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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

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 333-75899

TRANSOCEAN INC.

(Exact name of registrant as specified in its charter)

CAYMAN ISLANDS	66-0582307
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4 GREENWAY PLAZA HOUSTON, TEXAS	77046
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 232-7500

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 X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No

As of October 31, 2003, 319,890,650 ordinary shares, par value $0.01 per share, were outstanding.

TRANSOCEAN INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The condensed consolidated financial statements of Transocean Inc. and its consolidated subsidiaries (the "Company") included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Operating Revenues				
Contract drilling revenues	$598.5	$ 695.2	$1,764.7	$2,009.3
Client reimbursable revenues	24.4	-	78.1	-
	622.9	695.2	1,842.8	2,009.3
Costs and Expenses				
Operating and maintenance	403.0	381.1	1,203.6	1,127.7
Depreciation	126.8	124.2	381.1	374.1
General and administrative	21.2	15.8	50.0	51.6
Impairment loss on long-lived assets	-	40.9	16.8	42.0
Gain from sale of assets, net	(0.9)	(2.9)	(2.9)	(3.5)
	550.1	559.1	1,648.6	1,591.9
Operating Income	72.8	136.1	194.2	417.4
Other Income (Expense), net				
Equity in earnings of joint ventures	1.9	0.4	7.3	4.8
Interest income	3.0	6.1	15.7	16.0
Interest expense	(49.0)	(52.3)	(154.4)	(160.7)
Loss on retirement of debt	-	-	(15.7)	-
Impairment loss on note receivable from related party	-	-	(21.3)	-
Other, net	(0.2)	1.3	(3.5)	0.2
	(44.3)	(44.5)	(171.9)	(139.7)
Income Before Income Taxes, Minority Interest and Cumulative Effect of a Change in Accounting Principle	28.5	91.6	22.3	277.7
Income Tax Expense (Benefit)	17.3	(164.8)	8.3	(137.1)
Minority Interest	0.2	1.2	0.3	2.3
Net Income Before Cumulative Effect of a Change in Accounting Principle	11.0	255.2	13.7	412.5
Cumulative Effect of a Change in Accounting Principle	-	-	-	(1,363.7)
Net Income (Loss)	$ 11.0	$ 255.2	$ 13.7	$ (951.2)
Basic Earnings (Loss) Per Share				
Income Before Cumulative Effect of a Change in Accounting Principle	$ 0.03	$ 0.80	$ 0.04	$ 1.29
Loss on Cumulative Effect of a Change in Accounting Principle	-	-	-	(4.27)
Net Income (Loss)	$ 0.03	$ 0.80	$ 0.04	$ (2.98)
Diluted Earnings (Loss) Per Share				
Income Before Cumulative Effect of a Change in Accounting Principle	$ 0.03	$ 0.79	$ 0.04	$ 1.28
Loss on Cumulative Effect of a Change in Accounting Principle	-	-	-	(4.22)
Net Income (Loss)	$ 0.03	$ 0.79	$ 0.04	$ (2.94)
Weighted Average Shares Outstanding				
Basic	319.9	319.2	319.8	319.1
Diluted	321.1	328.8	321.4	323.0
Dividends Paid per Share	$ -	$ -	$ -	$ 0.06

See accompanying notes.

TRANSOCEAN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net Income (Loss)	$ 11.0	$ 255.2	$ 13.7	$(951.2)
Other comprehensive income (loss), net of tax				
Amortization of gain on terminated interest rate swaps	(0.1)	(0.1)	(0.2)	(0.2)
Change in unrealized loss on securities available for sale	(0.1)	(0.2)	0.1	(0.1)
Change in share of unrealized loss in unconsolidated joint venture's interest rate swaps (net of tax of $0.4 and $1.0 for the three and nine months ended September 30, 2003, respectively)	0.7	(0.2)	1.8	1.9
Minimum pension liability adjustments (net of tax of $0.4 for the nine months ended September 30, 2003)	-	-	0.8	-
Other comprehensive income (loss)	0.5	(0.5)	2.5	1.6
Total Comprehensive Income (Loss)	$ 11.5	$ 254.7	$ 16.2	$(949.6)

See accompanying notes.

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

	September 30, 2003 (Unaudited)	December 31, 2002
ASSETS		
Cash and Cash Equivalents	$ 806.3	$ 1,214.2
Accounts Receivable, net of allowance for doubtful accounts of $25.9 and $20.8 at September 30, 2003 and December 31, 2002, respectively	486.6	499.3
Materials and Supplies, net of allowance for obsolescence of $18.6 at September 30, 2003 and December 31, 2002	156.4	155.8
Deferred Income Taxes	14.1	21.9
Other Current Assets	79.1	20.5
Total Current Assets	1,542.5	1,911.7
Property and Equipment	10,214.9	10,198.0
Less Accumulated Depreciation	2,535.4	2,168.2
Property and Equipment, net	7,679.5	8,029.8
Goodwill	2,223.4	2,218.2
Investments in and Advances to Joint Ventures	70.0	108.5
Deferred Income Taxes	26.2	26.2
Other Assets	176.1	370.7
Total Assets	$ 11,717.7	$ 12,665.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts Payable	$ 147.2	$ 134.1
Accrued Income Taxes	62.0	59.5
Debt Due Within One Year	282.1	1,048.1
Other Current Liabilities	293.7	262.2
Total Current Liabilities	785.0	1,503.9
Long-Term Debt	3,419.3	3,629.9
Deferred Income Taxes	55.4	107.2
Other Long-Term Liabilities	283.1	282.7
Total Long-Term Liabilities	3,757.8	4,019.8
Commitments and Contingencies		
Preference Shares, $0.10 par value; 50,000,000 shares authorized, none issued and outstanding	-	-
Ordinary Shares, $0.01 par value; 800,000,000 shares authorized, 319,890,650 and 319,219,072 shares issued and outstanding at September 30, 2003 and December 31, 2002, respectively	3.2	3.2
Additional Paid-in Capital	10,640.4	10,623.1
Accumulated Other Comprehensive Loss	(29.0)	(31.5)
Retained Deficit	(3,439.7)	(3,453.4)
Total Shareholders' Equity	7,174.9	7,141.4
Total Liabilities and Shareholders' Equity	$ 11,717.7	$ 12,665.1

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	$ 11.0	$ 255.2	$ 13.7	$ (951.2)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation	126.8	124.2	381.1	374.1
Impairment loss on goodwill	-	-	-	1,363.7
Stock-based compensation expense	1.4	0.2	4.3	0.6
Deferred income taxes	19.1	(151.5)	(40.4)	(189.8)
Equity in earnings of joint ventures	(1.9)	(0.4)	(7.3)	(4.8)
Net (gain) loss from disposal of assets	4.4	(1.1)	12.2	1.2
Loss on retirement of debt	-	-	15.7	-
Impairment loss on long-lived assets	-	40.9	16.8	42.0
Impairment loss on note receivable from related party	-	-	21.3	-
Amortization of debt-related discounts/premiums, fair value adjustments and issue costs, net	(8.2)	1.7	(16.1)	4.6
Deferred income, net	(5.3)	(3.3)	(6.9)	(9.3)
Deferred expenses, net	(5.1)	(14.7)	(2.4)	(7.7)
Other long-term liabilities	0.2	2.7	13.7	10.3
Other, net	12.1	(0.7)	12.1	1.0
Changes in operating assets and liabilities				
Accounts receivable	(44.0)	47.9	7.6	132.0
Accounts payable and other current liabilities	42.6	42.8	46.6	(41.9)
Income taxes receivable/payable, net	(8.0)	(38.2)	1.6	(15.9)
Other current assets	14.3	14.0	(9.0)	(8.7)
Net Cash Provided by Operating Activities	159.4	319.7	464.6	700.2
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	(23.4)	(33.4)	(73.6)	(114.6)
Note issued to related party, net of repayments	1.1	-	(44.2)	-
Proceeds from disposal of assets, net	0.9	8.6	4.1	73.6
Acquisition of 40 percent interest in Deepwater Drilling II L.L.C., net of cash acquired	-	-	18.1	-
Joint ventures and other investments, net	0.6	4.6	2.8	4.6
Net Cash Used in Investing Activities	(20.8)	(20.2)	(92.8)	(36.4)
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowings under capital lease obligations	1.0	-	1.0	-
Repayments under commercial paper program	-	-	-	(326.4)
Repayments on other debt instruments	(48.0)	(34.7)	(967.2)	(154.3)
Cash from termination of interest rate swaps	-	-	173.5	-
Decrease in cash dedicated to debt service	-	-	1.2	-
Net proceeds from issuance of ordinary shares under stock-based compensation plans	0.6	(0.1)	12.3	10.2
Dividends paid	-	-	-	(19.1)
Financing costs	0.1	-	-	(8.1)
Other, net	-	1.2	(0.5)	2.3
Net Cash Used in Financing Activities	(46.3)	(33.6)	(779.7)	(495.4)
Net Increase (Decrease) in Cash and Cash Equivalents	92.3	265.9	(407.9)	168.4
Cash and Cash Equivalents at Beginning of Period	714.0	755.9	1,214.2	853.4
Cash and Cash Equivalents at End of Period	$ 806.3	$1,021.8	$ 806.3	$1,021.8

See accompanying notes.

NOTE 1 PRINCIPLES OF CONSOLIDATION

Transocean Inc. (together with its subsidiaries and predecessors, unless the context requires otherwise, the "Company") is a leading international provider of offshore and inland marine contract drilling services for oil and gas wells. As of September 30, 2003, the Company owned, had partial ownership interests in or operated more than 160 mobile offshore and barge drilling units. The Company contracts its drilling rigs, related equipment and work crews primarily on a dayrate basis to drill oil and gas wells.

Intercompany transactions and accounts have been eliminated. The equity method of accounting is used for investments in joint ventures where the Company's ownership is between 20 and 50 percent and for investments in joint ventures owned more than 50 percent where the Company does not have control of the joint venture. The cost method of accounting is used for investments in joint ventures where the Company's ownership is less than 20 percent and the Company does not have control of the joint venture.

NOTE 2 GENERAL

BASIS OF CONSOLIDATION - The accompanying condensed consolidated financial statements of the Company have been prepared without audit 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 Securities and Exchange Commission. Accordingly, 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. Operating results for the three and nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003 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 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

ACCOUNTING ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to bad debts, materials and supplies obsolescence, investments, intangible assets and goodwill, property and equipment and other long-lived assets, income taxes, financing operations, workers' insurance, pensions and other post-retirement and employment benefits and contingent liabilities. The Company bases its estimates on historical experience and on various other assumptions it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from such estimates.

SUPPLEMENTARY CASH FLOW INFORMATION - Cash payments for interest and income taxes, net, were $108.5 million and $56.5 million, respectively, for the nine months ended September 30, 2003 and $116.3 million and $74.0 million, respectively, for the nine months ended September 30, 2002.

GOODWILL - In accordance with the Financial Accounting Standards Board's ("FASB") Statement of Financial Accounting Standards ("SFAS") 142, Goodwill and Other Intangible Assets, goodwill is tested for impairment at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. Management has determined that the Company's reporting units are the same as its operating segments for the purpose of allocating goodwill and the subsequent testing of goodwill for impairment. Goodwill resulting from the merger transaction with Sedco Forex Holdings Limited was allocated 100 percent to the Company's International and U.S. Floater Contract Drilling Services segment. Goodwill resulting from the merger transaction (the "R&B Falcon merger") with R&B Falcon Corporation ("R&B Falcon", now known as "TODCO") was allocated to the Company's two reporting units,

International and U.S. Floater Contract Drilling Services and Gulf of Mexico Shallow and Inland Water, at a ratio of 68 percent and 32 percent, respectively. The allocation was determined based on the percentage of each reporting unit's assets at fair value to the total fair value of assets acquired in the R&B Falcon merger. The fair value was determined from a third party valuation.

During the first quarter of 2002, the Company implemented SFAS 142 and performed the initial test of impairment of goodwill on its two reporting units. The test was applied utilizing the estimated fair value of the reporting units as of January 1, 2002 determined based on a combination of each reporting unit's discounted cash flows and publicly traded company multiples and acquisition multiples of comparable businesses. There was no goodwill impairment for the International and U.S. Floater Contract Drilling Services reporting unit. However, because of deterioration in market conditions that affected the Gulf of Mexico Shallow and Inland Water business segment since the completion of the R&B Falcon merger, a $1,363.7 million ($4.22 per diluted share) non-cash impairment of goodwill was recognized as a cumulative effect of a change in accounting principle in the first quarter of 2002.

During the fourth quarter of 2002, the Company performed its annual test of goodwill impairment as of October 1. Due to a general decline in market conditions, the Company recorded a non-cash impairment charge of $2,876.0 million ($9.01 per diluted share) of which $2,494.1 million and $381.9 million related to the International and U.S. Floater Contract Drilling Services and Gulf of Mexico Shallow and Inland Water reporting units, respectively.

The Company's goodwill balance was $2.2 billion as of September 30, 2003. The changes in the carrying amount of goodwill as of September 30, 2003 were as follows (in millions):

	Balance at January 1, 2003	Other (a)	Balance at September 30, 2003
International and U.S. Floater Contract Drilling Services	$ 2,218.2	$ 5.2	$ 2,223.4

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(a) Primarily represents net unfavorable adjustments during 2003 of income tax-related pre-acquisition contingencies related to the R&B Falcon merger.

IMPAIRMENT OF OTHER LONG-LIVED ASSETS - The carrying value of long-lived assets, principally property and equipment, is reviewed for potential impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. For property and equipment held for use, the determination of recoverability is made based upon the estimated undiscounted future net cash flows of the related asset or group of assets being evaluated. Property and equipment held for sale are recorded at the lower of net book value or net realizable value. See Note 8.

INCOME TAXES - Income taxes have been provided based upon the tax laws and rates in the countries in which operations are conducted and income is earned. The income tax rates imposed by these taxing authorities vary substantially. Taxable income may differ from pre-tax income for financial accounting purposes, particularly in countries with revenue-based taxes. There is no expected relationship between the provision for income taxes and income before income taxes because the countries in which we operate have different taxation regimes, which vary not only with respect to nominal rate but also in terms of the availability of deductions, credits, and other benefits. Variations also arise because income earned and taxed in any particular country or countries may fluctuate from period to period. These factors combined with lower expected financial results for the year are expected to lead to a higher effective tax rate than in 2002 (see Note 4).

