser Statuten definiert) zu berechnen, jedoch unter Ausschluss von nichtausgegebenen Aktien, die aufgrund eines Vertrags, einer Absprache oder einer anderen Vereinbarung, oder aufgrund der Ausübung eines Wandel-, Bezugs- oder Optionsrechts oder anderweitig ausgegeben werden können;</p>	Interested Shareholder	5	<p>Interested Shareholder means any Person (other than the Company or any direct or indirect majority-Owned subsidiary of the Company) (i) that is the Owner of 15% or more of the issued Shares of the Company or (ii) that is an Affiliate or Associate of the Company and was the Owner of 15% or more of the issued Shares at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such Person is an Interested Shareholder, and also the Affiliates and Associates of such Person; <i>provided, however</i>, that the term Interested Shareholder shall not include any Person whose Ownership of Shares in excess of the 15% limitation is the result of action taken solely by the Company; provided that such Person shall be an Interested Shareholder if thereafter such Person acquires additional Shares, except as a result of further corporate action not caused, directly or indirectly, by such Person. For the purpose of determining whether a Person is an Interested Shareholder, the Shares deemed to be in issue shall include Shares deemed to be Owned by the Person (through the application of the definition of Owner in Article 35 para. 2 of these Articles of Association) but shall not include any other unissued Shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.</p>
Nahestehende Gesellschaft	6	<p>Nahestehende Gesellschaft bedeutet jede Person, die direkt oder indirekt über eine oder mehrere Mittelspersonen eine andere Person kontrolliert, von einer anderen Person kontrolliert wird, oder unter gemeinsamer Kontrolle mit einer anderen Person steht.</p>	Affiliate	6	<p>Affiliate means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another Person.</p>

Nahestehende Person	7	Nahestehende Person bedeutet, wenn verwendet zur Bezeichnung einer Beziehung zu einer Person, (i) jede Kapitalgesellschaft, rechts- oder nicht-rechtsfähige Personengesellschaft oder ein anderer Rechtsträger, von welcher diese Person Mitglied des Leitungs- oder Verwaltungsorgans, der Geschäftsleitung oder Gesellschafter ist oder von welcher diese Person, direkt oder indirekt, Eigentümerin von 20% oder mehr einer Kategorie von Aktien oder anderer Anteilsrechte ist, die ein Stimmrecht vermitteln, (ii) jedes Treuhandvermögen (<i>Trust</i>) oder jede andere Vermögenseinheit, an der diese Person wirtschaftlich einen Anteil von 20% oder mehr hält oder in Bezug auf welche diese Person als Verwalter (<i>trustee</i>) oder in ähnlich treuhändischer Funktion tätig ist, und (iii) jeder Verwandte, Ehe- oder Lebenspartner dieser Person, oder jede Verwandte des Ehe- oder Lebenspartners, jeweils soweit diese den gleichen Wohnsitz haben wie diese Person.	Associate	7	Associate , when used to indicate a relationship with any Person, means (i) any corporation, partnership, unincorporated association or other entity of which such Person is a director, officer or partner or is, directly or indirectly, the Owner of 20% or more of any class of voting shares, (ii) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, and (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same residence as such Person.
OR	8	Der Begriff OR hat die in Artikel 14 Abs. 2 dieser Statuten aufgeführte Bedeutung.	CO	8	The term CO has the meaning assigned to it in Article 14 para. 2 of these Articles of Association.
Person	9	Person bedeutet jede natürliche Person, jede Kapitalgesellschaft, rechts- oder nicht-rechtsfähige Personengesellschaft oder jeder andere Rechtsträger. Für die Zwecke von Artikel 29e dieser Statuten sind Individuen nicht erfasst.	Person	9	Person means any individual, corporation, partnership, unincorporated association or other entity. For purposes of Article 29e of these Articles of Association, it shall not include individuals.
Rechte	10	Der Begriff Rechte hat die in Artikel 6 Abs. 1 dieser Statuten aufgeführte Bedeutung.	Rights	10	The term Rights has the meaning assigned to it in Article 6 para. 1 of these Articles of Association.
Mit Rechten verbundenen Obligationen	11	Der Begriff mit Rechten verbundenen Obligationen hat die in Artikel 6 Abs. 1 dieser Statuten aufgeführte Bedeutung.	Rights-Bearing Obligations	11	The term Rights-Bearing Obligations has the meaning assigned to it in Article 6 para. 1 of these Articles of Association.

