



Transocean Ltd.

Sanford Bernstein's 29th Annual Strategic Decisions Conference

May 29, 2013

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- **Company Overview**
- **Value Creation**
 - **Operations**
 - **Capital deployment**
 - **Assets**
- **Market Overview**

Company Overview

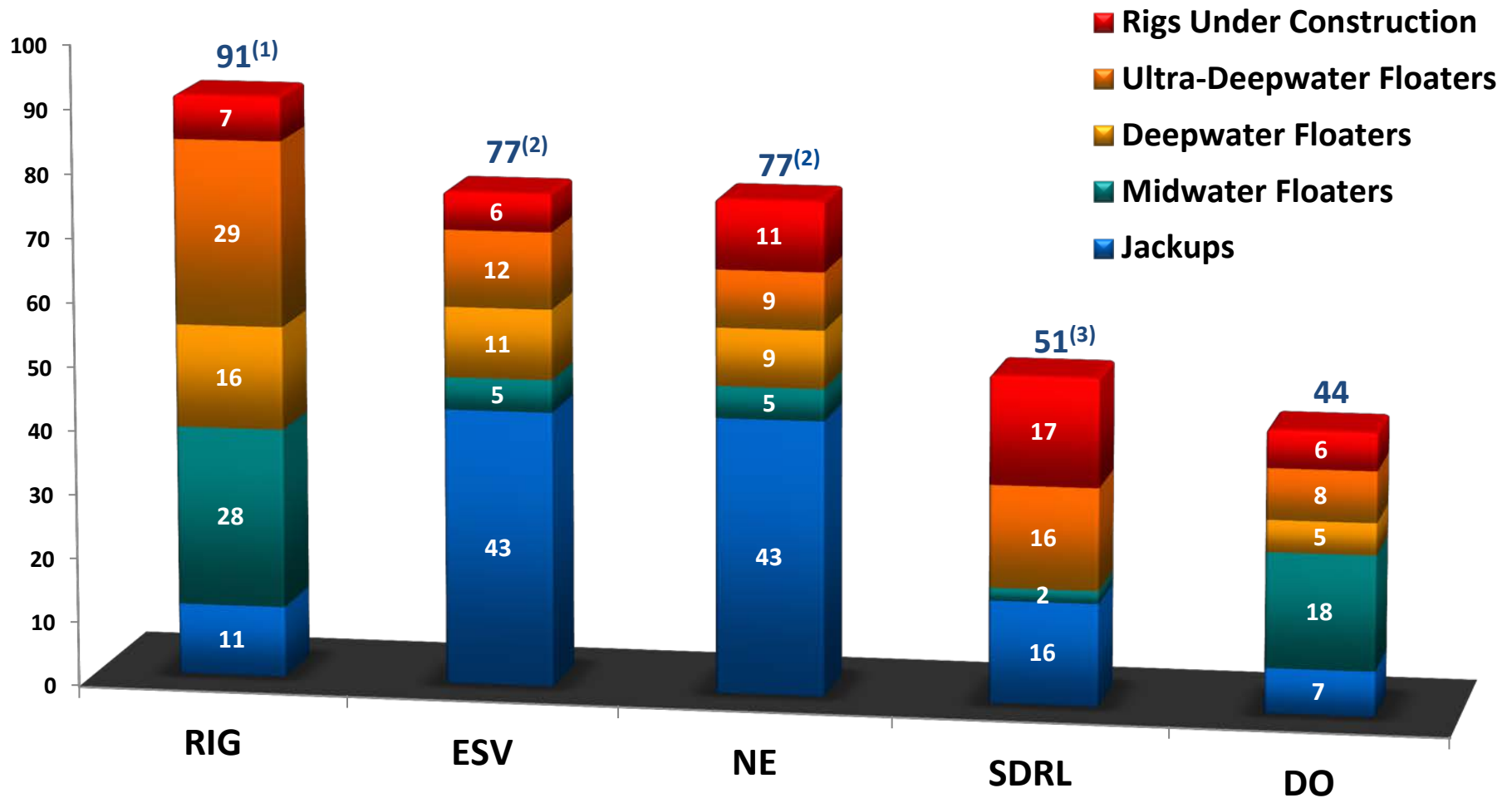
Industry Leader



- **World's largest offshore contract driller**
 - Largest fleet of high spec and midwater floaters
 - Operates in most major markets worldwide
 - Significant relationships across the customer spectrum
- **Positioned to lead**
 - Premier position in ultra-deepwater market segment
 - Size and technical capabilities create reinvestment opportunities