COMPREHENSIVE INCOME - The components of accumulated other comprehensive income (loss), net of tax, as of September 30, 2003 and December 31, 2002 are as follows (in millions):

	Gain on Terminated Interest Rate Swap	Unrealized Loss on Available-for-Sale Securities	Other Comprehensive Loss Related to Unconsolidated Joint Venture	Minimum Pension Liability	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2002	$ 3.6	$ (0.6)	$ (2.0)	$ (32.5)	$ (31.5)
Change in other comprehensive (income) loss, net of tax	(0.2)	0.1	1.8	0.8	2.5
Balance at September 30, 2003	$ 3.4	$ (0.5)	$ (0.2)	$ (31.7)	$ (29.0)

SEGMENTS - The Company's operations are aggregated into two reportable segments: (i) International and U.S. Floater Contract Drilling Services and (ii) Gulf of Mexico Shallow and Inland Water. The Company provides services with different types of drilling equipment in several geographic regions. The location of the Company's operating assets and the allocation of resources to build or upgrade drilling units is determined by the activities and needs of customers. See Note 7.

INTERIM FINANCIAL INFORMATION - The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair statement of results of operations for the interim periods. Such adjustments are considered to be of a normal recurring nature unless otherwise identified.

STOCK-BASED COMPENSATION - Through December 31, 2002 and in accordance with the provisions of SFAS 123, Accounting for Stock-Based Compensation, the Company had elected to follow the Accounting Principles Board Opinion ("APB") 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its employee stock-based compensation plans. Effective January 1, 2003, the Company adopted the fair value method of accounting for stock-based compensation using the prospective method of transition under SFAS 123.

If compensation expense for grants to employees under the Company's long-term incentive plan and employee stock purchase plan prior to January 1, 2003 was recognized using the fair value method of accounting under SFAS 123 rather than the intrinsic value method under APB 25, net income (loss) and earnings (loss) per share would have been reduced to the pro forma amounts indicated below (in millions, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net Income (Loss) as Reported	$ 11.0	$ 255.2	$ 13.7	$(951.2)
Add back: Stock-based compensation expense included in reported net income (loss), net of related tax effects	0.1	2.3	2.6	2.7
Deduct: Total stock-based compensation expense determined under the fair value method for all awards, net of related tax effects				
Long-Term Incentive Plan	(4.2)	(7.5)	(12.5)	(17.6)
Employee Stock Purchase Plan	0.4	(0.5)	(1.7)	(1.7)
Pro Forma Net Income (Loss)	$ 7.3	$ 249.5	$ 2.1	$(967.8)
Basic Earnings (Loss) Per Share				
As Reported	$ 0.03	$ 0.80	$ 0.04	$ (2.98)
Pro Forma	0.02	0.78	0.01	(3.03)
Diluted Earnings (Loss) Per Share				
As Reported	$ 0.03	$ 0.79	$ 0.04	$ (2.94)
Pro Forma	0.02	0.76	0.01	(3.00)

NEW ACCOUNTING PRONOUNCEMENTS - In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51 (the "Interpretation"). The Interpretation requires the consolidation of variable interest entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. The provisions of the Interpretation are effective immediately for those variable interest entities created after January 31, 2003. The provisions, as amended, are effective for the first interim or annual period ending after December 15, 2003 for those variable interest entities held prior to February 1, 2003. The Company will adopt the Interpretation and consolidate its variable interest entities as required on December 31, 2003. Currently, the Company generally consolidates an entity when it has a controlling interest through ownership of a majority voting interest in the entity.

The Company has a 25 percent ownership interest in Delta Towing Holdings, LLC ("Delta Towing"), a joint venture established for the purpose of owning and operating inland and shallow water marine support vessel equipment. At the time Delta Towing was formed, it issued $144.0 million in notes to TODCO. Prior to the R&B Falcon merger, $64.0 million of the notes were fully reserved leaving an $80.0 million balance at January 31, 2001. This note agreement was subsequently amended to provide for a $4.0 million, three-year revolving credit facility. Delta Towing's assets serve as collateral for the Company's notes receivable. The carrying value of the notes receivable included in investments in and advances to joint ventures in the Company's condensed consolidated balance sheets, net of allowance for credit losses and equity losses in the joint venture, was $53.6 million at September 30, 2003. Delta Towing also issued a $3.0 million note to the 75 percent joint venture partner. Because Delta Towing's equity is not sufficient to absorb its expected losses and the Company has the largest percentage of investment at risk through the notes receivable, the Company would absorb the majority of the joint venture's expected losses; therefore, the Company is deemed to be the primary beneficiary of Delta Towing for accounting purposes. As such, the Company

will consolidate Delta Towing effective December 31, 2003. While the Company expects the consolidation of Delta Towing to result in an increase in net assets of approximately $1.0 million, based on balances at September 30, 2003, the expected amounts may be adjusted upon consolidation at December 31, 2003 with application of the provisions of the Interpretation.

The Company has a 50 percent ownership interest in Deepwater Drilling L.L.C. ("DD LLC"). DD LLC was established for the purpose of constructing and contracting the drillship Deepwater Pathfinder. The drillship was purchased by a trust that was established to finance the purchase through debt and equity financing and to lease the drillship back to DD LLC through a synthetic lease financing arrangement with the drillship serving as collateral. The balance of the trust's debt and equity financing was approximately $189.7 million at September 30, 2003. The scheduled expiration of the lease is January 2004, at which time DD LLC may purchase the drillship from the trust for approximately $185 million. While the operations of DD LLC are funded by cash flows from operating activities, the Company guarantees, under certain circumstances, the debt and equity financing on the leased drillship equally with its joint venture partner. The Company has determined through its application of the provisions of the Interpretation for determining an entity's primary beneficiary that it is DD LLC's primary beneficiary for accounting purposes and will consolidate the entity effective December 31, 2003. While the Company expects the consolidation of DD LLC to result in an increase in net assets of approximately $116 million, based on balances at September 30, 2003, the expected amounts may be adjusted upon consolidation at December 31, 2003 with application of the provisions of the Interpretation.

The Company has investments in and advances to four additional joint ventures. These remaining four joint ventures were primarily established for the purpose of owning and operating certain drilling units and are funded primarily by cash flows from operating activities. Based on the Company's initial assessment, these entities would not be deemed variable interest entities under the Interpretation. The Company expects to complete the analysis of these entities during the fourth quarter of 2003. The Company currently accounts for its investments in joint ventures using the equity method of accounting, recording its share of the net income or loss based upon the terms of the joint venture agreements. Because the Company has a 50 percent or less ownership interest in these joint ventures, it does not have a controlling interest in the joint ventures nor does it have the ability to exercise significant influence over operating and financial policies.

The Company's wholly owned subsidiary, Deepwater Drilling II L.L.C. ("DDII LLC") was originally established as a joint venture with a subsidiary of ConocoPhillips for the purpose of constructing and contracting the drillship Deepwater Frontier. The drillship was purchased by a trust that was established to finance the purchase through debt and equity financing and to lease the drillship back to DDII LLC through a synthetic lease financing arrangement with the drillship serving as collateral. The balance of the trust's debt and equity financing at September 30, 2003 was approximately $158.0 million, net of a note receivable - related party (see Note 11). On May 29, 2003, the Company purchased ConocoPhillips' 40 percent interest in DDII LLC. The Company currently accounts for DDII LLC's lease of the drillship as an operating lease. As a result of the Company's purchase of ConocoPhillips' 40 percent interest in DDII LLC, the Company, under certain circumstances, fully guarantees the debt and equity financing. Because the Company is at risk for the full amount of the debt and equity financing, the Company is deemed to be the primary beneficiary of the trust for accounting purposes and expects to consolidate the trust effective December 31, 2003. While the Company expects the consolidation of the trust to result in an increase in net assets of approximately $27 million, based on balances at September 30, 2003, the expected amounts may be adjusted upon consolidation at December 31, 2003 with application of the provisions of the Interpretation. See Note 11.

In addition to the joint ventures and DDII LLC discussed above, the Company is party to a sale/leaseback transaction for the semisubmersible drilling rig M.G. Hulme, Jr. with an unrelated third party. Under the sale/leaseback agreement, the Company has the option to purchase the semisubmersible drilling rig at the end of the lease for a maximum amount of approximately $35.7 million. The Company is currently evaluating whether the unrelated third party lessor is a variable interest entity and, if so, which company would be deemed to be the primary beneficiary. The Company currently accounts for the lease of this semisubmersible drilling rig as an operating lease.

The Company is currently evaluating the cumulative effect of the accounting change on its results of operations that will result from the implementation of the Interpretation.

Effective January 2003, the Company implemented Emerging Issues Task Force ("EITF") Issue No. 99-19, Reporting Revenues Gross as a Principal versus Net as an Agent. As a result of the implementation of the EITF, the costs incurred and charged to the Company's customers on a reimbursable basis are recognized as operating and maintenance expense. In addition, the amounts billed to the Company's customers associated with these reimbursable costs are being recognized as client reimbursable revenue. Management expects client reimbursable revenues and operating and maintenance expense to be between $90 million and $110 million in 2003 as a result of the implementation of EITF 99-19. The change in accounting principle will have no effect on the Company's results of operations or consolidated financial position. Prior periods have not been reclassified, as these amounts were not material.

In May 2003, the FASB issued SFAS 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. The statement clarifies the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. This statement requires an issuer to measure and classify as liabilities, or assets in some circumstances, certain classes of freestanding financial instruments that embody obligations for the issuer. In addition to this requirement for the classification and measurement of financial instruments in its scope, SFAS 150 also requires disclosures about alternative ways of settling the instruments and the identity of the entity that controls the settlement alternatives. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted this statement effective July 1, 2003. The adoption of this statement did not have a material effect on the Company's consolidated financial position or results of operations.

RECLASSIFICATIONS - Certain reclassifications have been made to prior period amounts to conform with the current period's presentation.

NOTE 3 - DEBT

Debt, net of unamortized discounts, premiums and fair value adjustments, is comprised of the following (in millions):

	September 30, 2003	December 31, 2002
6.5% Senior Notes, due April 2003	$ -	$ 239.7
9.125% Senior Notes, due December 2003	87.6	89.5
Amortizing Term Loan Agreement - Final Maturity December 2004	187.5	300.0
6.75% Senior Notes, due April 2005 (a)	363.4	371.8
7.31% Nautilus Class A1 Amortizing Notes - Final Maturity May 2005	74.2	104.7
9.41% Nautilus Class A2 Notes, due May 2005	-	51.7
6.95% Senior Notes, due April 2008 (a)	270.5	277.2
9.5% Senior Notes, due December 2008 (a)	360.0	371.8
6.625% Notes, due April 2011 (a)	800.0	803.7
7.375% Senior Notes, due April 2018	250.5	250.5
Zero Coupon Convertible Debentures, due May 2020 (put options exercisable May 2008 and May 2013) (b)	16.4	527.2
1.5% Convertible Debentures, due May 2021 (put options exercisable May 2006, May 2011 and May 2016)	400.0	400.0
8% Debentures, due April 2027	198.1	198.0
7.45% Notes, due April 2027 (put options exercisable April 2007)	94.8	94.6
7.5% Notes, due April 2031	597.4	597.4
Other	1.0	0.2
Total Debt	3,701.4	4,678.0
Less Debt Due Within One Year (b)	282.1	1,048.1
Total Long-Term Debt	$ 3,419.3	$ 3,629.9

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(a) At December 31, 2002, the Company was a party to interest rate swap agreements with respect to these debt instruments. See Note 6.
(b) At December 31, 2002, the Zero Coupon Convertible Debentures were classified as debt due within one year since the put options were exercisable in May 2003. At September 30, 2003, the remaining balance of the debentures not put back to the Company in May 2003 was classified as long-term debt.

The scheduled maturity of the face value of the Company's debt assumes the bondholders exercise their options to require the Company to repurchase the 1.5% Convertible Debentures, 7.45% Notes and Zero Coupon Convertible Debentures in May 2006, April 2007 and May 2008, respectively, and is as follows for the twelve months ending September 30 (in millions):

2004 . . .	$ 281.5
2005 . . .	419.0
2006 . . .	400.0
2007 . . .	100.0
2008 . . .	269.0
Thereafter	2,050.0
Total. .	$3,519.5

Commercial Paper Program - The Company has two revolving credit agreements, described below, which provide liquidity for commercial paper borrowings. At September 30, 2003, no amounts were outstanding under the Commercial Paper Program.

Revolving Credit Agreements - The Company is a party to two revolving credit agreements, a $550.0 million five-year revolving credit agreement dated December 29, 2000 and a $250.0 million 364-day revolving credit agreement dated December 26, 2002. In addition to providing for commercial paper borrowings, these credit lines may also be drawn on directly. At September 30, 2003, no amounts were outstanding under either of these revolving credit agreements.

Term Loan Agreement - The Company is a party to an amortizing unsecured five-year term loan agreement dated December 16, 1999. Amounts outstanding under the Term Loan Agreement bear interest, at the Company's option, at a base rate or London Interbank Offered Rate ("LIBOR") plus a margin that varies depending on the Company's senior unsecured public debt rating. At September 30, 2003, the margin was 0.70 percent per annum. The debt began to amortize in March 2002, at a rate of $25.0 million per quarter in 2002. In 2003 and 2004, the debt amortizes at a rate of $37.5 million per quarter. As of September 30, 2003, $187.5 million was outstanding under this agreement.

Exchange Offer - In March 2002, the Company completed exchange offers and consent solicitations for TODCO's 6.5%, 6.75%, 6.95%, 7.375%, 9.125% and 9.5% Senior Notes ("the Exchange Offer"). As a result of the Exchange Offer, approximately $234.5 million, $342.3 million, $247.8 million, $246.5 million, $76.9 million and $289.8 million principal amount of TODCO's outstanding 6.5%, 6.75%, 6.95%, 7.375%, 9.125% and 9.5% Senior Notes, respectively, were exchanged for the Company's newly issued 6.5%, 6.75%, 6.95%, 7.375%, 9.125% and 9.5% Senior Notes having the same principal amount, interest rate, redemption terms and payment and maturity dates. Because the holders of a majority in principal amount of each of these series of notes consented to the proposed amendments to the applicable indenture pursuant to which the notes were issued, some covenants, restrictions and events of default were eliminated from the indentures with respect to these series of notes. After the Exchange Offer, approximately $5.0 million, $7.7 million, $2.2 million, $3.5 million, $10.2 million and $10.2 million principal amount of the outstanding 6.5% (see "-Retired and Repurchased Debt"), 6.75%, 6.95%, 7.375%, 9.125% and 9.5% Senior Notes, respectively, not exchanged remain the obligation of TODCO. These notes are combined with the notes of the corresponding series issued by the Company in the above table. In connection with the Exchange Offer, TODCO paid $8.3 million in consent payments to holders of TODCO's notes whose notes were exchanged. The consent payments are being amortized as an increase to interest expense over the remaining term of the respective notes and such amortization is expected to be approximately $1.1 million in 2003.

