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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): November 4, 2009 (November 4, 2009)

TRANSOCEAN LTD.

(Exact name of registrant as specified in its charter)

Switzerland
(State or other jurisdiction of
incorporation or organization)

000-53533
(Commission
File Number)

98-0599916
(I.R.S. Employer
Identification No.)

Blandonnet International Business Center
Building F, 7th Floor
Chemin de Blandonnet 2
Vernier, Switzerland
(Address of principal executive offices)

CH-1214
(zip code)

Registrant's telephone number, including area code: +41 (22) 930-9000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

Our news release dated November 4, 2009, concerning third quarter 2009 financial results, furnished as Exhibit 99.1 to this report, is incorporated by reference herein.

Item 7.01. Regulation FD Disclosure.

Slide Presentation

On November 4, 2009, we are posting the slide presentation furnished as Exhibit 99.2 to this report on our website at www.deepwater.com. Exhibit 99.2 is incorporated in this Item 7.01 by reference.

Statements contained within the slide presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include but are not limited to projections relating to out-of-service forecasts, operating and maintenance costs trends, contract backlog, and other statements that are not historical facts. Such statements are subject to numerous risks, uncertainties and assumptions, including but not limited to, uncertainties relating to the level of activity in offshore oil and gas exploration and development, exploration success by producers, oil and gas prices, rig demand and capacity, drilling industry market conditions, possible delays or cancellation of drilling contracts, work stoppages, operational or other downtime, the Company's ability to enter into and the terms of future contracts, the availability of qualified personnel, labor relations, future financial results, operating hazards, political and other uncertainties inherent in non-U.S. operations (including exchange and currency fluctuations), war, terrorism, natural disaster and cancellation or unavailability of insurance coverage, the impact of governmental laws and regulations, the adequacy of sources of liquidity, the effect of litigation and contingencies and other factors discussed in the Company's Form 10-K for the year ended December 31, 2008, and in the Company's other filings with the Securities and Exchange Commission ("SEC"), which are available free of charge on the SEC's website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. We caution investors not to place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements, except as required by law.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The exhibits to this report furnished pursuant to items 2.02, and 7.01 are as follows:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Transocean Ltd. Release Reporting Third Quarter 2009 Financial Results
99.2	Slide Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRANSOCEAN LTD.

Date: November 4, 2009

By

/s/ MARGARET C. FITZGERALD

Margaret C. Fitzgerald
Associate General Counsel

Index to Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Transocean Ltd. Release Reporting Third Quarter 2009 Financial Results
99.2	Slide Presentation

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+1 713-232-7647

News Release

FOR RELEASE: November 4, 2009

**TRANSOCEAN LTD. REPORTS
THIRD QUARTER 2009 FINANCIAL RESULTS**

ZUG, SWITZERLAND—Transocean Ltd. (NYSE: RIG) today reported net income attributable to controlling interest for the three months ended September 30, 2009 of \$710 million, or \$2.19 per diluted share, compared to net income attributable to controlling interest of \$1.063 billion, or \$3.30 per diluted share for the three months ended September 30, 2008. Revenues for the third quarter of 2009 were \$2.823 billion compared to \$3.192 billion for the third quarter 2008.

Third quarter 2009 results were adversely impacted by certain net charges, after tax, totaling \$148 million, or \$0.46 per diluted share, as follows:

- \$132 million related to various litigation matters,
- \$46 million for impairment of intangible assets related to drilling management services,
- \$10 million primarily related to the retirement of debt and expenses associated with the GlobalSantaFe merger,
- partially offset by \$40 million of income related to discrete tax items and gains on settlements of certain tax matters.

Operations Quarterly Review

Revenues for the three months ended September 30, 2009 decreased slightly to \$2.823 billion, compared to revenues of \$2.882 billion during the three months ended June 30, 2009. The decrease was primarily due to a \$164 million reduction in revenue resulting from the stacking of rigs and decreased activity, partially offset by a \$108 million increase in revenue due to the commencement of operations of two of our newbuild drillships and improvements in dayrates and revenue efficiency.

Operating and maintenance expenses for three months ended September 30, 2009 were \$1.396 billion, compared to \$1.277 billion for the prior three-month period, an increase of \$119 million or 9.3 percent. The quarter-to-quarter increase in operating and maintenance costs primarily consisted of \$137 million related to various litigation matters and increased shipyard expenditures, partially offset by the cost benefits resulting from the stacking of rigs.