Company Overview

Largest Worldwide Rig Fleet

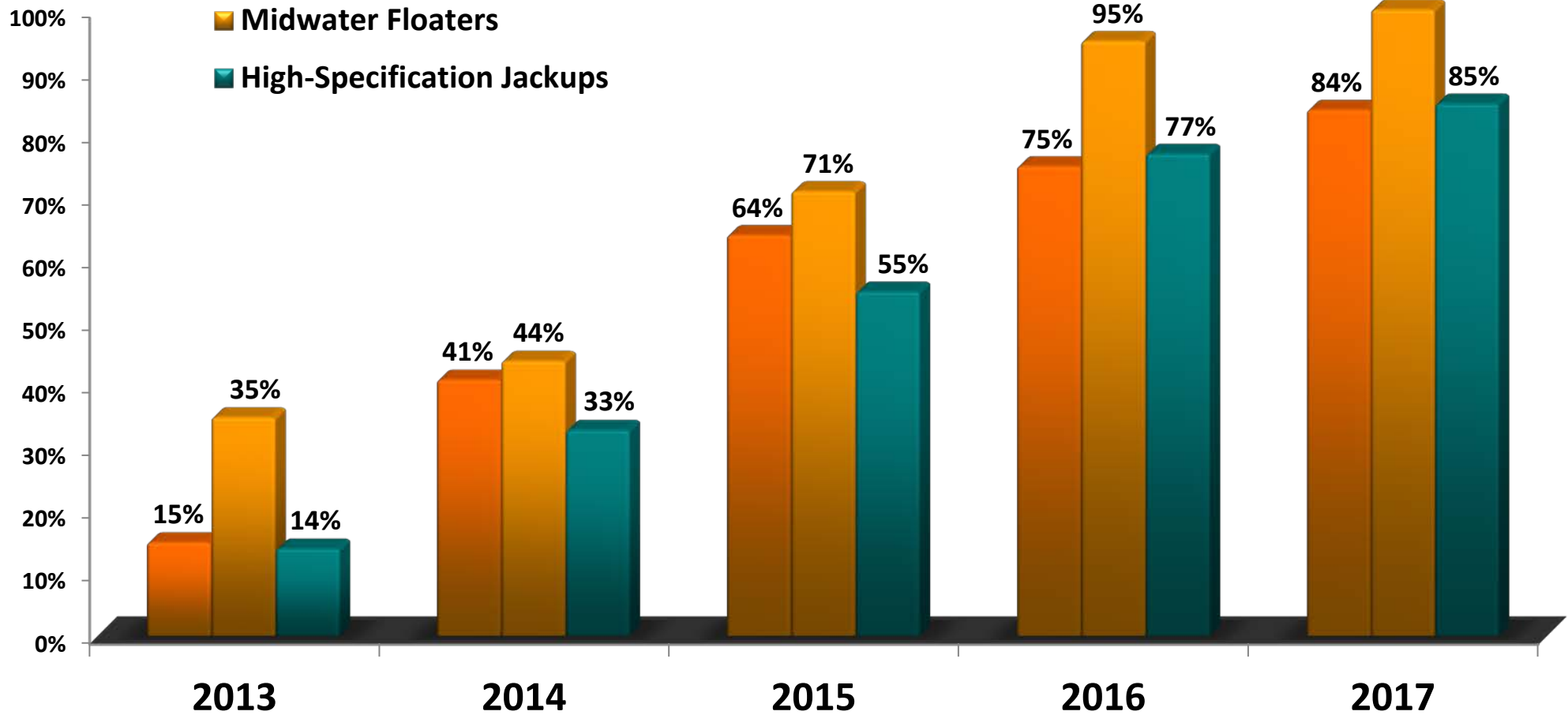


Company Overview

Uncommitted Fleet ⁽⁶⁾

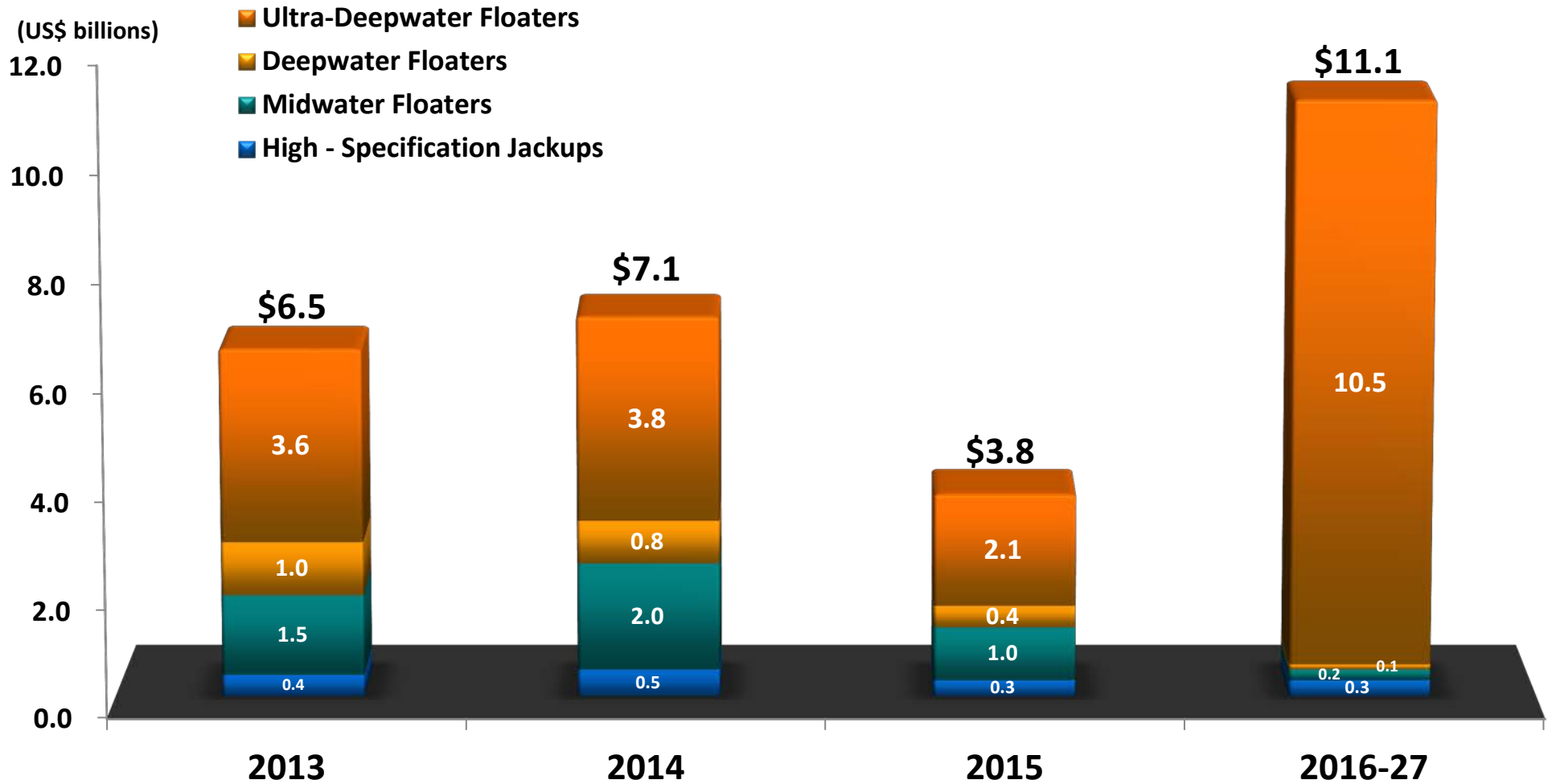


- High-Specification Floaters
- Midwater Floaters
- High-Specification Jackups



Company Overview

Strong Backlog



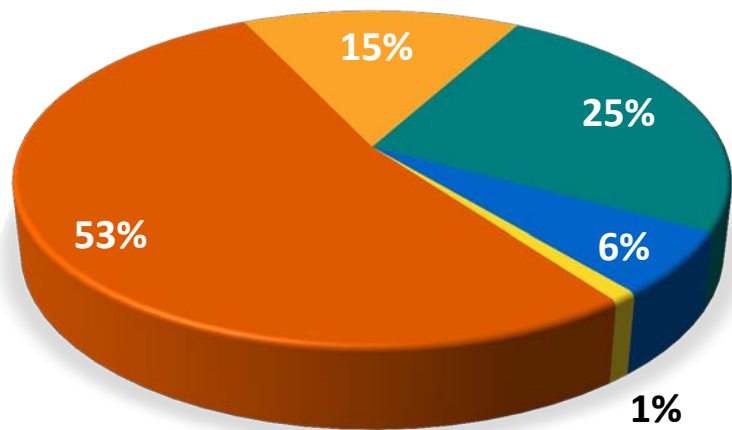
Total Backlog From Continuing Operations - \$28.5 billion⁽⁴⁾

Company Overview

Diversified Revenue Sources

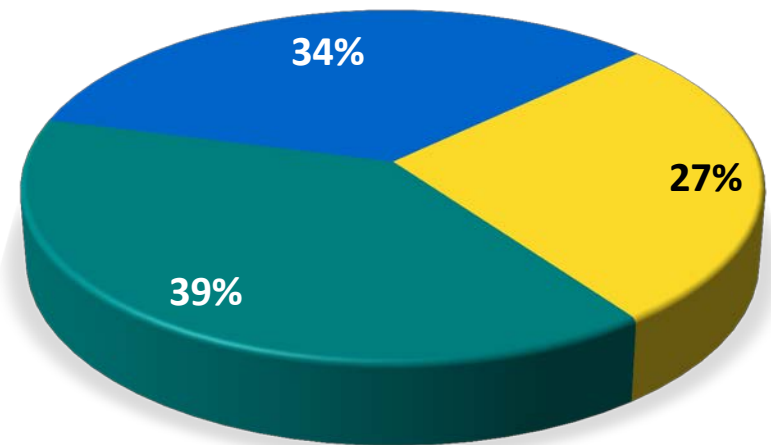


By Asset Class



- Ultra-Deepwater
- Midwater
- ADTI
- Deepwater
- High-Specification Jackups

By Customer



- Integrated
- NOC
- Independent

1Q 2013 Revenues - \$2.2 billion

Company Overview

Litigation Update



Macondo

- Civil and criminal settlement agreements reached with DOJ comprising \$1.4B paid over five years
 - Phase 1 of trial concluded 4/17/13; parties to prepare and submit post-trial briefings over next 3 months
 - Phase 2 of trial scheduled to start in September 2013

Brazil – Frade

- Criminal case against Transocean and employees dismissed by Court 3/15/13
- Vigorously pursuing final and comprehensive resolution of underlying litigation
 - Currently no restrictions on Transocean in Brazil

Norway Tax Case

- Norwegian Court overturned Arcade civil tax assessment; state filed appeal
- Criminal trial commenced December 2012; decisions anticipated early 2014
- Believe our tax returns are materially correct as filed and continue to vigorously contest assertions to the contrary