Retired and Repurchased Debt - In April 2003, the Company repaid all of the $239.5 million principal amount outstanding 6.5% Senior Notes, plus accrued and unpaid interest, in accordance with their scheduled maturity. The Company funded the repayment from existing cash balances.

In May 2003, the Company repurchased and retired all of the $50.0 million principal amount outstanding 9.41% Nautilus Class A2 Notes due May 2005 and funded the repurchase from existing cash balances. The Company recognized a loss on the early retirement of debt of approximately $3.6 million ($0.01 per diluted share), net of tax of $1.9 million, in the second quarter of 2003.

In April 2003, the Company announced that holders of its Zero Coupon Convertible Debentures due May 24, 2020 had the option to require the Company to repurchase their debentures in May 2003. Holders of $838.6 million aggregate principal amount, or approximately 97 percent, of these debentures exercised this option and the Company repurchased their debentures at a repurchase price of $628.57 per $1,000 principal amount. Under the terms of the debentures, the Company had the option to pay for the debentures with cash, the Company's ordinary shares, or a combination of cash and shares, and elected to pay the $527.2 million repurchase price from existing cash balances. The Company recognized additional expense of approximately $10.2 million ($0.03 per diluted share) as an after-tax loss on retirement of debt in the second quarter of 2003 to fully amortize the remaining debt issue costs related to the

repurchased debentures. The holders of the $26.4 million aggregate principal amount of debentures that remain outstanding have the right to require the Company to repurchase the debentures in May 2008 at a price of $720.55 per $1,000 principal amount. The Company also has the right to redeem the remaining debentures at any time at a price equal to the debentures' then accreted value. The outstanding debentures are convertible, at the option of the holder, into 8.1566 of the Company's ordinary shares per $1,000 principal amount, subject to adjustment under certain circumstances.

NOTE 4 - INCOME TAXES

As a result of a change in anticipated 2003 earnings, the annual effective tax rate is estimated to be approximately 43 percent during 2003 on earnings before non-cash note receivable and other asset impairments, loss on debt retirements and initial public offering related costs. Due to the increase in the estimated annual effective tax rate from approximately 38 percent at June 30, 2003, earnings for the three months ended September 30, 2003 were reduced by $2.6 million ($0.01 per diluted share) as a result of applying the adjusted estimated annual effective tax rate to the six months ended June 30, 2003.

In June 2003, the Company recorded a $14.6 million ($0.04 per diluted share) foreign tax benefit attributable to the favorable resolution of a non-U.S. income tax liability.

In September 2002, the Company recorded a $176.2 million ($0.55 per diluted share) foreign tax benefit attributable to the restructuring of certain non-U.S. operations. As a result of the restructuring, previously unrecognized losses were offset against deferred gains, resulting in a reduction of non-current deferred taxes payable.

NOTE 5 - FINANCIAL INSTRUMENTS AND RISK CONCENTRATION

Foreign Exchange Risk - The Company's international operations expose the Company to foreign exchange risk. This risk is primarily associated with compensation costs denominated in currencies other than the U.S. dollar and with purchases from foreign suppliers. The Company uses a variety of techniques to minimize exposure to foreign exchange risk, including customer contract payment terms and foreign exchange derivative instruments.

The Company's primary foreign exchange risk management strategy involves structuring customer contracts to provide for payment in both U.S. dollars and local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term. Due to various factors, including local banking laws, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual foreign exchange needs may vary from those anticipated in the customer contracts, resulting in partial exposure to foreign exchange risk. Fluctuations in foreign currencies typically have minimal impact on overall results. In situations where payments of local currency do not equal local currency requirements, foreign exchange derivative instruments, specifically foreign exchange forward contracts, or spot purchases may be used. A foreign exchange forward contract obligates the Company to exchange predetermined amounts of specified foreign currencies at specified exchange rates on specified dates or to make an equivalent U.S. dollar payment equal to the value of such exchange.

The Company does not enter into derivative transactions for speculative purposes. At September 30, 2003, the Company had no material open foreign exchange contracts.

In January 2003, Venezuela implemented foreign exchange controls that limit the Company's ability to convert local currency into U.S. dollars and transfer excess funds out of Venezuela. The Company's drilling contracts in Venezuela typically call for payments to be made in local currency, even when the dayrate is denominated in U.S. dollars. The exchange controls could also result in an artificially high value being placed on the local currency. As a result, the Company recognized a loss of $1.5 million, net of tax of $0.8 million, on the revaluation of the local currency into functional U.S dollars during the second quarter of 2003. In the third quarter of 2003, to limit its exposure,

the Company entered into an interim arrangement with one of its customers in which the Company is to receive 55 percent of the billed receivables in U.S. dollars with the remainder paid in local currency.

NOTE 6 - INTEREST RATE SWAPS

In June 2001, the Company entered into interest rate swap agreements in the aggregate notional amount of $700.0 million with a group of banks relating to the Company's $700.0 million aggregate principal amount of 6.625% Notes due April 2011. In February 2002, the Company entered into interest rate swap agreements with a group of banks in the aggregate notional amount of $900.0 million relating to the Company's $350.0 million aggregate principal amount of 6.75% Senior Notes due April 2005, $250.0 million aggregate principal amount of 6.95% Senior Notes due April 2008 and $300.0 million aggregate principal amount of 9.5% Senior Notes due December 2008. The objective of each transaction was to protect the debt against changes in fair value due to changes in the benchmark interest rate. Under each interest rate swap, the Company received the fixed rate equal to the coupon of the hedged item and paid the floating rate (LIBOR) plus a margin of 50 basis points, 246 basis points, 171 basis points and 413 basis points, respectively, which were designated as the respective benchmark interest rates, on each of the interest payment dates until maturity of the respective notes. The hedges were considered perfectly effective against changes in the fair value of the debt due to changes in the benchmark interest rates over their term. As a result, the shortcut method applied and there was no requirement to periodically reassess the effectiveness of the hedges during the term of the swaps.

In January 2003, the Company terminated the swaps with respect to its 6.75%, 6.95% and 9.5% Senior Notes. In March 2003, the Company terminated the swaps with respect to its 6.625% Notes. As a result of these terminations, the Company received cash proceeds, net of accrued interest, of approximately $173.5 million that was recognized as a fair value adjustment to long-term debt in the Company's consolidated balance sheet and is being amortized as a reduction to interest expense over the life of the underlying debt. Such reduction is expected to be approximately $23.1 million ($0.07 per diluted share) in 2003.

DD LLC, an unconsolidated subsidiary in which the Company has a 50 percent ownership interest, entered into interest rate swaps in August 1998 with an expiration date of October 2003 that have aggregate market values netting to a liability of $0.7 million at September 30, 2003. The Company's interest in these swaps has been included in accumulated other comprehensive income, net of tax, with corresponding reductions to deferred income taxes and investments in and advances to joint ventures.

NOTE 7 - SEGMENTS

The Company's operations are aggregated into two reportable segments: (i) International and U.S. Floater Contract Drilling Services and (ii) Gulf of Mexico Shallow and Inland Water. The International and U.S. Floater Contract Drilling Services segment consists of fifth-generation semisubmersibles and drillships, other deepwater semisubmersibles and drillships, mid-water semisubmersibles and drillships, non-U.S. jackup drilling rigs, other mobile offshore drilling units and other assets used in support of offshore drilling activities and offshore support services. The Gulf of Mexico Shallow and Inland Water segment consists of jackup and submersible drilling rigs and inland drilling barges located in the U.S. Gulf of Mexico, Mexico and Trinidad, as well as land and lake barge drilling units located in Venezuela. The Company provides services with different types of drilling equipment in several geographic regions. The location of the Company's rigs and the allocation of resources to build or upgrade rigs is determined by the activities and needs of customers. Accounting policies of the segments are the same as those described in Note 2. The Company accounts for intersegment revenue and expenses as if the revenue or expenses were to third parties at current market prices.

Operating revenues and income before income taxes, minority interest and cumulative effect of a change in accounting principle by segment were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Operating Revenues				
International and U.S. Floater Contract Drilling Services	$ 564.4	$ 641.2	$1,675.6	$1,873.5
Gulf of Mexico Shallow and Inland Water	58.5	54.0	167.2	135.8
Total Operating Revenues	$ 622.9	$ 695.2	$1,842.8	$2,009.3
Operating income (loss) before general and administrative expense				
International and U.S. Floater Contract Drilling Services	$ 118.9	$ 190.0	$ 347.1	$ 570.8
Gulf of Mexico Shallow and Inland Water	(24.9)	(38.1)	(102.9)	(101.8)
	94.0	151.9	244.2	469.0
Unallocated general and administrative expense	(21.2)	(15.8)	(50.0)	(51.6)
Unallocated other income (expense), net	(44.3)	(44.5)	(171.9)	(139.7)
Income before Income Taxes, Minority Interest and Cumulative Effect of a Change in Accounting Principle	$ 28.5	$ 91.6	$ 22.3	$ 277.7

Total assets by segment were as follows (in millions):

	September 30, 2003	December 31, 2002
International and U.S. Floater Contract Drilling Services	$ 10,996.6	$ 11,804.1
Gulf of Mexico Shallow and Inland Water	721.1	861.0
Total Assets	$ 11,717.7	$ 12,665.1

NOTE 8 - ASSET DISPOSITIONS AND IMPAIRMENT LOSS

Asset Dispositions - In January 2003, in the International and U.S. Floater Contract Drilling Services segment, the Company completed the sale of a jackup rig, the RBF 160, for net proceeds of $13.0 million and recognized a gain of $0.2 million, net of tax of $0.1 million. The proceeds were received in December 2002.

During the nine months ended September 30, 2003, the Company settled an insurance claim and sold certain other assets for net proceeds of approximately $4.1 million and recorded net gains of $1.9 million ($0.01 per diluted share), net of tax of $0.2 million, in its International and U.S. Floater Contract Drilling Services segment and $0.3 million, net of tax of $0.2 million, in its Gulf of Mexico Shallow and Inland Water segment.

During the nine months ended September 30, 2002, in the International and U.S. Floater Contract Drilling Services segment, the Company sold the jackup rig RBF 209 and two semisubmersible rigs, the Transocean 96 and Transocean 97, for net proceeds of $49.4 million and recognized net losses of $0.3 million, net of tax of $0.1 million.

During the nine months ended September 30, 2002, the Company settled an insurance claim and sold certain other assets for net proceeds of approximately $24.2 million and recorded net gains of $2.9 million ($0.01 per diluted

share), net of tax of $0.3 million, in its International and U.S. Floater Contract Drilling Services segment and $0.4 million, net of tax of $0.3 million, in its Gulf of Mexico Shallow and Inland Water segment.

Impairments - During the nine months ended September 30, 2003, the Company recorded non-cash impairment charges of $6.9 million ($0.02 per diluted share), net of tax of $3.7 million, in the Gulf of Mexico Shallow and Inland Water segment, which resulted from the Company's decision to take five jackup rigs out of drilling service and market the rigs for alternative uses. The Company does not anticipate returning these rigs to drilling service as it is believed to be cost prohibitive. As a result of this decision, and in accordance with SFAS 144, the carrying value of these assets was adjusted to fair market value. The fair market values of these units as non-drilling rigs were based on third party valuations. The Company also recorded a non-cash impairment charge in this segment of $0.7 million, net of tax of $0.3 million, related to its approximate 12 percent investment in Energy Virtual Partners, LP and Energy Virtual Partners Inc., which resulted from the Company's determination that the fair value of the assets of those entities did not support its carrying value, which is included in investments in and advances to joint ventures in the Company's condensed consolidated balance sheets. The impairment was determined and measured based on the remaining book value of the Company's investment and management's assessment of the fair value of that investment at the time the decision was made.

During the nine months ended September 30, 2003, the Company recorded an after-tax, non-cash impairment charge of $4.2 million ($0.01 per diluted share) related to assets held and used in the International and U.S. Floater Contract Drilling Services segment, which resulted from the Company's decision to remove one mid-water semisubmersible rig and one self-erecting tender rig from drilling service. The impairment was determined and measured based on an estimate of fair value derived from an offer from a potential buyer. The Company also recorded an after-tax, non-cash impairment charge of $1.0 million in this segment, which resulted from the Company's decision to discontinue its leases on its oil and gas properties. The impairment was determined and measured based on the remaining book value of the assets and management's assessment of the fair value at the time the decision was made.

During the nine months ended September 30, 2002, the Company recorded non-cash impairment charges of $13.1 million ($0.04 per diluted share), net of tax of $7.1 million, and $9.9 million ($0.03 per diluted share), net of tax of $5.3 million, in its International and U.S. Floater Contract Drilling Services and Gulf of Mexico Shallow and Inland Water segments, respectively, relating to the reclassification of assets held for sale to assets held and used. The impairment of these assets resulted from management's assessment that they no longer met the held for sale criteria under SFAS 144. In accordance with SFAS 144, the carrying value of these assets was adjusted to the lower of fair market value or carrying value adjusted for depreciation from the date the assets were classified as held for sale. The fair market values of these assets were based on third party valuations.

During the nine months ended September 30, 2002, due to deterioration in market conditions, the Company recorded non-cash impairment charges of $3.6 million ($0.01 per diluted share), net of tax of $1.9 million, and $0.7 million, net of tax of $0.4 million, in the International and U.S. Floater Contract Drilling Services and Gulf of Mexico Shallow and Inland Water segments, respectively, related to assets held for sale. The impairments were determined and measured based on an estimate of fair value derived from offers from potential buyers.