General and administrative expenses of \$54 million for the third quarter of 2009 were essentially unchanged, compared to the second quarter of 2009.

Interest Expense and Liquidity

Interest expense, net of amounts capitalized, for the third quarter of 2009 totaled \$115 million, compared to \$114 million for the second quarter of 2009.

As of September 30, 2009, total debt was \$11.922 billion, compared to total debt of \$12.053 billion as of June 30, 2009, a decrease of \$131 million. During the third quarter 2009, the company repaid approximately \$1.2 billion of debt. This was offset by an increase of debt of \$1.1 billion, including \$716 million associated with the *Petrobras 10000* capital lease and \$353 million of other borrowings.

Cash flow from operating activities totaled \$1.406 billion for the third quarter of 2009, compared to \$1.576 billion for the second quarter 2009.

Effective Tax Rate

Transocean's reported Effective Tax Rate⁽¹⁾ of 16.4 percent for the third quarter of 2009 reflects a benefit from various discrete tax items of \$29 million which primarily resulted from changes in estimates. Excluding these items as well as the adverse charges detailed above, the Annual Effective Tax Rate⁽²⁾ for the third quarter of 2009 was 16.4 percent versus 15.7 percent in the second quarter of 2009.

Conference Call Information

Transocean will conduct a teleconference call at 10:00 a.m. Eastern time, 4:00 p.m. Swiss time, today. To participate, dial +1 (913) 312-1305 and refer to confirmation code 4209411 approximately five to 10 minutes prior to the scheduled start time of the call. In addition, the conference call will be simultaneously broadcast in a listen-only mode over the Internet and can be accessed by logging onto the company's Web address at www.deepwater.com and selecting "Investor Relations." It may also be accessed at www.CompanyBoardroom.com by typing in Transocean's New York Stock Exchange trading symbol, "RIG." A file containing five charts to be discussed during the conference call, titled "3Q09 Charts," has been posted to Transocean's Web site and can be found by selecting "Investor Relations."

A telephonic replay of the conference call should be available after 1:00 p.m. Eastern time, 7:00 p.m. Swiss time, on November 4, 2009 and can be accessed by dialing +1 (719) 457-0820 and referring to the passcode 4209411. Also, a replay will be available through the Internet and can be accessed by visiting either of the above-referenced Worldwide Web addresses. Both replay options will be available for approximately 30 days.

Transocean is the world's largest offshore drilling contractor and the leading provider of drilling management services worldwide. With a fleet of 136 mobile offshore drilling units plus seven announced ultra-deepwater newbuild units, Transocean's fleet is considered one of the most modern and versatile in the world due to its emphasis on technically demanding segments of the offshore drilling business. Transocean owns or operates a contract drilling fleet of 42 High-Specification Floaters (Ultra-Deepwater, Deepwater and Harsh-Environment semisubmersibles and drillships), 26 Midwater Floaters, 10 High-Specification Jackups, 55 Standard Jackups and other assets utilized in the support of offshore drilling activities worldwide.

⁽¹⁾ Effective Tax Rate is defined as income tax expense divided by income before income taxes. See the accompanying schedule entitled "Supplemental Effective Tax Rate Analysis."

⁽²⁾ Annual Effective Tax Rate is defined as income tax expense excluding various discrete items (such as changes in estimates and tax on items excluded from income before income taxes) divided by income before income taxes excluding gains on sales and similar items pursuant to the accounting standard for income taxes and estimating the annual effective tax rate. See the accompanying schedule entitled "Supplemental Effective Tax Rate Analysis."