Value Creation

Strategic Objectives



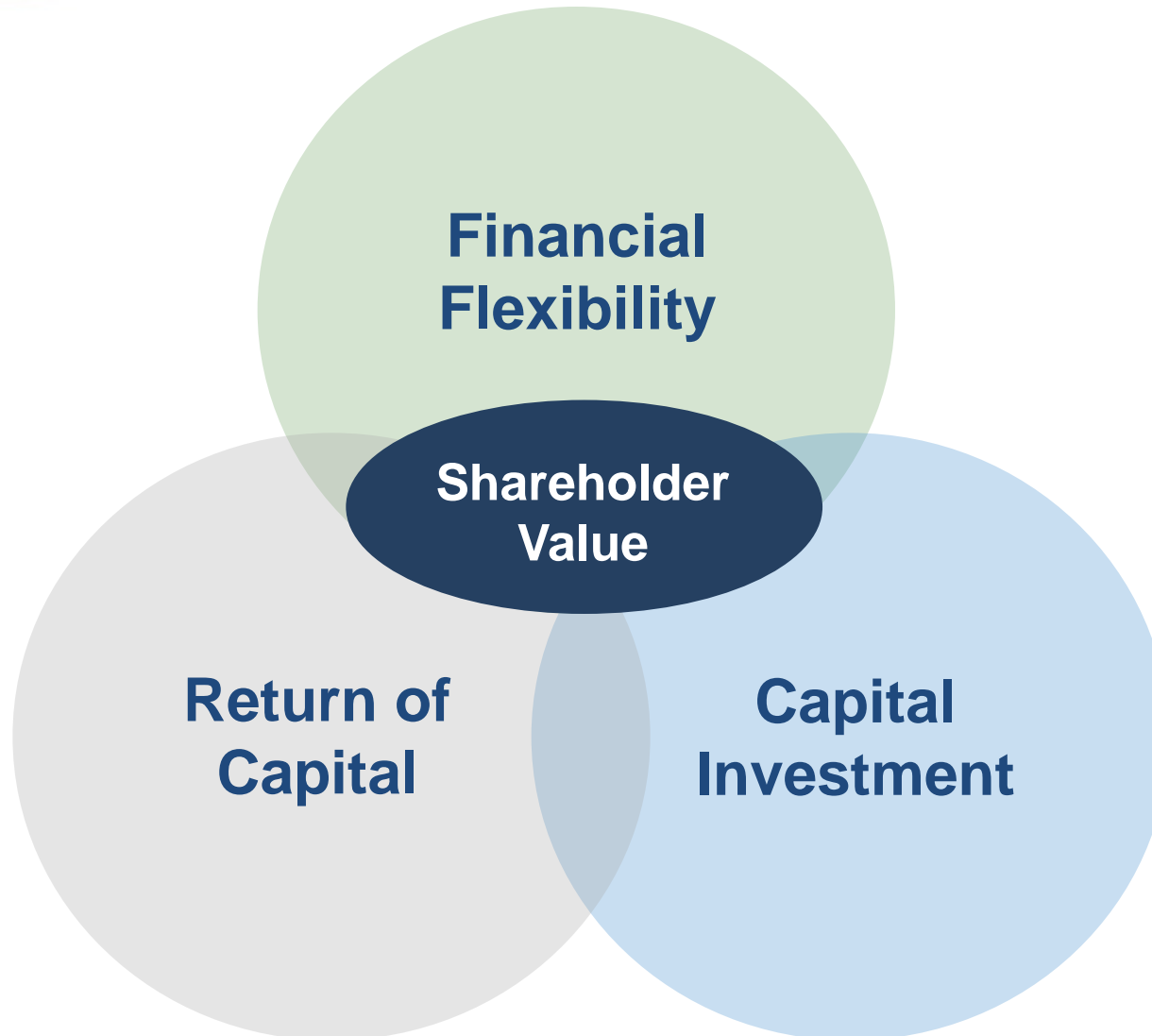
- **Continue to improve operational performance**
- **Maintain financial flexibility and strong balance sheet**
- **Execute asset strategy**
- **Resolution of remaining uncertainties**
 - **Macondo**
 - **Brazil**
 - **Norway**