NOTE 9 - EARNINGS PER SHARE

The reconciliation of the numerator and denominator used for the computation of basic and diluted earnings (loss) per share is as follows (in millions, except per share data):

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
NUMERATOR FOR BASIC EARNINGS (LOSS) PER SHARE				
Income Before Cumulative Effect of a Change in Accounting Principle	$ 11.0	$ 255.2	$ 13.7	$ 412.5
Cumulative Effect of a Change in Accounting Principle	-	-	-	(1,363.7)
Net Income (Loss) for basic earnings per share	$ 11.0	$ 255.2	$ 13.7	$ (951.2)
NUMERATOR FOR DILUTED EARNINGS (LOSS) PER SHARE				
Income Before Cumulative Effect of a Change in Accounting Principle	$ 11.0	$ 255.2	$ 13.7	$ 412.5
Add back effect of dilutive zero coupon convertible debentures	-	3.8	-	-
Income Before Cumulative Effect of a Change in Accounting Principle	$ 11.0	$ 259.0	$ 13.7	$ 412.5
Cumulative Effect of a Change in Accounting Principle	-	-	-	(1,363.7)
Net Income (Loss) for diluted earnings per share	$ 11.0	$ 259.0	$ 13.7	$ (951.2)
DENOMINATOR FOR DILUTED EARNINGS (LOSS) PER SHARE				
Weighted-average shares outstanding for basic earnings per share	319.9	319.2	319.8	319.1
Effect of dilutive securities:				
Employee stock options and unvested stock grants	0.9	1.5	1.1	2.3
Warrants to purchase ordinary shares	0.3	1.0	0.5	1.6
Zero coupon convertible debentures	-	7.1	-	-
Adjusted weighted-average shares and assumed conversions for diluted earnings per share	321.1	328.8	321.4	323.0
BASIC EARNINGS (LOSS) PER SHARE				
Income Before Cumulative Effect of a Change in Accounting Principle	$ 0.03	$ 0.80	$ 0.04	$ 1.29
Cumulative Effect of a Change in Accounting Principle	-	-	-	(4.27)
Net Income (Loss)	$ 0.03	$ 0.80	$ 0.04	$ (2.98)
DILUTED EARNINGS (LOSS) PER SHARE				
Income Before Cumulative Effect of a Change in Accounting Principle	$ 0.03	$ 0.79	$ 0.04	$ 1.28
Cumulative Effect of a Change in Accounting Principle	-	-	-	(4.22)
Net Income (Loss)	$ 0.03	$ 0.79	$ 0.04	$ (2.94)

Ordinary shares subject to issuance pursuant to the conversion features of the convertible debentures are not included in the calculation of adjusted weighted-average shares and assumed conversions for diluted earnings per share because the effect of including those shares is anti-dilutive for the three and nine months ended September 30, 2003 and the nine months ended September 30, 2002.

NOTE 10 - CONTINGENCIES

Legal Proceedings - In August 2003, a judgment of approximately $9.5 million was entered by the Labor Division of the Provincial Court of Luanda, Angola, against the Company and a labor contractor for the Company, Hull Blyth, in favor of certain former workers on several of the Company's drilling rigs. The workers were employed by Hull Blyth to work on several drilling rigs while the rigs were located in Angola. When the drilling contracts concluded and the rigs left Angola, the workers' employment ended. The workers brought suit claiming that they were not properly compensated when their employment ended. In addition to the monetary judgment, the Labor Division ordered the workers to be hired by the Company. The Company believes that this judgment is without sufficient legal foundation and has appealed the matter to the Angola Supreme Court. The Company further believes that Hull Blyth has an obligation to protect the Company from any judgment. The Company does not believe that the ultimate outcome of this matter will have a material adverse effect on the Company's business or consolidated financial position.

The Company has certain other actions or claims pending that have been previously discussed and reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and the Company's other reports filed with the Securities and Exchange Commission. There have been no material developments in these previously reported matters. The Company and its subsidiaries are involved in a number of other lawsuits, all of which have arisen in the ordinary course of the Company's business. The Company does not believe that ultimate liability, if any, resulting from any such other pending litigation will have a material adverse effect on its business or consolidated financial position.

Letters of Credit and Surety Bonds - The Company had letters of credit outstanding at September 30, 2003 totaling $204.1 million. These letters of credit guarantee various contract bidding and insurance activities under various lines provided by several banks.

As is customary in the contract drilling business, the Company also has various surety bonds totaling $169.8 million in place that secure customs obligations relating to the importation of its rigs and certain performance and other obligations.

NOTE 11 - RELATED PARTY TRANSACTIONS

Delta Towing - In January 2003, Delta Towing failed to make its scheduled quarterly interest payment of $1.7 million on the notes receivable. The Company signed a 90-day waiver of the terms requiring payment of interest. In April 2003, Delta Towing again failed to make its interest payment of $1.7 million originally due January 2003 after expiration of the 90-day waiver. In April 2003 and July 2003, Delta Towing failed to make additional scheduled quarterly interest payments on the notes receivable of $1.6 million and $1.7 million, respectively. During the nine months ended September 30, 2003, the Company received partial interest payments of approximately $1.0 million and $1.1 million of payments applied to principal on the three-year revolving credit facility. At September 30, 2003, the Company had interest receivable from Delta Towing of $4.0 million. As a result of the Company's continued evaluation of the collectibility of the Delta Towing notes, the Company recorded an impairment on the notes receivable of $13.8 million ($0.04 per diluted share), net of tax of $7.5 million, in the second quarter of 2003 as an allowance for credit losses. The Company based the impairment on Delta Towing's discounted projected cash flows over the term of the notes, which deteriorated in the second quarter of 2003 as a result of the continued decline in Delta Towing's business outlook. The amount of the notes receivable outstanding prior to the impairment was $82.8 million. At September 30, 2003, the carrying value of the notes receivable included in investments in and advances to joint ventures in the Company's condensed consolidated balance sheets, net of the related allowance for credit losses and equity losses in the joint venture, was $53.6 million. In September 2003, the Company established a reserve of $1.6 million for interest income earned during the third quarter on the notes receivable and will continue to reserve future interest income earned until the scheduled quarterly interest payments have been brought current. The Company will

apply future cash payments to interest receivable currently outstanding and then to interest income for which a reserve has been established.

DDII LLC is the lessee in a synthetic lease financing facility entered into in connection with the construction of the drillship Deepwater Frontier. In May 2003, WestLB AG, one of the lenders in the synthetic lease financing facility, assigned its $46.1 million remaining promissory note receivable to the Company in exchange for cash of $46.1 million. As a result of this assignment, the Company assumed all the rights and obligations of WestLB AG. The balance of the note receivable was $44.2 million at September 30, 2003 and is included in other current assets in the Company's condensed consolidated balance sheets.

Also in May 2003, but subsequent to the WestLB AG assignment, the Company purchased ConocoPhillips' 40 percent interest in DDII LLC for approximately $5.0 million. As a result of this purchase, the Company consolidated DDII LLC in the second quarter of 2003. In addition, the Company acquired certain drilling and other contracts from ConocoPhillips for approximately $9.0 million in cash.

NOTE 12 - RESTRUCTURING CHARGES

In September 2002, the Company committed to a restructuring plan to close its engineering office in Montrouge, France. The Company established a liability of $2.8 million for the estimated severance-related costs associated with the involuntary termination of 16 employees pursuant to this plan. The charge was reported as operating and maintenance expense in the International and U.S. Floater Contract Drilling Services segment in the Company's condensed consolidated statements of operations. Through September 30, 2003, $2.5 million had been paid representing full or partial payments to all 16 employees whose positions were eliminated as a result of this plan. The Company released the expected surplus liability of $0.3 million to operating and maintenance expense in June 2003.

In September 2002, the Company committed to a restructuring plan for a staff reduction in Norway as a result of a decline in activity in that region. The Company established a liability of $1.2 million for the estimated severance-related costs associated with the involuntary termination of eight employees pursuant to this plan. The charge was reported as operating and maintenance expense in the International and U.S. Floater Contract Drilling Services segment in the Company's condensed consolidated statements of operations. Through September 30, 2003, $0.8 million had been paid representing full or partial payments to eight employees whose positions are being eliminated as a result of this plan. The Company anticipates that substantially all amounts will be paid by the end of the first quarter of 2005.

In September 2002, the Company committed to a restructuring plan to consolidate certain functions and offices utilized in its Gulf of Mexico Shallow and Inland Water segment. The plan resulted in the closure of an administrative office and warehouse in Louisiana and relocation of most of the operations and administrative functions previously conducted at that location. The Company established a liability of $1.2 million for the estimated severance-related costs associated with the involuntary termination of 57 employees pursuant to this plan. The charge was reported as operating and maintenance expense in the Company's condensed consolidated statements of operations. Through September 30, 2003, substantially all of the $1.2 million previously established liability was paid to 50 employees whose employment was terminated as a result of this plan.

NOTE 13 - RETIREMENT PLANS AND OTHER POST EMPLOYMENT BENEFITS

Nigerian Severance Plan - The Company maintains a severance plan (the "Nigeria Plan"), which provides postretirement benefits to certain employees under a labor contract with the Nigeria labor unions. Under the Nigeria Plan provisions, employees receive postretirement benefits in the event of retirement, termination for redundancy, or death. The Company made 83 employees redundant effective May 2003. In accordance with the provisions of the Nigeria Plan, the Company paid approximately $2.6 million in termination benefits in August 2003. Additionally, as a result of these terminations, and in accordance with the provisions of SFAS 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, a plan curtailment gain of $0.8 million, net of a settlement loss of $0.3 million, was recorded.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

OVERVIEW

Transocean Inc. (together with its subsidiaries and predecessors, unless the context requires otherwise, the "Company," "Transocean," "we", "us" or "our") is a leading international provider of offshore and inland marine contract drilling services for oil and gas wells. As of October 31, 2003, we owned, had partial ownership interests in or operated more than 160 mobile offshore and barge drilling units. As of this date, our fleet included 13 fifth-generation semisubmersibles and drillships ("floaters"), 15 other deepwater floaters, 31 mid-water floaters and 50 jackup drilling rigs. Our fleet also included 34 drilling barges, four tenders, three submersible drilling rigs, two platform drilling rigs, a mobile offshore production unit and a land drilling rig, as well as nine land rigs and three lake barges in Venezuela. We contract our drilling rigs, related equipment and work crews primarily on a dayrate basis to drill oil and gas wells. We also provide additional services, including management of third-party well service activities.

We have reclassified our floaters into a deepwater category, consisting of our fifth-generation floaters and other deepwater floaters, and a mid-water category. We have also reviewed the use of the term "deepwater" in connection with our fleet. The term as used in the drilling industry to denote a particular segment of the market varies and continues to evolve with technological improvements. We generally view the deepwater market sector as that which begins in water depths of approximately 4,500 feet. Within our deepwater category, we consider our fifth-generation rigs to be the semisubmersibles Deepwater Horizon, Cajun Express, Deepwater Nautilus, Sedco Energy and Sedco Express and the drillships Deepwater Discovery, Deepwater Expedition, Deepwater Frontier, Deepwater Millennium, Deepwater Pathfinder, Discoverer Deep Seas, Discoverer Enterprise, and Discoverer Spirit. The floaters comprising the other deepwater category are those semisubmersible rigs and drillships which have a water depth capacity of at least 4,500 feet. The mid-water category is comprised of those floaters with a water depth capacity of less than 4,500 feet. We have reclassified these rigs to better reflect how we view, and how we believe our investors and the industry view, our fleet.

Our operations are aggregated into two reportable segments: (i) International and U.S. Floater Contract Drilling Services and (ii) Gulf of Mexico Shallow and Inland Water. The International and U.S. Floater Contract Drilling Services segment consists of floaters, non-U.S. jackups, other mobile offshore drilling units and other assets used in support of offshore drilling activities and offshore support services. The Gulf of Mexico Shallow and Inland Water segment consists of jackup and submersible drilling rigs located in the U. S. Gulf of Mexico, Mexico and Trinidad and U.S. inland drilling barges, as well as land and lake barge drilling units located in Venezuela. We provide services with different types of drilling equipment in several geographic regions. The location of our rigs and the allocation of resources to build or upgrade rigs is determined by the activities and needs of our customers.

As a result of the implementation of Emerging Issues Task Force ("EITF") Issue No. 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent, costs we incur that are charged to our customers on a reimbursable basis are being recognized as operating and maintenance expense beginning in 2003. In addition, the amounts billed to our customers associated with these reimbursable costs are being recognized as operating revenue. We expect the increase in operating revenues and operating and maintenance expense resulting from this implementation to be between $90 million and $110 million for the year 2003. This change in the accounting treatment for client reimbursables will have no effect on our results of operations or consolidated financial position. We previously recorded these charges and related reimbursements on a net basis in operating and maintenance expense. Prior period amounts have not been reclassified, as the amounts were not material.

In July 2002, we announced plans to pursue a divestiture of our Gulf of Mexico Shallow and Inland Water business. In December 2002, our subsidiary, TODCO, formerly known as R&B Falcon Corporation, filed a registration statement with the Securities and Exchange Commission ("SEC") relating to our previously announced initial public offering ("IPO") of our Gulf of Mexico Shallow and Inland Water business. We expect to separate this business from Transocean and establish TODCO as a publicly traded company. We have completed our reorganization of TODCO as

the entity that owns that business in preparation of the offering. We expect to complete the IPO when market conditions warrant, subject to various factors. Given the current general uncertainty in the equity and U.S. natural gas drilling markets, we are unsure when the transaction could be completed on terms acceptable to us. However, we do not anticipate completion of the IPO prior to 2004. We do not expect to sell all of our interest in TODCO in the IPO. Until we complete the IPO transaction, we will continue to operate and account for TODCO as our Gulf of Mexico Shallow and Inland Water segment. Because the IPO had not been completed by the end of the third quarter of 2003, we recognized $8.0 million of costs relating to the IPO in general and administrative expense for the three months ended September 30, 2003, of which $6.4 million was deferred in previous periods. Future IPO-related costs will be expensed as incurred.

In April 2003, our deepwater drillship Peregrine I temporarily suspended drilling operations as a result of an electrical fire requiring repairs at a shipyard. The rig resumed operations in early July 2003. See "-Operating Results."

In April 2003, we announced that drilling operations had ceased on four of our mobile offshore drilling units located offshore Nigeria due to a strike by local members of the labor unions in Nigeria on the semisubmersible rigs M.G. Hulme, Jr. and Sedco 709 and the jackup rigs Trident VI and Trident VIII. All of these rigs returned to operations in May and June 2003. We continue negotiations to resolve various labor issues in Nigeria.

In May 2003, we purchased ConocoPhillips' 40 percent interest in Deepwater Drilling II L.L.C. ("DDII LLC"). DDII LLC is the lessee in a synthetic lease financing facility entered into in connection with the construction of the Deepwater Frontier. As a result of this purchase, we consolidated DDII LLC in the second quarter of 2003. See "-Special Purpose Entities, Sale/Leaseback Transaction and Related Party Transactions."

In May 2003, we announced that a drilling riser had separated on our deepwater drillship Discoverer Enterprise and that the rig had temporarily suspended drilling operations for our customer. The rig resumed operations in July 2003, but we are in discussion with our customer regarding the appropriate dayrate treatment. Results for the three months ended September 30, 2003 were negatively impacted by approximately $17 million due to an ongoing disagreement with our customer concerning the applicable dayrate and other costs. See "-Operating Results" and "-Outlook."

In June 2003, we incurred a loss as a result of a well blowout and fire aboard our inland barge Rig 62. During the nine months ended September 30, 2003, we incurred a $7.6 million loss relating to this incident. While our insurance coverage has a $12.5 million aggregate deductible for this incident, we do not expect any additional amounts that may be incurred related to this incident to have a material adverse affect on our condensed consolidated financial statements or results of operations. See "-Operating Results."