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TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (As adjusted)	2009	2008 (As adjusted)
Operating revenues				
Contract drilling revenues	\$2,602	\$ 2,699	\$8,061	\$ 7,926
Contract drilling intangible revenues	58	143	237	557
Other revenues	163	350	525	921
	2,823	3,192	8,823	9,404
Costs and expenses				
Operating and maintenance	1,396	1,426	3,844	3,947
Depreciation, depletion and amortization	367	336	1,082	1,040
General and administrative	54	46	163	140
	1,817	1,808	5,089	5,127
Impairment loss	(46)	—	(334)	—
Loss from disposal of assets, net	(3)	(1)	(3)	(4)
Operating income	957	1,383	3,397	4,273
Other income (expense), net				
Interest income	—	7	2	30
Interest expense, net of amounts capitalized	(115)	(143)	(365)	(473)
Loss on retirement of debt	(7)	—	(17)	(3)
Other, net	9	(12)	9	(20)
	(113)	(148)	(371)	(466)
Income before income tax expense	844	1,235	3,026	3,807
Income tax expense	138	175	573	533
Net income	706	1,060	2,453	3,274
Net loss attributable to noncontrolling interest	(4)	(3)	(5)	(3)
Net income attributable to controlling interest	\$ 710	\$ 1,063	\$2,458	\$ 3,277
Earnings per share				
Basic	\$ 2.20	\$ 3.32	\$ 7.63	\$ 10.27
Diluted	\$ 2.19	\$ 3.30	\$ 7.61	\$ 10.19
Weighted average shares outstanding				
Basic	321	319	320	318
Diluted	322	321	321	321

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

	September 30, 2009	December 31, 2008 (As adjusted)
Assets		
Cash and cash equivalents	\$ 886	\$ 963
Short-term investments	180	333
Accounts receivable, net of allowance for doubtful accounts of \$76 and \$114 at September 30, 2009 and December 31, 2008, respectively	2,614	2,864
Materials and supplies, net of allowance for obsolescence of \$57 and \$49 at September 30, 2009 and December 31, 2008, respectively	457	432
Deferred income taxes, net	87	63
Assets held for sale	186	464
Other current assets	193	230
Total current assets	4,603	5,349
Property and equipment	28,513	25,836
Less accumulated depreciation	5,983	4,975
Property and equipment, net	22,530	20,861
Goodwill	8,134	8,128
Other assets	751	844
Total assets	\$ 36,018	\$ 35,182
Liabilities and equity		
Accounts payable	\$ 827	\$ 914
Accrued income taxes	136	317
Debt due within one year	702	664
Other current liabilities	919	806
Total current liabilities	2,584	2,701
Long-term debt	11,220	12,893
Deferred income taxes, net	772	666
Other long-term liabilities	1,736	1,755
Total long-term liabilities	13,728	15,314
Commitments and contingencies		
Shares, CHF 15.00 par value, 502,852,947 authorized, 167,617,649 contingently authorized, 335,235,298 issued and 321,139,451 outstanding at September 30, 2009; 502,852,947 authorized, 167,617,649 contingently authorized, 335,235,298 issued and 319,262,113 outstanding at December 31, 2008	4,470	4,444
Additional paid-in capital	7,394	7,313
Retained earnings	8,285	5,827
Accumulated other comprehensive loss	(442)	(420)
Total controlling interest shareholders' equity	19,707	17,164
Noncontrolling interest	(1)	3
Total equity	19,706	17,167
Total liabilities and equity	\$ 36,018	\$ 35,182

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (As adjusted)	2009	2008 (As adjusted)
Cash flows from operating activities				
Net income	\$ 706	\$ 1,060	\$ 2,453	\$ 3,274
Adjustments to reconcile net income to net cash provided by operating activities				
Amortization of drilling contract intangibles	(58)	(143)	(237)	(557)
Depreciation, depletion and amortization	367	336	1,082	1,040
Share-based compensation expense	23	16	66	49
Excess tax benefit from share-based compensation plans	(9)	—	(10)	(11)
Impairment loss	46	16	334	16
Loss from disposal of assets, net	3	1	3	4
Loss on retirement of debt	7	—	17	3
Amortization of debt issue costs, discounts and premiums, net	51	44	160	129
Deferred revenue, net	29	(3)	72	22
Deferred expenses, net	(3)	(3)	(38)	(132)
Deferred income taxes	24	60	50	4
Other, net	7	7	30	(1)
Changes in operating assets and liabilities	213	(121)	441	(77)
Net cash provided by operating activities	1,406	1,270	4,423	3,763
Cash flows from investing activities				
Capital expenditures	(540)	(514)	(2,195)	(1,703)
Proceeds from disposal of assets, net	2	5	10	352
Proceeds from short-term investments	29	14	422	14
Purchases of short-term investments	(34)	(408)	(268)	(408)
Joint ventures and other investments, net	5	—	5	(3)
Net cash used in investing activities	(538)	(903)	(2,026)	(1,748)
Cash flows from financing activities				
Change in short-term borrowings, net	254	202	(246)	(153)
Proceeds from debt	26	303	345	2,354
Repayments of debt	(1,173)	(1,000)	(2,583)	(4,673)
Payments for warrant exercises, net	—	—	(13)	(4)
Proceeds from (taxes paid for) share-based compensation plans, net	(6)	(12)	16	49
Excess tax benefit from share-based compensation plans	9	—	10	11
Other, net	1	(7)	(3)	(11)
Net cash used in financing activities	(889)	(514)	(2,474)	(2,427)
Net decrease in cash and cash equivalents	(21)	(147)	(77)	(412)
Cash and cash equivalents at beginning of period	907	976	963	1,241
Cash and cash equivalents at end of period	\$ 886	\$ 829	\$ 886	\$ 829