SEC	12	Der Begriff SEC hat die in Artikel 12 Abs. 2 dieser Statuten aufgeführte Bedeutung.	SEC	12	The term SEC has the meaning assigned to it in Article 12 para. 2 of these Articles of Association.
Transfer Agent	13	Der Begriff Transfer Agent hat die in Artikel 8 Abs. 3 dieser Statuten aufgeführte Bedeutung.	Transfer Agent	13	The term Transfer Agent has the meaning assigned to it in Article 8 para. 3 of these Articles of Association.
Vergütung	13a	Der Begriff Vergütung hat die in Artikel 29a Abs. 6 dieser Statuten aufgeführte Bedeutung.	Compensation	13a	The term Compensation has the meaning assigned to it in Article 29a para. 6 of these Articles of Association.
Vergütungs- ausschuss	13b	Der Begriff Vergütungsausschuss hat die in Artikel 28a Abs. 1 dieser Statuten aufgeführte Bedeutung.	Compensation Committee	13b	The term Compensation Committee has the meaning assigned to it in Article 28a para. 1 of these Articles of Association.
Zusammenschluss	14	Zusammenschluss bedeutet, wenn im Rahmen dieser Statuten in Bezug auf die Gesellschaft oder einen Nahestehenden Aktionär der Gesellschaft verwendet:	Business Combination	14	Business Combination , when used in these Articles of Association in reference to the Company and any Interested Shareholder of the Company, means:

(a)

Jede Fusion oder andere Form des Zusammenschlusses der Gesellschaft oder einer direkten oder indirekten Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird, mit (1) dem Nahestehenden Aktionär oder (2) einer anderen Kapitalgesellschaft, rechts- oder nicht-rechtsfähigen Personengesellschaft oder einem anderen Rechtsträger, soweit diese Fusion oder andere Form des Zusammenschlusses durch den Nahestehenden Aktionär verursacht worden ist und als Folge dieser Fusion oder anderen Form des Zusammenschlusses Artikel 19(f) und Artikel 20 Abs. 3 dieser Statuten (sowie jede der dazu gehörigen Definition in Artikel 35 dieser Statuten) oder im Wesentlichen gleiche Bestimmungen wie Artikel 19(f), Artikel 20 Abs. 3 (und die dazugehörigen Definitionen in Artikel 35 dieser Statuten auf den überlebenden Rechtsträger) nicht anwendbar sind;

(b)

jeder Verkauf, Vermietung oder Verpachtung, hypothekarische Belastung oder andere Verpfändung, Übertragung oder andere Verfügung (ob in einer oder mehreren Transaktionen), einschliesslich im Rahmen eines Tauschs, von Vermögenswerten der Gesellschaft oder einer direkten oder indirekten Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird, an einen Nahestehenden Aktionär (ausser soweit der Zuerwerb unter einer der genannten Transaktionen proportional als Aktionär erfolgt), soweit diese Vermögenswerte einen Marktwert von 10% oder mehr entweder des auf konsolidierter Basis aggregierten Marktwertes aller Vermögenswerte der Gesellschaft oder des aggregierten Marktwertes aller dann ausgegebenen Aktien haben, unabhängig davon, ob eine dieser Transaktionen Teil einer Auflösung der Gesellschaft ist oder nicht;

(a)

Any merger or consolidation of the Company or any direct or indirect majority-Owned subsidiary of the Company with (1) the Interested Shareholder or (2) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the Interested Shareholder and as a result of such merger or consolidation Article 19(f) and Article 20 para. 3 of these Articles of Association (including the relevant definitions in Article 35 of these Articles of Association pertaining thereto) or a provision substantially the same as such Article 19(f) and Article 20 para. 3 (including the relevant definitions in Article 35) are not applicable to the surviving entity;

(b)

any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a shareholder, to or with the Interested Shareholder, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-Owned subsidiary of the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the Shares then in issue;

(c)