We are focused on delivering superior operating performance:

- **Revenue efficiency**
 - Technical improvements
 - Improved contract terms
 - Historic levels believed achievable; progress will be gradual, non-linear
- **Rig out-of-service time**
 - Emphasis on planning, execution, collaboration with vendors
 - “Unit exchange” versus “inspect and repair”
- **Operating and maintenance costs**
 - Focus on shore-based costs and rig operating costs

Significant progress made in 2012

- **Operating Improvement**
 - Revenue efficiency improved to 93% from ~91% in 2011
 - Full fleet: ~95% in 3Q and 4Q
 - Revenue efficiency improvement is non-linear (e.g. 1Q'13)
 - Utilization improved by 9% to 78% year-over-year
- Adjusted earnings per share from operations increased 161%
- Cash flow from operating activities increased ~50% to \$2.7B
- Created \$16.8B in contract backlog
 - Contract-backed newbuilds contributed \$7.6B



- **Maintain financial flexibility to meet future requirements in context of uncertainties**
- **Manage financial exposure**
 - **Contract-backed Shell newbuilds**
 - **DOJ settlement**
- **Sustain investment grade rating**
 - **Accelerate retirement of debt**
- **Continue to divest select non-core assets**
- **Distribute excess cash to shareholders**
 - **Dividend**
 - **Intended to be recurring with potential for future increases**

- **High-return additions of new, state-of-the-art drilling rigs are essential for the long-term competitiveness of the company**
 - Represents primary source of growth and future operating income
 - A lack of investment in high-return assets would compromise the company's long-term viability
- **Prefer to not add incremental capacity to market**
 - Will buy existing capacity
 - Prefer to build to contract
- **Disciplined economic criteria (buy or build)**
 - Must fit high - spec strategy
 - Economic returns exceed cost of capital
 - Prefer significant, simple payback during initial contract period
 - Need strong balance sheet to be opportunistic

Value Creation Asset Strategy

- **Grow our leadership position in high-spec assets**
 - Build, acquire, divest and / or spin-off
- **Core, strategic asset portfolio**
 - Ultra-deepwater
 - Harsh Environment
 - High-spec Jackups
 - Other high-quality floaters and jackups



Value Creation

Asset Strategy – Execution



- **Fleet expansion**
 - **Four dynamically-positioned ultra-deepwater drillships**
 - **10 year contracts (\$7.6B of backlog)**
 - **~\$3.0B investment with attractive terms**
 - **Net cash flow generated over the contracts of ~\$4.2 billion, simple payback of 140%**
 - **Expect to return well in excess of our cost of capital over the 35-year life of the assets**
 - **Ships have advanced capabilities**
 - **Dual activity, industry-leading hoisting capacity**
 - **Second blow-out preventer system**
 - **12,000 ft water depth, 40,000 ft drilling depth**
 - **Outfitted to accommodate a future upgrade to a 20,000 psi BOP**

Value Creation

Asset Strategy – Execution



- 10 Ultra-Deepwater Newbuilds – Concluded in 2011
- 7 Newbuilds Currently Under Construction

	Construction Completion	Contract Commencement
<i>Transocean Ao Thai</i>	3Q 2013	4Q 2013
<i>Deepwater Asgard</i>	4Q 2013	1Q 2014
<i>Deepwater Invictus</i>	1Q 2014	3Q 2014
<i>Ultra – Deepwater Drillship TBN1</i>	2Q 2015	4Q 2015
<i>Ultra – Deepwater Drillship TBN2</i>	4Q 2015	2Q 2016
<i>Ultra – Deepwater Drillship TBN3</i>	2Q 2016	4Q 2016
<i>Ultra – Deepwater Drillship TBN4</i>	4Q 2016	2Q 2017