TRANSOCEAN LTD.
FLEET OPERATING STATISTICS

	Operating Revenues (\$ Millions) ⁽¹⁾				
	Three months ended			Nine months ended	
	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Contract Drilling Revenues					
High-Specification Floaters:					
Ultra Deepwater Floaters	\$ 732	\$ 673	\$ 617	\$ 2,107	\$ 1,783
Deepwater Floaters	463	406	323	1,282	1,025
Harsh Environment Floaters	141	159	163	458	481
Total High-Specification Floaters	1,336	1,238	1,103	3,847	3,289
Midwater Floaters	618	644	690	1,971	2,015
High-Specification Jackups	104	128	144	383	448
Standard Jackups	537	608	749	1,835	2,134
Other Rigs	6	7	13	25	40
Subtotal	2,602	2,625	2,699	8,061	7,926
Contract Intangible Revenue	58	75	143	237	557
Other Revenues					
Client Reimbursable Revenues	49	48	55	148	152
Integrated Services and Other	53	52	12	158	8
Drilling Management Services	54	74	257	198	693
Oil and Gas Properties	7	8	26	21	68
Subtotal	163	182	350	525	921
Total Company	\$ 2,823	\$ 2,882	\$ 3,192	\$ 8,823	\$ 9,404

	Average Dayrates ⁽¹⁾				
	Three months ended			Nine months ended	
	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
High-Specification Floaters:					
Ultra Deepwater Floaters	\$ 458,500	\$ 450,500	\$ 401,300	\$ 453,400	\$ 390,700
Deepwater Floaters	\$ 355,600	\$ 339,600	\$ 322,700	\$ 344,300	\$ 307,600
Harsh Environment Floaters	\$ 386,000	\$ 374,500	\$ 363,500	\$ 369,400	\$ 362,400
Total High-Specification Floaters	\$ 409,300	\$ 397,600	\$ 369,300	\$ 400,300	\$ 356,600
Midwater Floaters	\$ 355,800	\$ 302,700	\$ 292,900	\$ 322,200	\$ 294,800
High-Specification Jackups	\$ 161,000	\$ 161,400	\$ 178,500	\$ 164,400	\$ 176,700
Standard Jackups	\$ 156,200	\$ 149,200	\$ 158,700	\$ 153,800	\$ 151,400
Other Rigs	\$ 73,300	\$ 48,300	\$ 48,900	\$ 51,400	\$ 49,000
Total Drilling Fleet	\$ 283,800	\$ 255,900	\$ 242,200	\$ 264,500	\$ 236,500

	Utilization ⁽¹⁾				
	Three months ended			Nine months ended	
	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
High-Specification Floaters:					
Ultra Deepwater Floaters	90%	91%	93%	93%	93%
Deepwater Floaters	89%	82%	68%	85%	76%
Harsh Environment Floaters	80%	93%	98%	91%	97%
Total High-Specification Floaters	88%	88%	83%	89%	86%
Midwater Floaters	72%	84%	88%	82%	86%
High-Specification Jackups	70%	87%	87%	85%	93%
Standard Jackups	68%	82%	93%	79%	92%
Other Rigs	42%	59%	100%	70%	100%
Total Drilling Fleet	75%	84%	89%	83%	89%

⁽¹⁾ Average daily revenue is defined as contract drilling revenue earned per revenue earning day in the period. A revenue earning day is defined as a day for which a rig earns dayrate after commencement of operations. Utilization is defined as the total actual number of revenue earning days in the period as a percentage of the total number of calendar days in the period for all drilling rigs in our fleet.

Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis
(In millions)

	Three months ended			Nine months ended	
	Sept 30, 2009	June 30, 2009	Sept 30, 2008 (As adjusted)	Sept 30, 2009	Sept 30, 2008 (As adjusted)
Income before income taxes and minority interest	\$ 844	\$ 992	\$ 1,235	\$3,026	\$ 3,807
Add back (subtract):					
Litigation matters	132	—	—	132	—
GSF merger related costs	4	2	1	12	5
Impairment loss	46	67	16	334	16
Loss on sale of CDC interest	—	4	—	4	—
Gain on sale of <i>Sedco 135-D</i>	(1)	(1)	—	(2)	—
Loss on retirement of debt	7	8	—	17	3
Income from TODCO tax sharing agreement	(11)	—	(14)	(11)	(14)
Adjusted income before income tax expense	<u>1,021</u>	<u>1,072</u>	<u>1,238</u>	<u>3,512</u>	<u>3,817</u>
Income tax expense	138	184	175	573	533
Add back (subtract):					
GSF merger related costs	1	—	1	2	1
Impairment loss	—	—	2	—	2
Changes in estimates (1)	28	(16)	15	(24)	(10)
Adjusted income tax expense (2)	<u>\$ 167</u>	<u>\$ 168</u>	<u>\$ 193</u>	<u>\$ 551</u>	<u>\$ 526</u>
Effective Tax Rate (3)	16.4%	18.5%	14.2%	18.9%	14.0%
Annual Effective Tax Rate (4)	16.4%	15.7%	15.6%	15.7%	13.8%

- (1) Our estimates change as we file tax returns, settle disputes with tax authorities or become aware of other events and include changes in deferred taxes, valuation allowances on deferred taxes and other tax liabilities.
- (2) The three months ended September 30, 2009 include \$7 million of additional tax expense (benefit) reflecting the catch-up effect of an increase (decrease) in the annual effective tax rate from the previous quarter estimate.
- (3) Effective Tax Rate is income tax expense divided by income before income tax expense.
- (4) Annual Effective Tax Rate is income tax expense excluding various discrete items (such as changes in estimates and tax on items excluded from income before income tax expense) divided by income before income tax expense excluding gains and losses on sales and similar items pursuant to the accounting standards for income taxes and estimating the annual effective tax rate.



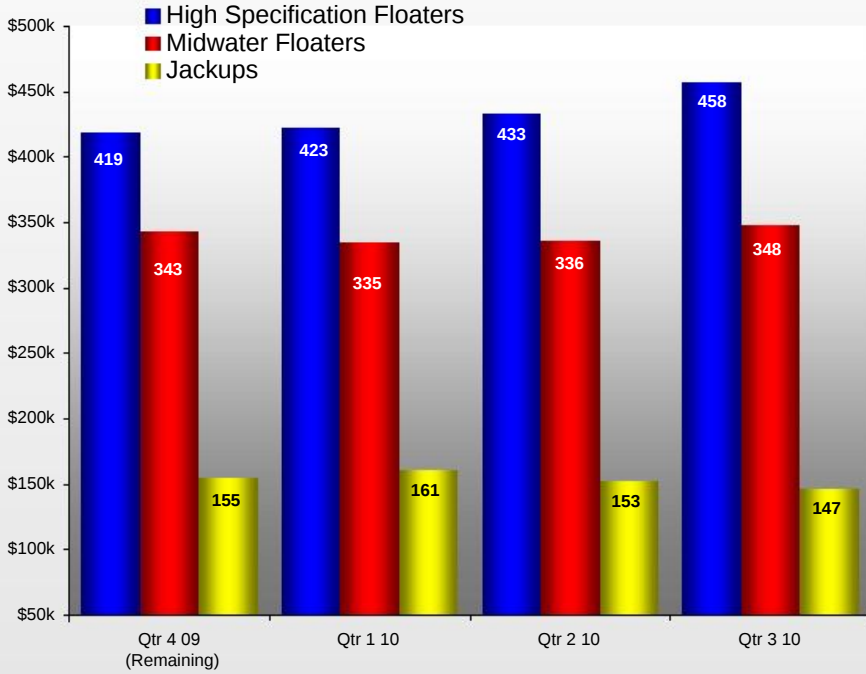
Your Next Generation Driller

Transocean Ltd. Reports
Third Quarter 2009 Results



Chart #1: Average Contracted Dayrate by Rig Type

Qtr 4 2009 through Qtr 3 2010 (Unaudited)



Definitions

Average Dayrate The weighted average contract dayrate for each rig type based on current backlog from the company's most recent Fleet Status Report as of November 2, 2009. Includes firm contracts only.