In September 2003, we recorded a loss of approximately $3.5 million on our inland barge Rig 20 as a result of a fire. While our insurance coverage has a $12.5 million aggregate deductible for this incident, we do not expect any additional amounts that may be incurred related to this incident to have a material adverse affect on our condensed consolidated financial statements or results of operations. See "-Operating Results."

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 new accounting pronouncements. Significant accounting policies are discussed in Note 2 to our condensed consolidated financial statements included elsewhere and in Note 2 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2002. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to bad debts, materials and supplies obsolescence, investments, property and equipment, intangible assets and

goodwill, income taxes, financing operations, workers' insurance, pensions and other post-retirement and employment benefits and contingent liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following are our most critical accounting policies. These policies require significant judgments and estimates used in the preparation of our consolidated financial statements. Management has discussed each of these critical accounting policies and estimates with the Audit Committee of the Board of Directors.

Allowance for doubtful accounts-We establish reserves for doubtful accounts on a case-by-case basis when we believe the required payment of specific amounts owed to us is unlikely to occur. We derive a majority of our revenue from services to international oil companies and government-owned or government-controlled oil companies. Our receivables are concentrated in certain oil-producing countries. We generally do not require collateral or other security to support customer receivables. If the financial condition of our customers was to deteriorate or their access to freely convertible currency was restricted, resulting in impairment of their ability to make the required payments, additional allowances may be required.

Valuation allowance for deferred tax assets-We record a valuation allowance to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax return in future years for which we have already recorded the tax benefit in our income statement. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, should we determine that we would more likely than not be able to realize our deferred tax assets in the future in excess of our net recorded amount, a decrease to the valuation allowance would increase income in the period such determination was made. Likewise, should we determine that we would more likely than not be unable to realize all or part of our net deferred tax asset in the future, an increase to the valuation allowance would reduce income in the period such determination was made.

Goodwill impairment-We perform a test for impairment of our goodwill annually as of October 1 as prescribed by Statement of Financial Accounting Standards ("SFAS") 142, Goodwill and Other Intangibles. Because our business is cyclical in nature, goodwill could be significantly impaired depending on when the assessment is performed in the business cycle. The fair value of our reporting units is based on a blend of estimated discounted cash flows, publicly traded company multiples and acquisition multiples. Estimated discounted cash flows are based on projected utilization and dayrates. Publicly traded company multiples and acquisition multiples are derived from information on traded shares and analysis of recent acquisitions in the marketplace, respectively, for companies with operations similar to ours. Changes in the assumptions used in the fair value calculation could result in an estimated reporting unit fair value that is below the carrying value, which may give rise to an impairment of goodwill. In addition to the annual review, we also test for impairment should an event occur or circumstances change that may indicate a reduction in the fair value of a reporting unit below its carrying value. See Note 2 to our condensed consolidated financial statements.

Property and equipment-Our property and equipment represents more than 60 percent of our total assets. We determine the carrying value of these assets based on our property and equipment accounting policies, which incorporate our estimates, assumptions, and judgments relative to capitalized costs, useful lives and salvage values of our rigs. We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying value of such assets may be impaired or when reclassifications are made between property and equipment and assets held for sale as prescribed by SFAS 144, Accounting for Impairment or Disposal of Long-Lived Assets. Asset impairment evaluations are based on estimated undiscounted cash flows for the assets being evaluated. Our estimates, assumptions, and judgments used in the application of our property and equipment accounting policies reflect both historical experience and expectations regarding future industry conditions and operations. Using different estimates, assumptions and judgments, especially those involving the useful lives of our rigs and expectations regarding future industry conditions and operations, could result in different carrying values of assets and results of operations.

Pension and Other Postretirement Benefits-Our defined benefit pension and other postretirement benefit (retiree life insurance and medical benefits) obligations and the related benefit costs are accounted for in accordance with SFAS 87, Employers' Accounting for Pensions, and SFAS 106, Employers' Accounting for Postretirement Benefits Other than Pensions. Pension and postretirement costs and obligations are actuarially determined and are affected by assumptions including expected return on plan assets, discount rates, compensation increases, employee turnover rates and health care cost trend rates. We evaluate our assumptions periodically and make adjustments to these assumptions and the recorded liabilities as necessary.

Two of the most critical assumptions are the expected long-term rate of return on plan assets and the assumed discount rate. We evaluate our assumptions regarding the estimated long-term rate of return on plan assets based on historical experience and future expectations on investment returns, which are calculated by our third party investment advisor utilizing the asset allocation classes held by the plan's portfolios. We utilize the Moody's Aa long-term corporate bond yield as a basis for determining the discount rate for a majority of our plans. Changes in these and other assumptions used in the actuarial computations could impact our projected benefit obligations, pension liabilities, pension expense and other comprehensive income. We base our determination of pension expense on a market-related valuation of assets that reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets.

Contingent liabilities-We establish reserves for estimated loss contingencies when we believe a loss is probable and the amount of the loss can be reasonably estimated. Revisions to contingent liabilities are reflected in income in the period in which different facts or information become known or circumstances change that affect our previous assumptions with respect to the likelihood or amount of loss. Reserves for contingent liabilities are based upon our assumptions and estimates regarding the probable outcome of the matter. Should the outcome differ from our assumptions and estimates, revisions to the estimated reserves for contingent liabilities would be required.

OPERATING RESULTS

QUARTER ENDED SEPTEMBER 30, 2003 COMPARED TO QUARTER ENDED SEPTEMBER 30, 2002

Our revenues for the quarter ended September 30, 2003 decreased by $72.3 million and our operating and maintenance expense increased by $21.9 million compared to the quarter ended September 30, 2002. Our overall average dayrate and utilization decreased from $74,500 and 61 percent, respectively, for the quarter ended September 30, 2002 to $67,000 and 59 percent, respectively, for the quarter ended September 30, 2003. The decreases in our contract drilling revenue, average dayrates and utilization were mainly attributable to the decline in overall market conditions. In addition, our revenues, utilization and operating and maintenance expense were negatively impacted by the riser separation incident on the drillship Discoverer Enterprise, the well control incident on inland barge Rig 62, the electrical fire on the Peregrine I and the fire on inland barge Rig 20. Following is a detailed analysis of our International and U.S. Floater Contract Drilling Services segment and Gulf of Mexico Shallow and Inland Water segment operating results, as well as an analysis of income and expense categories that we have not allocated to our two segments.

INTERNATIONAL AND U.S. FLOATER CONTRACT DRILLING SERVICES SEGMENT

	Three Months Ended September 30, 2003	2002	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days (a)	6,101	6,600	(499)	(8)%
Utilization (a) (b) (d)	71%	79%	N/A	(10)%
Average dayrate (a) (c) (d)	$89,000	$94,600	$(5,600)	(6)%
Contract drilling revenues	$ 544.4	$ 641.2	$ (96.8)	(15)%
Client reimbursable revenues	20.0	-	20.0	N/M
	564.4	641.2	(76.8)	(12)%
Operating and maintenance	342.4	325.7	16.7	5%
Depreciation	103.9	101.6	2.3	2%
Impairment loss on long-lived assets	-	25.7	(25.7)	N/M
Gain from sale of assets, net	(0.8)	(1.8)	1.0	(56)%
Operating income before general and administrative expense	$ 118.9	$ 190.0	$ (71.1)	(37)%

"N/A" means not applicable
"N/M" means not meaningful

(a) Applicable to all rigs.
(b) Utilization is defined as the total actual number of revenue earning days as a percentage of the total number of calendar days in the period.
(c) Average dayrate is defined as contract drilling revenue earned per revenue earning day.
(d) Effective January 1, 2003, the calculation of average dayrates and utilization has changed to include all rigs based on contract drilling revenues. Prior periods have been restated to reflect the change.

Due to a general deterioration in market conditions, average dayrates and utilization declined resulting in a decrease in this segment's contract drilling revenues of approximately $88.0 million, excluding the impact of the items discussed separately below. Contract drilling revenues were also adversely impacted in the third quarter of 2003 by approximately $8.4 million due to the riser separation incident on the Discoverer Enterprise and the electrical fire on the Peregrine I. Other factors contributing to the decrease in revenue in the third quarter of 2003 were the absence of revenue earned from a leased rig returned to its owner ($1.2 million) and the settlement of a contract dispute ($15.0 million), both of which occurred in the third quarter of 2002. These decreases were partially offset by increases in contract drilling revenues from the Deepwater Frontier ($15.6 million) in the third quarter of 2003, as a result of the consolidation of DDII LLC late in the second quarter of 2003. See "-Overview."

Operating revenues for the three months ended September 30, 2003 included $20.0 million related to costs incurred and billed to customers on a reimbursable basis. See "-Overview."

A large portion of our operating and maintenance expense consists of employee-related costs and is fixed or only semi-variable. Accordingly, operating and maintenance expense does not vary in direct proportion to activity or dayrates.

The increase in this segment's operating and maintenance expenses was primarily due to approximately $22.0 million of costs associated with the riser separation incident on the Discoverer Enterprise, the consolidation of DDII LLC, which leases the Deepwater Frontier and the electrical fire on the Peregrine I. In addition, expenses increased due to costs recognized as operating and maintenance expense relating to client reimbursable expenses as a result of implementing EITF 99-19 in 2003 (see "-Overview"). Partially offsetting these increases were decreased operating

and maintenance expenses of approximately $10.0 million resulting from a rig returned to its owner during the third quarter of 2002, a decrease in allowance for doubtful accounts related to the collection of a previously reserved customer receivable and reduced expense relating to our insurance program. Additional decreases resulted from $6.8 million of costs incurred in the three months ended September 30, 2002 associated with restructuring charges and a litigation provision with no comparable activity in the three months ended September 30, 2003.

The increase in this segment's depreciation expense resulted primarily from depreciation expense related to assets reclassified from held for sale to our active fleet during and subsequent to the three months ended September 30, 2002 because they no longer met the criteria for assets held for sale under SFAS 144.

During the three months ended September 30, 2002, we recorded non-cash impairment charges of $20.2 million in this segment, related to assets reclassified from held for sale to our active fleet because they no longer met the held for sale criteria under SFAS 144. During the nine months ended September 30, 2002, we also recorded a non-cash impairment charge of $5.5 million related to an asset held for sale, which resulted from deterioration in market conditions. The impairment was determined and measured based on an estimate of fair value derived from an offer from a potential buyer. See Note 8 to our condensed consolidated financial statements.

GULF OF MEXICO SHALLOW AND INLAND WATER SEGMENT

	Three Months Ended September 30,			
	2003	2002	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days (a)	2,808	2,497	311	12%
Utilization (a) (b) (d)	44%	38%	N/A	16%
Average dayrate (a) (c) (d)	$19,300	$21,600	$(2,300)	(11)%
Contract drilling revenues	$ 54.1	$ 54.0	$ 0.1	N/M
Client reimbursable revenues	4.4	-	4.4	N/M
	58.5	54.0	4.5	8%
Operating and maintenance	60.6	55.4	5.2	9%
Depreciation	22.9	22.6	0.3	1%
Impairment loss on long-lived assets	-	15.2	(15.2)	N/M
Gain from sale of assets, net	(0.1)	(1.1)	1.0	(91)%
Operating loss before general and administrative expense	$ (24.9)	$ (38.1)	$ 13.2	35%

"N/A" means not applicable
"N/M" means not meaningful

(a) Applicable to all rigs.
(b) Utilization is defined as the total actual number of revenue earning days as a percentage of the total number of calendar days in the period.
(c) Average dayrate is defined as contract drilling revenue earned per revenue earning day.
(d) Effective January 1, 2003, the calculation of average dayrates and utilization was changed to include all rigs based on contract drilling revenues. Prior periods have been restated to reflect the change.

Operating revenues for the three months ended September 30, 2003 included $4.4 million related to costs incurred and billed to customers on a reimbursable basis. See "-Overview."

A large portion of our operating and maintenance expense consists of employee-related costs and is fixed or only semi-variable. Accordingly, operating and maintenance expense does not vary in direct proportion to activity or dayrates.

The increase in this segment's operating and maintenance expenses was primarily due to approximately $4.0 million of costs associated with a fire incident on inland barge Rig 20 and the well control incident on inland barge Rig 62, as well as an increase in activity of approximately $2.0 million and the consolidation of a joint venture that owns two land rigs during the third quarter of 2002 ($0.7 million). In addition, expenses increased due to costs recognized as operating and maintenance expense relating to client reimbursable expenses as a result of implementing EITF 99-19 during 2003 (see "-Overview"). Partially offsetting the above increases were reduced expenses of $2.1 million relating to our insurance program in the three months ended September 30, 2003 compared to the same period in 2002 and a decrease of $4.4 million resulting from severance-related costs and other restructuring charges related to our decision to close an administrative office and warehouse in Louisiana and relocate most of the operations and administrative functions previously conducted at that location, as well as compensation-related expenses resulting from executive management changes in the three months ended September 30, 2002.

During the three months ended September 30, 2002, we recorded non-cash impairment charges of $15.2 million in this segment related to assets reclassified from held for sale to our active fleet because they no longer met the held for sale criteria under SFAS 144. See Note 8 to our condensed consolidated financial statements.

TOTAL COMPANY RESULTS OF OPERATIONS

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Change	% Change
	(In millions, except % change)			
General and Administrative Expense	$ 21.2	$ 15.8	$ 5.4	34%
Other (Income) Expense, net				
Equity in earnings of joint ventures	(1.9)	(0.4)	(1.5)	N/M
Interest income	(3.0)	(6.1)	3.1	51%
Interest expense	49.0	52.3	(3.3)	(6)%
Other, net	0.2	1.3	(1.1)	(85)%
Income Tax Expense (Benefit)	17.3	(164.8)	182.1	N/M

"N/M" means not meaningful

The increase in general and administrative expense was primarily attributable to $8.0 million in expenses relating to the planned IPO of the company's Gulf of Mexico Shallow and Inland Water business segment for the three months ended September 30, 2003, of which $6.4 million was deferred in previous periods. Offsetting the increase was reduced expense of $2.0 million related to employee benefits for the three months ended September 30, 2003 compared to the same period in 2002.