jede Transaktion, die dazu führt, dass die Gesellschaft oder eine direkte oder indirekte Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird, Aktien oder Tochtergesellschafts-Aktien an den Nahestehenden Aktionär ausgibt oder überträgt, es sei denn (1) aufgrund der Ausübung, des Tauschs oder der Wandlung von Finanzmarktinstrumenten, die in Aktien oder Aktien einer direkten oder indirekten Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird, ausgeübt, getauscht oder gewandelt werden können, vorausgesetzt, die betreffenden Finanzmarktinstrumente waren zum Zeitpunkt, in dem der Nahestehende Aktionär zu einem solchem wurde, bereits ausgegeben; (2) als Dividende oder Ausschüttung an alle Aktionäre, oder aufgrund der Ausübung, des Tauschs oder der Wandlung von Finanzmarktinstrumenten, die in Aktien oder Aktien einer direkten oder indirekten Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird, ausgeübt, getauscht oder gewandelt werden können, vorausgesetzt, diese Finanzinstrumente werden allen Aktionäre anteilmässig ausgegeben, nachdem der Nahestehende Aktionär zu einem solchem wurde; (3) gemäss einem Umtauschangebot der Gesellschaft, Aktien von allen Aktionären zu den gleichen Bedingungen zu erwerben; oder (4) aufgrund der Ausgabe oder der Übertragung von Aktien durch die Gesellschaft; vorausgesetzt, dass in keinem der unter (2) bis (4) genannten Fällen der proportionale Anteil des Nahestehenden Aktionärs an den Aktien erhöht werden darf;

(c)

any transaction which results in the issuance or transfer by the Company or by any direct or indirect majority-Owned subsidiary of the Company of any Shares or shares of such subsidiary to the Interested Shareholder, except (1) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into Shares or the shares of a direct or indirect majority-Owned subsidiary of the Company which securities were in issue prior to the time that the Interested Shareholder became such; (2) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into Shares or the shares of a direct or indirect majority-Owned subsidiary of the Company which security is distributed, pro rata, to all shareholders subsequent to the time the Interested Shareholder became such; (3) pursuant to an exchange offer by the Company to purchase Shares made on the same terms to all holders of said Shares; or (4) any issuance or transfer of Shares by the Company; *provided, however*, that in no case under (2)–(4) above shall there be an increase in the Interested Shareholder's proportionate interest in the Shares;

(d)
jede Transaktion, in welche die Gesellschaft oder eine direkte oder indirekte Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird, involviert ist, und die direkt oder indirekt dazu führt, dass der proportionale Anteil der vom Nahestehenden Aktionär gehaltenen Aktien, in Aktien wandelbare Obligationen oder Tochtergesellschafts-Aktien erhöht wird, ausser eine solche Erhöhung ist nur unwesentlich und die Folge eines Spitzenausgleichs für Fraktionen oder eines Rückkaufs oder einer Rücknahme von Aktien, soweit diese(r) weder direkt noch indirekt durch den Nahestehenden Aktionär verursacht wurde; oder

(e)
jede direkte oder indirekte Gewährung von Darlehen, Vorschüssen, Garantien, Bürgschaften, oder garantieähnlicher Verpflichtungen, Pfändern oder anderen finanziellen Begünstigungen (mit Ausnahme einer solchen, die gemäss den Unterabschnitten (a) – (d) dieses Artikels 35 Abs. 14 ausdrücklich erlaubt ist sowie einer solchen, die proportional an alle Aktionäre erfolgt) durch die oder über die Gesellschaft oder eine direkte oder indirekte Tochtergesellschaft, die zur Mehrheit von der Gesellschaft gehalten wird, an den Nahestehenden Aktionär.

Zusatzbetrag 15 Der Begriff **Zusatzbetrag** hat die in Artikel 29c dieser Statuten aufgeführte Bedeutung.

Supplementary Amount 15

(d)
any transaction involving the Company or any direct or indirect majority-Owned subsidiary of the Company which has the effect, directly or indirectly, of increasing the proportionate interest in the Shares, or securities convertible into the Shares, or in the shares of any such subsidiary which is Owned by the Interested Shareholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any Shares not caused, directly or indirectly, by the Interested Shareholder; or

(e)
any receipt by the Interested Shareholder of the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in subsections (a)–(d) of this Article 35 para. 14) provided by or through the Company or any direct or indirect majority-Owned subsidiary of the Company.

The term **Supplementary Amount** has the meaning assigned to it in Article 29c of these Articles of Association.

Abschnitt 9:
Übergangsbestimmungen

Artikel 36

Section 9:
Transitional Provisions

Article 36

Die Gesellschaft übernimmt bei der Kapitalerhöhung vom 19. Dezember 2008 von der Transocean Inc. in Grand Cayman, Cayman Islands (**Transocean Inc.**), gemäss Sacheinlagevertrag per 18. Dezember 2008 (**Sacheinlagevertrag**) 319'228'632 Aktien (*ordinary shares*) der Transocean Inc. Diese Aktien werden zu einem Übernahmewert von insgesamt CHF 16'476'107'961.80 übernommen. Als Gegenleistung für diese Sacheinlage gibt die Gesellschaft einem Umtauschagenten, handelnd auf Rechnung der Aktionäre der Transocean Inc. im Zeitpunkt unmittelbar vor Vollzug des Sacheinlagevertrages und im Namen und auf Rechnung der Transocean Inc., insgesamt 335'228'632 voll einbezahlte Aktien mit einem Nennwert von insgesamt CHF 5'028'429'480 aus. Die Gesellschaft weist die Differenz zwischen dem totalen Nennwert der ausgegebenen Aktien und dem Übernahmewert der Sacheinlage im Gesamtbetrag von CHF 11'447'678'481.80 den Reserven der Gesellschaft zu.