High-Specification Floaters The High-Specification Floaters category is a consolidation of the Ultra-Deepwater Floaters, Other High-Specification Floaters and Other Deepwater Floaters as described below.

Ultra-Deepwater Floaters have high-pressure mud pumps and a water depth capability of 7,500 feet or greater.

Other High-Specification Floaters were built in the mid to late 1980s, are capable of drilling in harsh environments and have greater displacement than previously constructed rigs resulting in larger variable load capacity, more useable deck space and better motion characteristics.

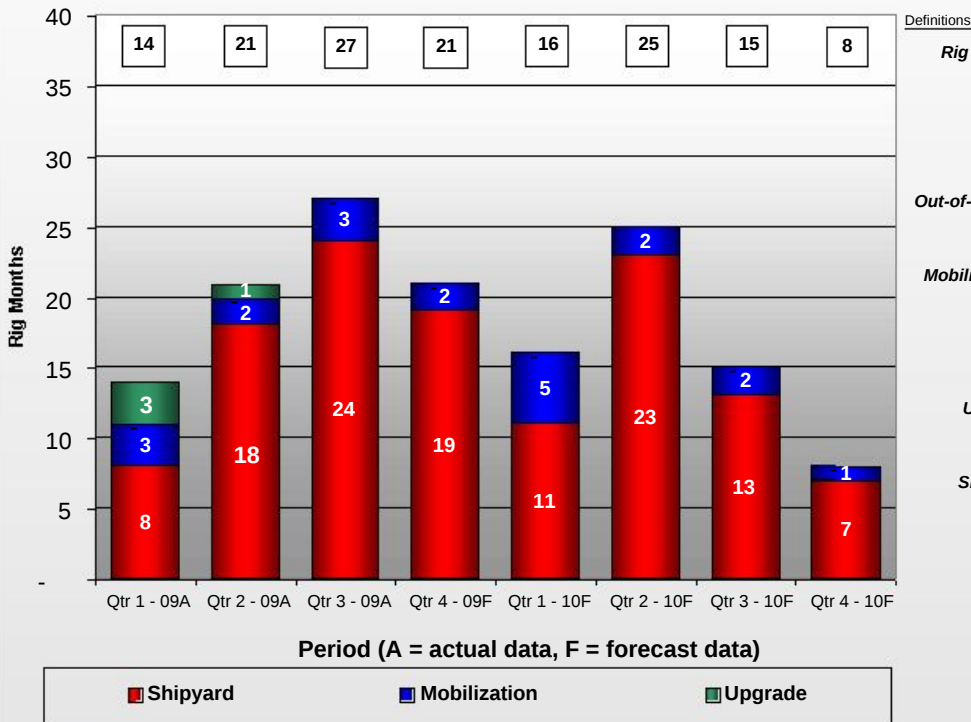
The Other Deepwater Floaters include the remaining semi-submersible rigs and drillships that have a water depth capacity of at least 4,500 feet.

Midwater Floaters The Midwater Floaters category is generally comprised of those non-High-Specification Floaters with a water depth capacity of less than 4,500 feet.

Jackups The Jackups category consists of our jackup fleet.

Chart #2: Out-of-Service Rig Months*

Qtr 1 2009 through Qtr 4 2010 (Unaudited)