The increase in equity in earnings of joint ventures was primarily related to our 25 percent share of earnings from Delta Towing Holdings, LLC ("Delta Towing"), in which we recorded a decreased loss in earnings for the three months ended September 30, 2003 compared to the same period in 2002. Partially offsetting the increase was a decrease in our 60 percent share of earnings of DDII LLC, which leases the Deepwater Frontier. DDII LLC was consolidated as a result of the buyout of ConocoPhillips' 40 percent interest in the joint venture in May 2003, resulting in no equity in earnings of joint ventures being recorded for the three months ended September 30, 2003 compared to earnings recorded during the same period in 2002. The decrease in interest income was primarily due to interest earned on lower average cash balances and to the establishment of a reserve for interest income on Delta Towing during the three months ended September 30, 2003 compared to the same period in 2002. The decrease in interest expense was primarily due to debt repaid or retired during and subsequent to the three months ended September 30, 2002, which resulted in an additional $10.6 million reduction in interest expense and reductions in interest expense of $6.5 million related to the recognition of the gain from the termination of the interest rate swaps (see "-Derivative Instruments"),

partially offset by the termination of our fixed to floating interest rate swaps in the first quarter of 2003, which resulted in an increase of $13.4 million.

The decrease in other, net of $1.2 million resulted primarily from the effect of foreign currency exchange rate changes on a UK pound denominated escrow deposit in the three months ended September 30, 2003 with no comparable activity in the corresponding period in 2002.

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. There is no expected relationship between the provision for income taxes and income before income taxes. As a result of a change in anticipated 2003 earnings, our annual effective tax rate is estimated to be approximately 43 percent during 2003 on earnings before non-cash note receivable and other asset impairments, loss on debt retirements and IPO-related costs. Due to the increase in the estimated annual effective tax rate from approximately 38 percent at June 30, 2003, earnings for the three months ended September 30, 2003 were reduced by $2.6 million as a result of applying the adjusted estimated annual effective tax rate to the six months ended June 30, 2003. The three months ended September 30, 2002 included a non-U.S. tax benefit of $176.2 million attributable to the restructuring of certain non-U.S. operations.

NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2002

Our revenues for the nine months ended September 30, 2003 decreased by $166.5 million and our operating and maintenance expense increased by $75.9 million compared to the nine months ended September 30, 2002. In addition, our overall average dayrate and utilization decreased from $74,900 and 59 percent, respectively, for the nine months ended September 30, 2002 to $67,100 and 57 percent, respectively, for the nine months ended September 30, 2003. The decreases in our revenue and average dayrates were mainly attributable to the decline in overall market conditions. In addition, our contract drilling revenues, utilization and operating and maintenance expense were negatively impacted by the labor strike in Nigeria, the riser separation incident on the drillship Discoverer Enterprise, the well control incident on inland barge Rig 62, the electrical fire on the Peregrine I and the fire on inland barge Rig 20. Following is a detailed analysis of our International and U.S. Floater Contract Drilling Services segment and Gulf of Mexico Shallow and Inland Water segment operating results, as well as an analysis of income and expense categories that we have not allocated to our two segments.

INTERNATIONAL AND U.S. FLOATER CONTRACT DRILLING SERVICES SEGMENT

	Nine Months Ended September 30,			
	2003	2002	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days (a)	17,870	19,971	(2,101)	(11)%
Utilization (a) (b) (d)	69%	80%	N/A	(14)%
Average dayrate (a) (c) (d)	$ 89,800	$ 92,700	$(2,900)	(3)%
Contract drilling revenues	$1,611.0	$1,873.5	$(262.5)	(14)%
Client reimbursable revenues	64.6	-	64.6	N/M
	1,675.6	1,873.5	(197.9)	(11)%
Operating and maintenance	1,013.8	974.5	39.3	4%
Depreciation	311.9	305.3	6.6	2%
Impairment loss on long-lived assets	5.2	25.7	(20.5)	(80)%
Gain from sale of assets, net	(2.4)	(2.8)	0.4	(14)%
Operating income before general and administrative expense	$ 347.1	$ 570.8	$(223.7)	(39)%

"N/A" means not applicable

"N/M" means not meaningful

(a) Applicable to all rigs.
(b) Utilization is defined as the total actual number of revenue earning days as a percentage of the total number of calendar days in the period.
(c) Average dayrate is defined as contract drilling revenue earned per revenue earning day.
(d) Effective January 1, 2003, the calculation of average dayrates and utilization has changed to include all rigs based on contract drilling revenues. Prior periods have been restated to reflect the change.

Due to a general deterioration in market conditions, average dayrates and utilization declined resulting in a decrease in this segment's contract drilling revenues of approximately $233.0 million, excluding the impact of the items discussed separately below. Contract drilling revenues were also adversely impacted by approximately $31.0 million due to the labor strike in Nigeria, the riser separation incident on the Discoverer Enterprise and the electrical fire on the Peregrine I. Additional decreases resulted from the sale of rigs ($8.0 million), the return of a leased rig to its owner ($4.0 million), the transfer of a jackup rig from this segment to the Gulf of Mexico Shallow and Inland Water segment ($1.7 million) and the settlement of a contract dispute ($15.0 million) during 2002. These decreases were partially offset by increases in contract drilling revenue from a rig transferred into this segment from the Gulf of Mexico Shallow and Inland Water segment during the second quarter of 2002 ($10.0 million) and from the Deepwater Frontier ($19.8 million) as a result of the consolidation of DDII LLC late in the second quarter of 2003. See "-Overview."

Operating revenues for the nine months ended September 30, 2003 included $64.6 million related to costs incurred and billed to customers on a reimbursable basis. See "-Overview."

A large portion of our operating and maintenance expense consists of employee-related costs and is fixed or only semi-variable. Accordingly, operating and maintenance expense does not vary in direct proportion to activity or dayrates.

The increase in this segment's operating and maintenance expense was primarily due to approximately $38.0 million of costs associated with the riser separation incident on the Discoverer Enterprise, the consolidation of DDII LLC, which leases the Deepwater Frontier and costs related to the electrical fire on the Peregrine I. We also incurred additional expense of $5.3 million in 2003 resulting from the transfer of a jackup rig into this segment from the Gulf of Mexico Shallow and Inland Water segment during the second quarter of 2002. In addition, expenses increased due to costs recognized as operating and maintenance expense relating to client reimbursable expenses as a result of implementing EITF 99-19 in 2003 (see "-Overview"). Partially offsetting these increases were decreased operating and maintenance expenses resulting from lower activity of approximately $12.0 million and $10.0 million relating to rigs sold or returned to owner during and subsequent to the nine months ended September 30, 2002. Expenses were further reduced by $6.7 million relating to the settlements of a dispute and an insurance claim as well as $6.0 million relating to a reduction in our insurance program expense during the nine months ended September 30, 2003. Additional decreases resulted from $6.8 million of costs incurred in the nine months ended September 30, 2002 associated with restructuring charges and a litigation provision with no comparable activity in the nine months ended September 30, 2003.

The increase in this segment's depreciation expense resulted primarily from the transfer of a rig from the Gulf of Mexico Shallow and Inland Water segment into this segment and depreciation expense related to assets reclassified from held for sale to our active fleet because they no longer met the criteria for assets held for sale under SFAS 144 during and subsequent to the nine months ended September 30, 2002. These increases were partially offset by lower depreciation expense following the sale of rigs classified as held and used during and subsequent to the nine months ended September 30, 2002.

During the nine months ended September 30, 2003, we recorded non-cash impairment charges of $4.2 million related to assets held and used in this segment, which resulted from our decision to remove one mid-water semisubmersible rig and one self-erecting tender rig from drilling service. The impairment was determined and measured based on an estimate of fair value derived from an offer from a potential buyer. During the nine months

ended September 30, 2003, we also recorded a non-cash impairment charge of $1.0 million in this segment, which resulted from our decision to discontinue the leases on our oil and gas properties. The impairment was determined and measured based on the carrying value of the leases at the time the decision was made. During the nine months ended September 30, 2002, we recorded non-cash impairment charges of $20.2 million in this segment related to assets reclassified from held for sale to our active fleet because they no longer met the held for sale criteria under SFAS 144. During the nine months ended September 30, 2002, we also recorded a non-cash impairment charge of $5.5 million related to an asset held for sale, which resulted from deterioration in market conditions. The impairment was determined and measured based on an estimate of fair value derived from an offer from a potential buyer. See Note 8 to our condensed consolidated financial statements.

GULF OF MEXICO SHALLOW AND INLAND WATER SEGMENT

	Nine Months Ended September 30,			
	2003	2002	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days (a)	8,348	6,544	1,804	28%
Utilization (a) (b) (d)	41%	33%	N/A	24%
Average dayrate (a) (c) (d)	$18,400	$20,800	$(2,400)	(12)%
Contract drilling revenues	$ 153.7	$ 135.8	$ 17.9	13%
Client reimbursable revenues	13.5	-	13.5	N/M
	167.2	135.8	31.4	23%
Operating and maintenance	189.8	153.2	36.6	24%
Depreciation	69.2	68.8	0.4	1%
Impairment loss on long-lived assets	11.6	16.3	(4.7)	(29)%
Gain from sale of assets, net	(0.5)	(0.7)	0.2	(29)%
Operating loss before general and administrative expense	$(102.9)	$(101.8)	$ (1.1)	(1)%

"N/A" means not applicable
"N/M" means not meaningful

(a) Applicable to all rigs.
(b) Utilization is defined as the total actual number of revenue earning days as a percentage of the total number of calendar days in the period.
(c) Average dayrate is defined as contract drilling revenue earned per revenue earning day.
(d) Effective January 1, 2003, the calculation of average dayrates and utilization was changed to include all rigs based on contract drilling revenues. Prior periods have been restated to reflect the change.

Higher utilization resulted in an increase in this segment's contract drilling revenue of $41.7 million, partially offset by decreased average dayrates ($21.9 million), and the transfer of a jackup rig from this segment into the International and U.S. Floater Contract Drilling Services segment and rigs sold during the nine months ended September 30, 2002 ($2.0 million).

Operating revenues for the nine months ended September 30, 2003 included $13.5 million related to costs incurred and billed to customers on a reimbursable basis. See "-Overview."

A large portion of our operating and maintenance expense consists of employee-related costs and is fixed or only semi-variable. Accordingly, operating and maintenance expense does not vary in direct proportion to activity or dayrates.

The increase in this segment's operating and maintenance expenses was due primarily to an increase in activity of approximately $20.0 million and approximately $11.0 million of costs associated with the well control incident on inland barge Rig 62 and the fire incident on inland barge Rig 20, as well as an insurance claim provision ($2.5 million) and the consolidation of a joint venture that owns two land rigs during the third quarter of 2002 ($1.9 million). In addition, expenses increased due to costs recognized as operating and maintenance expense relating to client reimbursable expenses as a result of implementing EITF 99-19 during the nine months ended September 30, 2003 (see "-Overview"). These increases were partially offset by reduced expense of $3.1 million relating to our insurance program in the nine months ended September 30, 2003 compared to the same period in 2002, the release of a provision for doubtful accounts ($1.8 million) during the first nine months of 2003 upon collection of amounts previously reserved, lower expenses resulting from the transfer of a jackup rig from this segment into the International and U.S. Floater Contract Drilling Services segment ($1.8 million) during the second quarter of 2002 and a decrease of $4.4 million resulting from severance-related costs and other restructuring charges related to our decision to close an administrative office and warehouse in Louisiana and relocate most of the operations and administrative functions previously conducted at that location, as well as compensation-related expenses resulting from executive management changes in the nine months ended September 30, 2002.

During the nine months ended September 30, 2003, we recorded non-cash impairment charges of $10.6 million in this segment, which resulted from our decision to remove five jackup rigs from drilling service and market the rigs for alternative uses. We do not anticipate returning these rigs to drilling service as we believe it would be cost prohibitive. As a result of this decision, and in accordance with SFAS 144, the carrying value of these assets was adjusted to fair market value. The fair market value of these units as non-drilling rigs were based on third party valuations. During the nine months ended September 30, 2003, we also recorded a non-cash impairment charge of $1.0 million in this segment, which resulted from our determination that the assets of an entity in which we have an investment did not support our carrying value. The impairment was determined and measured based on the remaining book value of our investment and our assessment of the fair value of that investment at the time the decision was made. During the nine months ended September 30, 2002, we recorded non-cash impairment charges of $15.2 million in this segment related to assets reclassified from held for sale to our active fleet because they no longer met the held for sale criteria under SFAS 144. Also during the nine months ended September 30, 2002, we recorded a non-cash impairment charge of $1.1 million related to an asset held for sale in this segment, which resulted from deterioration in market conditions. The impairment was determined and measured based on an estimate of fair value derived from an offer from a potential buyer. See Note 8 to our condensed consolidated financial statements.

TOTAL COMPANY RESULTS OF OPERATIONS

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002	Change	% Change
	(In millions, except % change)			
General and Administrative Expense	$ 50.0	$ 51.6	$ (1.6)	(3)%
Other (Income) Expense, net				
Equity in earnings of joint ventures	(7.3)	(4.8)	(2.5)	52%
Interest income	(15.7)	(16.0)	0.3	2%
Interest expense	154.4	160.7	(6.3)	(4)%
Loss on retirement of debt	15.7	-	15.7	N/M
Loss on impairment of note receivable from related party	21.3	-	21.3	N/M
Other, net	3.5	(0.2)	3.7	N/M
Income Tax Expense (Benefit)	8.3	(137.1)	145.4	N/M
Cumulative Effect of a Change in Accounting Principle	-	1,363.7	(1,363.7)	N/M

"N/M" means not meaningful

The decrease in general and administrative expense was primarily attributable to $4.4 million of costs related to the exchange of our notes for TODCO's notes in March 2002, as more fully described in Note 3 to our condensed consolidated financial statements, reduced expense of $5.5 million related to employee benefits in the nine months ended September 30, 2003 compared to the same period in 2002. Offsetting these decreases was $8.0 million in expenses relating to the planned IPO of the company's Gulf of Mexico Shallow and Inland Water business segment for the nine months ended September 30, 2003, of which $3.1 million was deferred in previous periods.

The increase in equity in earnings of joint ventures was primarily related to our 60 percent share of the earnings of DDII LLC, which leases the Deepwater Frontier. This rig experienced increased utilization during the five months ended May 31, 2003, at which time we completed the buyout of ConocoPhillips' 40 percent interest in DDII LLC, compared to the first nine months of 2002 in which the rig experienced shipyard downtime. Also contributing to the increase in equity in earnings of joint ventures was our 50 percent share of earnings of Deepwater Drilling L.L.C. ("DD LLC"), which owns the Deepwater Pathfinder. This rig experienced increased utilization and average dayrates in the nine months ended September 2003 compared to the same period in 2002. Also contributing to the increase was our 25 percent share of earnings from Delta Towing in which we recorded a decreased loss in earnings for the nine months ended September 30, 2003 compared to the same period in 2002, partially offset by our share of a $2.5 million non-cash impairment charge on the carrying value of Delta Towing's idle equipment.