In connection with the capital increase of December 19, 2008, and in accordance with the contribution in kind agreement as of December 18, 2008 (the **Contribution in Kind Agreement**), the Company acquires 319,228,632 ordinary shares of Transocean Inc., Grand Cayman, Cayman Islands (**Transocean Inc.**). The shares of Transocean Inc. are acquired for a total value of CHF 16,476,107,961.80. As consideration for this contribution, the Company issues to an exchange agent, acting for the account of the holders of ordinary shares of Transocean Inc. outstanding immediately prior to the completion of the Contribution in Kind Agreement and in the name and the account of Transocean Inc, a total of 335,228,632 fully paid Shares with a total par value of CHF 5,028,429,480. The difference between the aggregate par value of the issued Shares and the total value of CHF 11,447,678,481.80 is allocated to the reserves of the Company.

Genehmigung der Vergütung gemäss Artikel 29a Abs. 1	Artikel 37	Die Genehmigung der Vergütung des Verwaltungsrates und der Geschäftsleitung durch die Aktionäre gemäss Artikel 29a Abs. 1 dieser Statuten findet erstmals an der ordentlichen Generalversammlung 2015 statt.	Ratification of the compensation pursuant to Article 29a para. 1	Article 37	The ratification by shareholders of the compensation of the Board of Directors and the Executive Management Team pursuant to Article 29a para. 1 of these Articles of Association shall take place for the first time at the 2015 Annual General Meeting.
Übergangsrechtliche Ausnahme zu Artikel 22 dieser Statuten betreffend die Höchstzahl der Mitglieder des Verwaltungsrates	Artikel 38	<p>1 Bis zum Abschluss der ordentlichen Generalversammlung 2015 kann die Höchstzahl der Mitglieder des Verwaltungsrates gemäss Artikel 22 dieser Statuten aufgrund der Wahl eines neuen Mitglieds des Verwaltungsrates an der ausserordentlichen Generalversammlung vom 22. September 2014 und des Verbleibs im Amt dieses neuen Mitglieds des Verwaltungsrates und der 11 an der ordentlichen Generalversammlung 2014 gewählten Mitglieder des Verwaltungsrates vorübergehend überschritten werden und 12 betragen.</p> <p>2 Jede Änderung dieses Artikels 38 untersteht den gleichen Präsenz- und Mehrheitsquoren wie eine Änderung von Artikel 22.</p>	Transitory exception to the maximum number of the members of the Board of Directors pursuant to Article 22 of the Articles of Association	Article 38	<p>1 Until completion of the 2015 Annual General Meeting the maximum number of the members of the Board of Directors pursuant to Article 22 of these Articles of Association may be temporarily exceeded as a result of the election of one new member of the Board of Directors at the Extraordinary General Meeting of Shareholders of September 22, 2014 and the continuance in office of this new member of the Board of Directors and the 11 members of the Board of Directors elected at the 2014 Annual General Meeting and amount to 12.</p> <p>2 Any amendment to this Article 38 shall be subject to the same presence quorum and voting majority requirements as an amendment to Article 22.</p>

CEO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeremy D. Thigpen, certify that:

1. I have reviewed this report on Form 10-Q of Transocean Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2016

/s/ Jeremy D. Thigpen

Jeremy D. Thigpen

President and Chief Executive Officer

CFO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark L. Mey, certify that:

1. I have reviewed this report on Form 10-Q of Transocean Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2016

/s/ Mark L. Mey

Mark L. Mey

Executive Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b))
OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Jeremy D. Thigpen, President and Chief Executive Officer of Transocean Ltd., a Swiss corporation (the "Company"), hereby certify, to my knowledge, that:

(1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 3, 2016

/s/ Jeremy D. Thigpen

Jeremy D. Thigpen

President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b)
OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Mark L. Mey, Executive Vice President, Chief Financial Officer of Transocean Ltd., a Swiss corporation (the "Company"), hereby certify, to my knowledge, that:

(1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 3, 2016

/s/ Mark L. Mey

Mark L. Mey

Executive Vice President, Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.