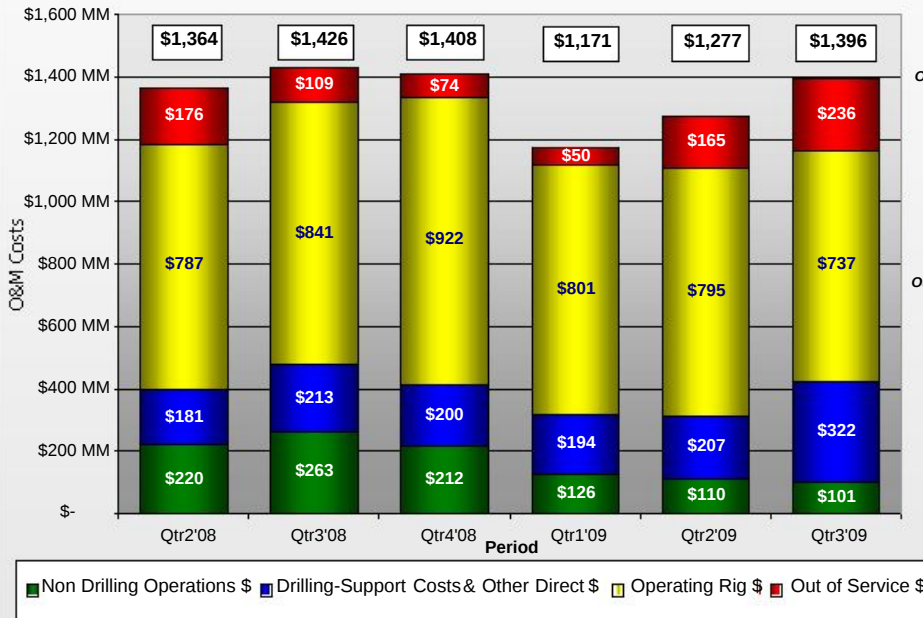


Definitions

- Rig Months** Time expressed in months that each rig has been, or is forecast to be Out of Service as reflected in the company's Fleet Status Report as of November 2, 2009. Also includes out of service time of less than 14 days that is not disclosed in the Fleet Status Report.
- Out-of-Service** Time when a rig is not available to earn an operating dayrate due to shipyard, mobilization, and upgrades.
- Mobilization** Includes mobilization and demobilization to and from operating contracts and other activities such as shipyards excluding those mobilization and demobilization periods covered in *Upgrade*. Excludes Newbuild mobilization prior to commencement of operations.
- Upgrade** Includes the Sedco 702 and the Sedco 706 which have undergone shipyard projects to enhance the operational capabilities.
- Shipyard** Refers to periods during which a rig is out of service as a result of contract preparation, other planned shipyards, surveys, repairs, regulatory inspections or other planned service or work on the rig excluding reactivations and upgrades.

* Excludes stacked rigs and mobilization to stacking locations.

Chart #3: Operating & Maintenance (O&M) Costs Trends (Unaudited)



Definitions

Drilling - Support Costs & Other Direct

Includes all shorebase and common support costs such as onshore offices, yards and pool equipment and other direct costs such as labor pools and newbuild expenses.

Non Drilling Operations

Includes Integrated Services, Drilling Management, and Oil & Gas Services, and non-drilling overhead

Operating Rig \$

Denotes the total O&M costs of a rig while in service based upon the Rig Operating Days (excluding shorebase or common support costs), as defined below.

Rig Operating Days

Denotes the total amount of days a rig is deemed to be in-service under contract operations. This excludes all out of service time relating to shipyards, mobilization and short-term out of contract periods but includes the operational downtime of in service rigs. The average number of days may also fluctuate from quarter to quarter as a result of rigs being reactivated, sold or stacked in the quarters.

Out of Service \$

Denotes the total O&M costs while a rig is out of service based upon Out of Service Days, as defined below. Out of Service costs are the difference between total operating and maintenance costs and the In-Service Costs.

Out of Service Days

Includes the total amount of days a rig is deemed to be out of service. This relates to times when a rig is out of service due to shipyards, mobilization, short-term idle periods and stacked periods.

O&M Costs

Operating and maintenance costs represent all direct and indirect costs associated with the operation and maintenance of our drilling rigs. Operating and maintenance costs also includes all costs related to local and Unit offices as well as all costs related to operations support, engineering support, marketing and other similar costs. The principal elements of these costs are direct and indirect labor and benefits, repair and maintenance, contract preparation expenses, insurance, boat and helicopter rentals, professional and technical fees, freight costs, communications, customs duties, tool rentals and services, fuel and water, general taxes and licenses. Labor, repair and maintenance costs, insurance premiums, personal injury losses and drilling rig casualty losses represent the most significant components of our operating and maintenance costs

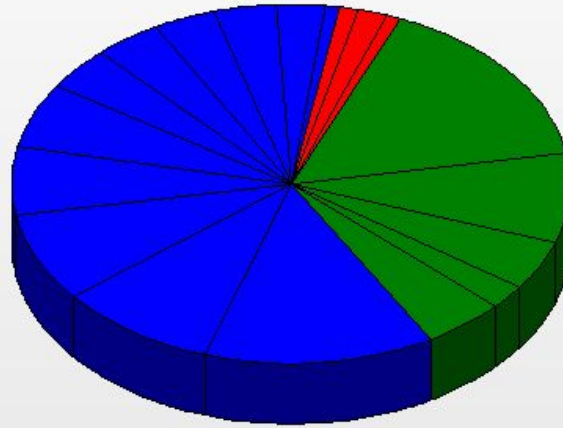
Chart #4: Contract Backlog by Client Rating⁽¹⁾