The decrease in interest expense was attributable to reductions of interest expense of $19.1 million associated with debt refinanced, repaid or retired during and subsequent to the nine months ended September 30, 2002. We also received a refund of interest in 2003 from a taxing authority compared to an interest payment in 2002 that resulted in a reduction in interest expense of $1.8 million. We terminated our fixed to floating interest rate swaps in the first quarter of 2003, which resulted in an increase in interest expense of $30.5 million, partially offset by a $16.5 million decrease in interest expense related to the recognition of the gain from the termination of these interest rate swaps (see "-Derivative Instruments").

During the nine months ended September 30, 2003, we recognized a $15.7 million loss on early retirements of debt as more fully described in Note 3 to our condensed consolidated financial statements.

During the nine months ended September 30, 2003, we recorded a $21.3 million impairment of the notes receivable due from Delta Towing as more fully described in Note 11 to our condensed consolidated financial statements.

We recognized a $2.3 million loss in other, net relating to the effect of foreign currency exchange rate changes on our monetary assets and liabilities denominated in Venezuelan bolivars (see "-Item 3. Quantitative and Qualitative Disclosures about Market Risk-Foreign Exchange Risk"), partially offset by a $1.2 million gain resulting from the effect of foreign currency exchange rate changes on a UK pound denominated escrow deposit for the nine months ended September 30, 2003 compared to the same period in 2002.

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. There is no expected relationship between the provision for income taxes and income before income taxes. The nine months ended September 30, 2003 included a tax benefit of $14.6 million attributable to the favorable resolution of a non-U.S. income tax liability, partially offset by an increase in our estimated annual effective tax rate to approximately 43 percent for 2003 on earnings before non-cash note receivable and other asset impairments, loss on debt retirements and IPO-related costs compared to our effective tax rate of approximately 14 percent for 2002. The increase in our estimated effective tax rate resulted from a change in anticipated 2003 earnings. The nine months ended September 30, 2002 included a non-U.S. tax benefit of $175.7 million attributable to the restructuring of certain non-U.S. operations.

During the nine months ended September 30, 2002, we recognized a $1,363.7 million cumulative effect of a change in accounting principle in our Gulf of Mexico Shallow and Inland Water segment related to the implementation of SFAS 142 as more fully described in Note 2 to our condensed consolidated financial statements.

FINANCIAL CONDITION

	September 30, 2003	December 31, 2002	Change	% Change
	(In millions)			
TOTAL ASSETS				
International and U.S. Floater Contract Drilling Services	$ 10,996.6	$ 11,804.1	$(807.5)	(7)%
Gulf of Mexico Shallow and Inland Water	721.1	861.0	(139.9)	(16)%
	$ 11,717.7	$ 12,665.1	$(947.4)	(7)%

The decrease in the assets of the International and U.S. Floater Contract Drilling Services segment was mainly due to a decrease in cash and cash equivalents ($438.2 million) that resulted primarily from the repayment of debt during 2003 (see Note 3 to our condensed consolidated financial statements). Also contributing to the decrease in this segment's assets was a reduction in other assets primarily due to the termination of interest rate swaps ($181.3 million) during 2003 (see "-Derivative Instruments"). In addition, the sale of a jackup rig ($12.5 million net book value), normal depreciation ($311.9 million) and asset impairments ($5.2 million) during 2003 further reduced the assets in this segment (see "-Operating Results"). Offsetting this decrease was an increase in accounts receivable ($47.2 million) and notes receivable from related party ($44.2 million). The decrease in the assets of the Gulf of Mexico Shallow and Inland Water segment was primarily due to normal depreciation ($69.2 million), a decrease in accounts receivable ($62.2 million), asset impairments ($11.6 million) and the impairment of a related party note receivable ($21.3 million) during 2003 (see "-Operating Results").

RESTRUCTURING CHARGES

In September 2002, we committed to a restructuring plan to eliminate our engineering department located in Montrouge, France. We established a liability of $2.8 million for the estimated severance-related costs associated with the involuntary termination of 16 employees pursuant to this plan. The charge was reported as operating and maintenance expense in the International and U.S. Floater Contract Drilling Services segment in our condensed consolidated statements of operations. As of September 30, 2003, $2.5 million had been paid representing full or partial payments to all 16 employees whose positions were eliminated as a result of this plan. We released the expected surplus liability of $0.3 million to operating and maintenance expense in June 2003.

In September 2002, we committed to a restructuring plan for a staff reduction in Norway as a result of a decline in activity in that region. We established a liability of $1.2 million for the estimated severance-related costs associated with the involuntary termination of eight employees pursuant to this plan. The charge was reported as operating and maintenance expense in the International and U.S. Floater Contract Drilling Services segment in our condensed consolidated statements of operations. As of September 30, 2003, $0.8 million had been paid representing full or partial payments to five employees whose positions have been eliminated as a result of this plan. We anticipate that substantially all amounts will be paid by the end of the first quarter of 2005.

In September 2002, we committed to a restructuring plan to consolidate certain functions and offices utilized in our Gulf of Mexico Shallow and Inland Water segment. The plan resulted in the closure of an administrative office and warehouse in Louisiana and relocation of most of the operations and administrative functions previously conducted at that location. We established a liability of $1.2 million for the estimated severance-related costs associated with the involuntary termination of 57 employees pursuant to this plan. The charge was reported as operating and maintenance expense in our condensed consolidated statements of operations. As of September 30, 2003, substantially all of the $1.2 million previously established liability was paid to 50 employees whose employment was terminated as a result of this plan.

OUTLOOK

Fleet utilization and average dayrates increased within our International and U.S. Floater Contract Drilling Services and Gulf of Mexico Shallow and Inland Water business segments during the third quarter of 2003 compared with the second quarter of 2003.

Comparative average dayrates and utilization figures are set forth in the table below.

	Three Months Ended		
	September 30, 2003	June 30, 2003	September 30, 2002
AVERAGE DAYRATES (a)(b)(d)			
INTERNATIONAL AND U.S. FLOATER CONTRACT DRILLING SERVICES SEGMENT:			
Deepwater			
5th Generation	$ 176,600	$ 185,100	$ 190,100
Other Deepwater	$ 112,500	$ 111,500	$ 115,200
Total Deepwater	$ 145,500	$ 147,500	$ 148,000
Mid-Water	$ 70,900	$ 73,600	$ 83,000
Jackups - Non-U.S.	$ 54,400	$ 57,400	$ 60,400
Other Rigs	$ 48,800	$ 41,500	$ 49,300
Segment Total	$ 89,000	$ 88,900	$ 94,600
GULF OF MEXICO SHALLOW AND INLAND WATER SEGMENT:			
Jackups and Submersibles	$ 20,800	$ 18,200	$ 22,400
Inland Barges	$ 16,900	$ 16,100	$ 20,700
Other Rigs	$ 20,500	$ 18,600	$ 23,400
Segment Total	$ 19,300	$ 17,500	$ 21,600
Total Mobile Offshore Drilling Fleet	$ 67,000	$ 65,300	$ 74,500
UTILIZATION (a)(c)(d)			
INTERNATIONAL AND U.S. FLOATER CONTRACT DRILLING SERVICES SEGMENT:			
Deepwater			
5th Generation	97%	88%	90%
Other Deepwater	73%	70%	85%
Total Deepwater	84%	78%	87%
Mid-Water	54%	55%	74%
Jackups - Non-U.S.	85%	86%	84%
Other Rigs	49%	41%	56%
Segment Total	71%	68%	79%
GULF OF MEXICO SHALLOW AND INLAND WATER SEGMENT:			
Jackups and Submersibles	54%	44%	32%
Inland Barges	38%	39%	47%
Other Rigs	38%	44%	31%
Segment Total	44%	42%	38%
Total Mobile Offshore Drilling Fleet	59%	57%	61%

(a) Applicable to all rigs.
(b) Average dayrate is defined as contract drilling revenue earned per revenue earning day.

(c) Utilization is defined as the total actual number of revenue earning days as a percentage of the total number of calendar days in the period.
(d) Effective January 1, 2003, the calculation of average dayrates and utilization was changed to include all rigs based on contract drilling revenues. Prior periods have been restated to reflect the change.

Commodity prices have maintained historically strong levels throughout the third quarter, and we believe the trading markets and other indicators point towards continued near-term strength in oil and gas prices. While future commodity price expectations are a key driver for offshore drilling demand, the availability of drilling prospects, relative production costs, the stage of reservoir development and political/regulatory environments all impact our customers' drilling programs. Strong commodity prices have not translated into overall increased offshore drilling activity in the recent quarter, or in 2003 generally. On a global basis, we do not expect a material increase in drilling demand over the next six to nine months.

Prospects for our International and U.S. Floater Contract Drilling Services business segment are uncertain over the next six to nine months. Over this period, market dayrates for the industry's most technically advanced deepwater rigs will be difficult to predict and intermittent idle time could be experienced as a number of these units, including four of our 5th Generation deepwater rigs, conclude contracts. We continue to believe that over the long term, deepwater exploration and development drilling opportunities in Angola, Nigeria, India and other emerging locations represent a potentially significant source of future rig demand.

A stable level of activity is expected to persist in most of the international jackup market sectors. The modest overcapacity present in the West Africa jackup market sector is expected to largely dissipate by mid-2004, although dayrates associated with near-term contract signings in the region are expected to decline from average levels experienced over the past 12 months. India has remained a key destination for jackups, as evidenced by the number of jackup rigs that have been and are expected to be added over the second half of 2003. The Far East jackup market sector activity has remained largely flat, although dayrates have held up as rigs have moved outside the region.

The mid-water floater business remains extremely weak as this sector continues to be significantly oversupplied globally. We expect overall North Sea utilization to remain below 50% this winter, due in part to reduced drilling programs by the major oil companies. In the U.S. Gulf of Mexico, mid-water rig demand is currently further dampened by increased competition from underutilized deepwater rigs, which have greater operating and technical capability. Absent a significant pick-up in overall offshore demand, we expect the global mid-water sector to continue to be oversupplied through 2004.

The Gulf of Mexico Shallow and Inland Water business segment continues to benefit from a declining base of jackup rig supply in the Gulf of Mexico, which has helped to lift utilization and dayrates in an otherwise flat rig demand environment. Demand in the Gulf of Mexico inland barge fleet has trended lower, while total supply is unchanged. However, deep gas drilling interest among several exploration and production companies operating in the Gulf of Mexico is expected to increase, offering the prospect for improving demand in 2004.

The offshore contract drilling market remains highly competitive and cyclical, and it has been historically difficult to forecast future market conditions. Extraneous risks include declines in oil and/or gas prices that reduce demand and adversely affect utilization and day rates. Major operator and national oil company capital budgets are key drivers of the overall business climate, and these may change within a fiscal year depending on exploration results and other factors. Additionally, increased competition for our customers' drilling budgets could come from, among other areas, land-based energy markets in Russia, other former Soviet Union states and the Middle East.

Effective December 31, 2003 we will adopt the provisions of the Financial Accounting Standards Board's ("FASB") Interpretation ("FIN") 46, Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51. As a result of the adoption, we expect to consolidate certain joint ventures. See "-New Accounting Pronouncements."

Our income tax returns are subject to review and examination in the various jurisdictions in which we operate. The U.S. Internal Revenue Service is currently auditing our tax returns for calendar years 1999, the year we became a Cayman Islands company, and 2000. In addition, other tax authorities have examined the amounts of income and expense subject to tax in their jurisdiction for prior periods. We are currently contesting various non-U.S. assessments that have been asserted and would expect to contest any future U.S. or non-U.S. assessments. While the outcome of existing or future assessments cannot be predicted, we do not believe that the ultimate resolution of these asserted income tax liabilities will have a material adverse effect on our business or consolidated financial position. As a result of a change in anticipated 2003 earnings, our annual effective tax rate is estimated to be approximately 43 percent for 2003 on earnings before non-cash note receivable and other asset impairments, loss on debt retirements and IPO-related costs. Included in the tax provision for the nine months ended September 30, 2003 was a tax benefit of $14.6 million attributable to the favorable resolution of a non-U.S. income tax liability.

We previously reported that we expected to begin making annual contributions to our qualified defined benefit pension plans (the "Retirement Plans") in 2003 of approximately $11 million and that we expected pension expense related to these plans to increase by approximately $7 million in 2003 as compared to 2002. Based on the most recent actuarial valuations received, we are not required to make a contribution to the Retirement Plans in 2003. Also, we expect the required contribution to the Retirement Plans in 2004 to be approximately $5 million and pension expense related to these plans to increase by approximately $1 million in 2003 compared to 2002. Poor performance in the equity markets and significant plan changes could result in additional significant changes to the accumulated other comprehensive loss component of shareholders' equity and additional increases in future pension expense and funding requirements.

We maintain a severance plan (the "Nigeria Plan"), which provides postretirement benefits to certain employees under a labor contract with the Nigeria labor unions. Under the Nigeria Plan provisions, employees receive postretirement benefits in the event of retirement, termination for redundancy, or death. We made 83 employees redundant effective May 2003. In accordance with the provisions of the Plan, we paid approximately $2.6 million in termination benefits in August 2003. Additionally, as a result of these terminations, and in accordance with the provisions of SFAS 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, we recorded a plan curtailment gain of $0.8 million, net of a settlement loss of $0.3 million.

We are engaged in negotiations with the Nigeria labor unions for a new labor contract. We expect these negotiations to be resolved in the fourth quarter of 2003 and to result in the settlement of the entire benefit obligation and other negotiated costs, and an amendment to the Nigeria Plan. In accordance with SFAS 87, Employers' Accounting for Pensions, the benefit costs accrued through the date of the amendment will be amortized over future periods as a reduction to future benefit costs. We expect the payment of approximately $21 million in settlement of the entire benefit obligation and other negotiated costs to occur during the fourth quarter of 2003. As a result of the settlement of the Nigeria Plan and the payment of the entire benefit obligation and other negotiated costs, we expect to record additional expense up to approximately $13.0 million in the fourth quarter of 2003.

In May 2003, we announced that a drilling riser had separated on our deepwater drillship Discoverer Enterprise and that the rig had temporarily suspended drilling operations for our customer. The rig resumed operations in July 2003, but we are in discussion with our customer regarding the appropriate dayrate treatment. Results for the three months ended September 30, 2003 were negatively impacted by approximately $17 million due to an ongoing disagreement with our customer concerning the applicable dayrate and other costs. This disagreement has continued with respect to operations conducted in the fourth quarter and will likely continue to adversely affect results for that quarter.