Value Creation

Asset Strategy – Execution



- **Sold 38 rig package to Shelf Drilling**
 - Buyer group has deep industry experience
 - Transocean will provide support to facilitate a successful transition
 - A significant step forward in execution of asset strategy
- **Divested 19 additional non-core assets in single asset transactions (2011 – YTD 2013)**
- **Significantly reduces the diversity of the fleet**
 - Renewed emphasis on high specification assets – both floaters and jackups
 - Provides opportunities for efficiency improvement
- **Focus improves Transocean's long-term competitiveness**

Market Overview

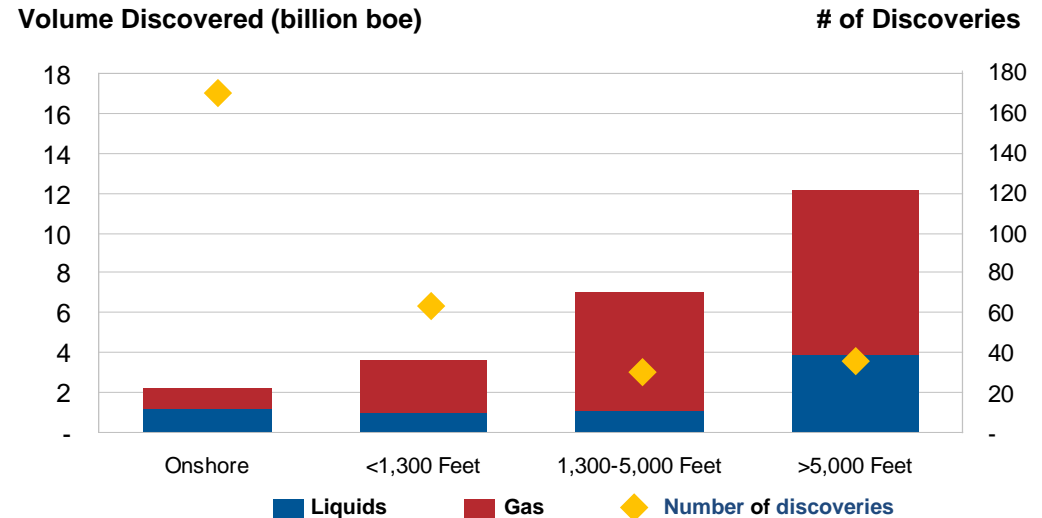
Positioned for UDW Market Demand



- **Robust deepwater exploration performance in 2012 provides strong pipeline for future demand**
 - 28% of volume discovered in conventional deepwater (1,300 – 5,000 feet)*
 - 49% of volume discovered in ultra-deepwater (>5,000 feet)*
- **Ultra-deepwater rig market remains favorable**
 - Long-term demand expected to absorb capacity
 - Believe Transocean has the world's most capable fleet of ultra-deepwater rigs
- **Inquiries from customers beginning to shift from generic to specific**
 - Transocean has a highly capable fleet of high-specification rigs
 - We have the ability to offer various high-specification solutions
 - We have customer confidence and vast experience to deploy our assets to new frontiers
- **Transocean's disciplined, high-return investment strategy will be primarily focused on high-specification assets**