(Unaudited)

Total Contract Backlog ⁽²⁾ = \$32.2 Billion

Other ⁽³⁾ – 4%

A Rated – 61%



Other Investment Grade – 35%

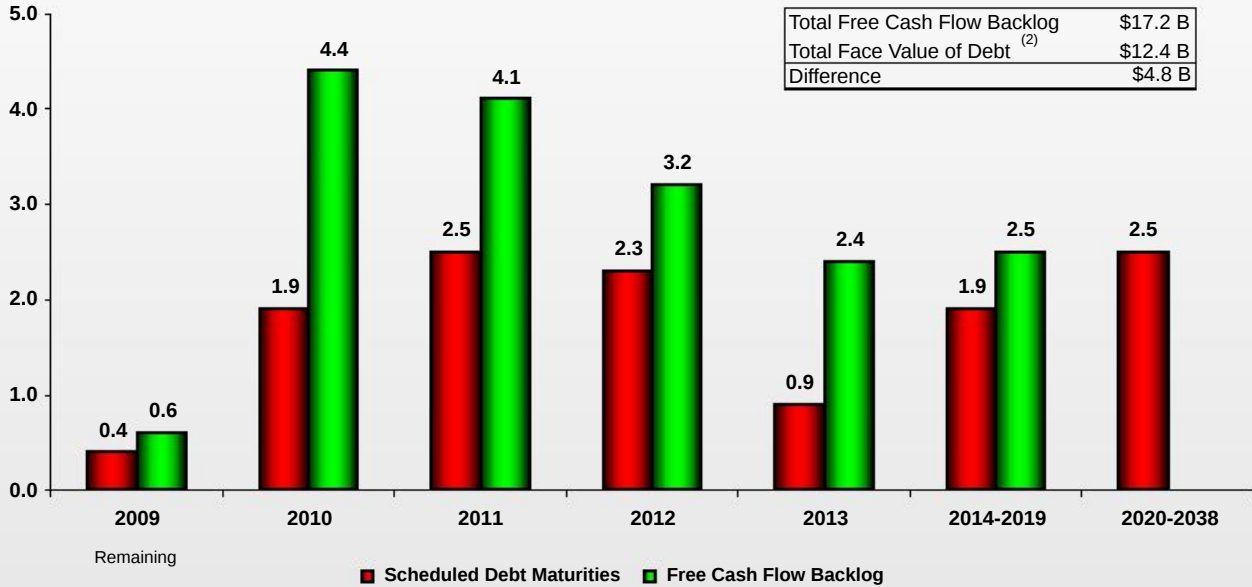
■ A Rated ■ Other Investment Grade ■ Other

- (1) Credit ratings represent the rating of client parent companies; however, our contracts may or may not be with the parent company.
- (2) Calculated by multiplying the contracted operating dayrate by the firm contract period from November 2, 2009 forward. Reflects firm commitments represented by signed contracts. Contract backlog excludes revenues from mobilization, demobilization, contract preparation, integrated services and customer reimbursables. Our backlog calculation assumes that we receive the full contractual dayrate, which could be higher than the actual Dayrate that we receive because of a number of factors (rig downtime, suspension of operations, etc.) including some beyond our control.
- (3) Other includes non-investment grade and unrated companies

Chart #5: Free Cash Flow Backlog and Debt Maturities (Unaudited)

Total Free Cash Flow Backlog ⁽¹⁾ = \$17.2 Billion

(US\$ Billions)



Total Free Cash Flow Backlog	\$17.2 B
Total Face Value of Debt ⁽²⁾	\$12.4 B
Difference	\$4.8 B

(1) Defined as Revenue Backlog, plus Firm Mobilization Revenue for contracts not started, less the following: Operating Expenditures, Overhead costs (except General & Administrative), Firm Mobilization costs, Cash Taxes, Firm Sustaining Capital Expenditures, all newbuild Capital Expenditures and upgrade Capital Expenditures based on current backlog from the company's Fleet Status Report as of November 2, 2009.

(2) Total Face Value of Debt as of September 30, 2009