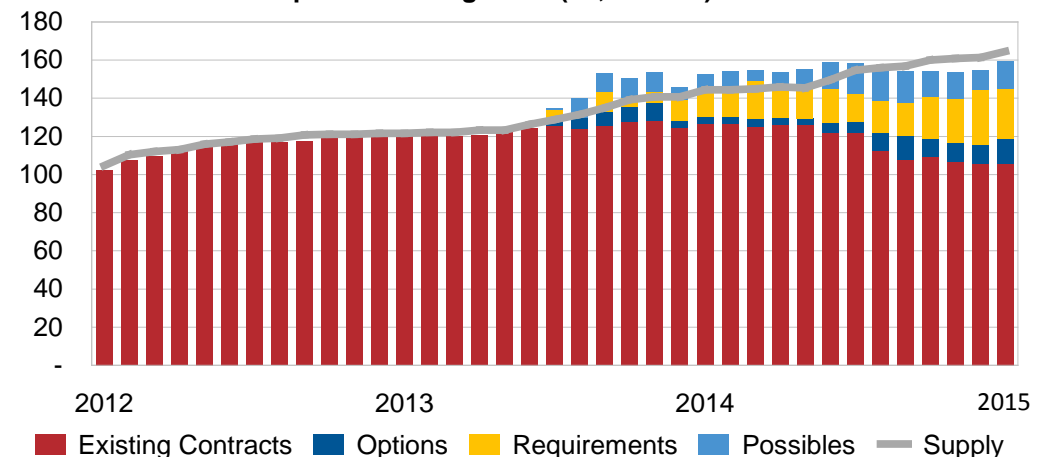
Note
* Represents deepwater and ultra-deepwater as classified by Wood Mackenzie

New Field Resources Discovered in 2012
(by Water Depth)



Source: Wood Mackenzie

Contract Status and Expected Demand 2005 – 2015
Ultra-Deepwater Drilling Units (>7,500 feet) – Worldwide



Source: Fearnley Offshore

Deepwater



Discoverer Seven Seas

- **Strong market demand due to level of new field volume discoveries**
- **Market utilization around 95% ⁽⁵⁾**
- **Most activity occurring in West Africa & Australia**
- **Rates now over \$440K/day to \$500K/day for near term availability**

Midwater



Sedco 704

- **Strong presence in the UK and Norway sectors of the North Sea**
- **Market utilization now above 80% ⁽⁵⁾**
- **Petrobras creates some short-term uncertainty**
- **Rates now over \$400K/day in the UK and \$250K - \$300K/day in West Africa**

High-Specification Jackups



GSF Constellation II

- **High utilization and improving dayrates in the medium term**
- **Market utilization 96% ⁽⁵⁾**
- **Key demand areas of South East Asia, West Africa and the Middle East**
- **Rates moving over \$170K/day in West Africa and well over \$200K/day in the UK**

Key Investment Highlights



- **Industry leader committed to customers, employees, and shareholders**
- **Clearly defined strategies to create value**
 - **Operations**
 - **Capital deployment**
 - **Assets**
- **Well positioned to capture global opportunities in an improving market**
- **Backlog provides long-term visibility**



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- (1) Per Fleet Status Report issued May 15, 2013. Floater classifications are by water depth as described in the Fleet Status Report. Harsh Environment Floaters are included in the appropriate water depth classification. Rig count associated with continuing operations is 84, plus 7 newbuilds. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to May 15, 2013. “Idle” and “Stacked” rig classifications are as described in the Fleet Status Report.
- (2) Excludes submersible rigs.
- (3) Excludes tender rigs.
- (4) Calculated by multiplying the contracted operating dayrate by the firm contract period for 2013 and future periods as of the Fleet Status Report issued April 18, 2013, for continuing operations only. Firm commitments are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog is calculated by multiplying the full contractual operating dayrate 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 contractual operating dayrate may be higher than the actual dayrate we receive or we may receive other dayrates included in the contract, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate. The contractual operating dayrate may also be higher than the actual dayrate we 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.
- (5) Data from ODS-Petrodata as of May 8, 2013. Analysis by Transocean. Includes competitive rigs which have completed construction on or before May 8, 2013. High-Specification Jackups are defined as competitive, independent cantilever rigs with water depths of 350’ and greater.
- (6) The uncommitted fleet rate is defined as the number of uncommitted days divided by the total number of available rig calendar days in the measured 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 rate is as of April 18, 2013.
- (7) This presentation is unaudited.