We are in discussions with ConocoPhillips concerning their 50 percent interest in DD LLC, which leases the Deepwater Pathfinder under a synthetic lease financing arrangement. No definitive agreement or terms have been reached, and we or ConocoPhillips may decide to discontinue these discussions. If we do acquire the 50 percent interest we do not already own, we would expect to use cash on hand and borrowings under available revolving credit facilities for the purchase. Even if we do not acquire ConocoPhillips' interest in the joint venture, we expect to consolidate DD LLC effective December 31, 2003 (see "-New Accounting Pronouncements").

As of September 30, 2003, we had goodwill of approximately $2.2 billion, all of which is related to our International and U.S. Floater Contract Drilling Services segment. In accordance with SFAS 142, we are in the process of conducting our annual test of goodwill impairment as of October 1 of this year. Our stock price has declined slightly from October 1, 2002 to October 1, 2003, which is an indicator of a potential impairment of our goodwill. However,

the amount of the impairment, if any, will not be known until we complete our annual test during the fourth quarter. Any such impairment would affect only our International and U.S. Floater Contract Drilling Services segment and would have no impact on our bank covenants.

As of October 28, 2003, approximately 67 percent and 36 percent of our International and U.S. Floater Contract Drilling Services segment fleet days were committed for the remainder of 2003 and for the year 2004, respectively. For our Gulf of Mexico Shallow and Inland Water segment, which has traditionally operated under short-term contracts, committed fleet days were approximately 20 percent for the remainder of 2003 and 5 percent are currently committed for the year 2004.

LIQUIDITY AND CAPITAL RESOURCES

SOURCES AND USES OF CASH

	Nine Months Ended September 30,		
	2003	2002	Change
	(In millions)		
NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net income (loss)	$ 13.7	$ (951.2)	$ 964.9
Depreciation	381.1	374.1	7.0
Other non-cash items	23.0	1,211.8	(1,188.8)
Changes in working capital items	46.8	65.5	(18.7)
	$ 464.6	$ 700.2	$ (235.6)

Net cash provided by operating activities decreased during the nine months ended September 30, 2003 as compared to the same period in the previous year. The decrease was primarily related to a decrease in other non-cash items. Other non-cash items during the nine months ended September 30, 2003 consisted primarily of $15.7 million, $21.3 million and $16.8 million related to loss on retirement of debt, an impairment of notes receivable - related party, and impairment of long-lived assets, respectively, partially offset by $30.7 million related to deferred and other items. This compared to other non-cash items during the nine months ended September 30, 2002 of a goodwill impairment charge of $1,363.7 million, a $175.7 million foreign tax benefit and a $42.0 million impairment of long-lived assets partially offset by $18.3 million in deferred and other items. Cash provided by changes in working capital items decreased during the nine months ended September 30, 2003, as compared to the same period in 2002 due to lower revenues resulting in a reduction in accounts receivable coupled with an increase in net interest payable, which resulted from the termination of our interest rate swaps in the first quarter of 2003 (see "-Derivative Instruments"), partially offset by a decrease in income tax payable.

	Nine Months Ended September 30,		
	2003	2002	Change
	(In millions)		
NET CASH USED IN INVESTING ACTIVITIES			
Capital expenditures	$ (73.6)	$(114.6)	$ 41.0
Note issued to related party, net of repayments	(44.2)	-	(44.2)
Proceeds from disposal of assets	4.1	73.6	(69.5)
Acquisition of 40% interest in DDII LLC, net of cash aquired	18.1	-	18.1
Other, net	2.8	4.6	(1.8)
	$ (92.8)	$ (36.4)	$(56.4)

Net cash used in investing activities increased for the nine months ended September 30, 2003 as compared to the same period in the previous year as a result of the reduction in proceeds from asset sales, which was partially offset by the reduction in current year capital expenditures (see "-Capital Expenditures"). A note receivable of $46.1

million was issued to a related party and we acquired ConocoPhillips' 40 percent interest in DDII LLC in May 2003 (see "-Overview").

	Nine Months Ended September 30, 2003	2002	Change
	(In millions)		
NET CASH USED IN FINANCING ACTIVITIES			
Repayments under commercial paper program	$ -	$(326.4)	$ 326.4
Cash received from termination of interest rate swaps	173.5	-	173.5
Repayments of debt obligations	(967.2)	(154.3)	(812.9)
Other, net	14.0	(14.7)	28.7
	$ (779.7)	$(495.4)	$(284.3)

We repaid $326.4 million under our commercial paper program during the nine months ended September 30, 2002 with no comparable activity for the same period in 2003. During the nine months ended September 30, 2003, we received interest rate swap termination proceeds of $173.5 million (see "-Derivative Instruments"). In 2003, we used cash of $527.2 million to repurchase our Zero Coupon Convertible Debentures that were put to us in May 2003, $50.0 million for the early repayment of our 9.41% Nautilus Class A2 Notes, and $390.0 million for other scheduled debt maturities. This compares to cash paid of $50.6 million for the early repayment of secured rig financing on the Trident IX and Trident 16 and $103.7 million for other scheduled debt maturities in 2002. The increase in cash provided in other, net is due to $8.3 million in consent payments in 2002 related to the exchange of our notes for TODCO's notes as well as an increase of $2.2 million in proceeds from the issuance of shares to the Employee Share Purchase Program. Additionally, dividends of $19.1 million were paid in the nine months ended September 30, 2002. Payment of dividends was discontinued after the second quarter of 2002.

CAPITAL EXPENDITURES

Capital expenditures totaled $73.6 million during the nine months ended September 30, 2003. During 2003, we expect to spend approximately $120.0 million on our existing fleet, corporate infrastructure and major upgrades. A substantial majority of our expected capital expenditures in 2003 relates to the International and U.S. Floater Contract Drilling Services segment. We expect to incur capital expenditures of under approximately $100.0 million in 2004 on our existing fleet, corporate infrastructure and major upgrades. We would expect any additional asset acquisitions and improved market conditions to affect future capital expenditures.

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 borrowings under our revolving credit agreements and commercial paper program (see "-Sources of Liquidity") and may engage in other commercial bank or capital market financings.

ACQUISITIONS AND DISPOSITIONS

From time to time, we review possible acquisitions or dispositions of businesses and drilling units and may in the future make significant capital commitments for such purposes. Any such acquisition could involve the payment by us of a substantial amount of cash or the issuance of a substantial number of additional ordinary shares or other securities. We would likely fund the cash portion of any such acquisition through cash balances on hand, the incurrence of additional debt, sales of assets, ordinary shares or other securities or a combination thereof.

In January 2003, in our International and U.S. Floater Contract Drilling Services segment, we completed the sale of a jackup rig, the RBF 160, for net proceeds of $13.0 million and recognized a gain of $0.2 million, net of tax of $0.1 million. The proceeds were received in December 2002.

During the nine months ended September 30, 2003, we settled an insurance claim and sold certain other assets for net proceeds of approximately $4.1 million and recorded net gains of $1.9 million ($0.01 per diluted share), net of

tax of $0.2 million, in our International and U.S. Floater Contract Drilling Services segment and $0.3 million, net of tax of $0.2 million, in our Gulf of Mexico Shallow and Inland Water segment.

In November 2003, we purchased the remaining 25 percent minority interest in the Caspian Sea Ventures International Limited ("CSVI") joint venture that we did not already own. CSVI owns the jackup rig Trident 20.

We continue to proceed with our previously announced plans to pursue an IPO of our Gulf of Mexico Shallow and Inland Water business. Our plan is to separate this business from Transocean and establish it as a publicly traded company. We have completed our reorganization of TODCO as the entity that owns this business in preparation of the offering. We expect to complete the IPO when market conditions warrant, subject to various factors. Given the current general uncertainty in the equity and U.S. natural gas drilling markets, we are unsure when the transaction could be completed on terms acceptable to us. See "-Overview."

SOURCES OF LIQUIDITY

Our primary sources of liquidity in the third quarter of 2003 were our cash flows from operations and existing cash balances. The primary uses of cash were debt repayment and capital expenditures. At September 30, 2003, we had $806.3 million in cash and cash equivalents.

We anticipate that we will rely primarily upon existing cash balances and internally generated cash flows to maintain liquidity in 2003 and 2004, as cash flows from operations are expected to be positive and, together with existing cash balances, adequate to fulfill anticipated obligations. See Note 3 to our condensed consolidated financial statements. From time to time, we may also use bank lines of credit and commercial paper to maintain liquidity for short-term cash needs.

We intend to use the proceeds from the IPO, as well as any proceeds from asset sales (see "-Acquisitions and Dispositions"), to further reduce our debt balances and for general corporate purposes.

We intend to use cash from operations primarily to pay debt as it comes due and to fund capital expenditures. If we seek to reduce our debt other than through scheduled maturities, we could do so through repayment of bank borrowings or through repurchases or redemptions of, or tender offers for, debt securities. At September 30, 2003 and December 31, 2002, our total debt was $3,701.4 million and $4,678.0 million, respectively. We have significantly reduced capital expenditures compared to prior years due to the completion of our newbuild program in 2001. During the nine months ended September 30, 2003, we reduced net debt, defined as total debt less swap receivables and cash and cash equivalents, by $387.4 million. The components of net debt at carrying value were as follows (in millions):

	September 30, 2003	December 31, 2002
Total Debt	$ 3,701.4	$ 4,678.0
Less: Cash and cash equivalents	(806.3)	(1,214.2)
Swap receivables	-	(181.3)

We believe net debt provides useful information regarding the level of our indebtedness by reflecting the amount of indebtedness assuming cash and investments are used to repay debt. Net debt has been consistently reduced since 2001 due to the fact that cash flows, primarily from operations and asset sales, have been greater than that needed for capital expenditures.

Our internally generated cash flow is directly related to our business and the market sectors in which we operate. Should the drilling market deteriorate further, or should we experience poor results in our operations, cash flow from operations may be reduced. However, we have continued to generate positive cash flow from operating activities over recent years.

We have access to $800 million in bank lines of credit under two revolving credit agreements, a 364-day revolving credit agreement providing for $250 million in borrowings and expiring in December 2003 and a five-year revolving credit agreement providing for $550 million in borrowings and expiring in December 2005. These credit lines are used primarily to back our $800 million commercial paper program and may also be drawn on directly. As of September 30, 2003, none of the credit line capacity was utilized. We do not presently intend to renew the $250 million, 364-day credit facility when it expires in December 2003. Instead, we intend to renew the five-year facility during either the fourth quarter of 2003 or the first quarter of 2004 for an increased capacity of up to $800 million.

The bank credit lines require compliance with various covenants and provisions customary for agreements of this nature, including an interest coverage ratio and leverage ratio, both as defined by the credit agreements, of not less than three to one and not greater than 40 percent, respectively. In calculating the leverage ratio, the credit agreements specifically exclude the impact on total capital of all fair value adjustments attributable to current or terminated interest rate swaps as well as non-cash goodwill impairment charges recorded in compliance with SFAS 142 (see Note 2 to our condensed consolidated financial statements). Other provisions of the credit agreements include limitations on creating liens, incurring debt, transactions with affiliates, sale/leaseback transactions and mergers and sale of substantially all assets. Should we fail to comply with these covenants, we would be in default and may lose access to these facilities. A loss of the bank facilities would also cause us to lose access to the commercial paper markets. 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 merger, consolidation or reorganization transactions. A default under our public debt could trigger a default under our credit lines and cause us to lose access to these facilities. See Note 8 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2002 for a description of our credit agreements and debt securities.

In April 2001, the Securities and Exchange Commission ("SEC") declared effective our shelf registration statement on Form S-3 for the proposed offering from time to time of up to $2.0 billion in gross proceeds of senior or subordinated debt securities, preference shares, ordinary shares and warrants to purchase debt securities, preference shares, ordinary shares or other securities. At September 30, 2003, $1.6 billion in gross proceeds of securities remained unissued under the shelf registration statement.

Our access to commercial paper, debt and equity markets may be reduced or closed to us due to a variety of events, including, among others, downgrades of ratings of our debt and commercial paper, industry conditions, general economic conditions, market conditions and market perceptions of us and our industry.

Our contractual obligations in the table below include our debt obligations at face value (in millions).

	For the twelve months ending September 30,				
	Total	2004	2005-2006	2007-2008	Thereafter
CONTRACTUAL OBLIGATIONS					
Debt	$3,519.5	$281.5	$ 819.0	$ 369.0	$ 2,050.0

The bondholders may, at their option, require us to repurchase the 1.5% Convertible Debentures due 2021, the 7.45% Notes due 2027 and the Zero Coupon Convertible Debentures due 2020 in May 2006, April 2007 and May 2008, respectively. With regard to both series of the Convertible Debentures, we have the option to pay the repurchase price in cash, ordinary shares, or any combination of cash and ordinary shares. The chart above assumes that the holders of these Convertible Debentures and notes exercise the options at the first available date. We are also required to repurchase the convertible debentures at the option of the holders at other later dates as more fully described in Note 8 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2002.

We have certain operating leases that have been previously discussed and reported in our Annual Report on Form 10-K for the year ended December 31, 2002. There have been no material changes in these previously reported leases.

At September 30, 2003, we had other commitments that we are contractually obligated to fulfill with cash should the obligations be called. These obligations include standby letters of credit and surety bonds that guarantee our

performance as it relates to our drilling contracts, insurance, tax and other obligations in various jurisdictions. Letters of credit are issued under a number of facilities provided by several banks. The obligations that are the subject of these surety bonds are geographically concentrated in the United States, Brazil and Nigeria. These letters of credit and surety bond obligations are not normally called as we typically comply with the underlying performance requirement. The table below provides a list of these obligations in U.S. dollar equivalents and their time to expiration. It should be noted that these obligations could be called at any time prior to the expiration dates.

We currently expect to use cash on hand and borrowings under available revolving credit facilities to repay our portion of the debt and equity financing with respect to DD LLC and the related purchase option guarantees-joint venture and all of the debt and equity financing with respect to DDII LLC and the purchase option guarantees-related party included in the table below.

	For the twelve months ending September 30,				
	Total	2004	2005-2006	2007-2008	Thereafter
	(In millions)				
OTHER COMMERCIAL COMMITMENTS					
Standby Letters of Credit	$ 204.1	$180.3	$ 6.0	$ 17.8	$ -
Surety Bonds	169.8	66.6	103.2	-	-
Purchase Option Guarantees - Related Party (a)	151.8	151.8	-	-	-
Purchase Option Guarantees - Joint Ventures (a)	92.6	92.6	-	-	-
Other Commitments	1.2	-	1.2	-	-
Total	$ 619.5	$491.3	$ 110.4	$ 17.8	$ -

(a) See "-Special Purpose Entities, Sale/Leaseback Transaction and Related Party Transactions".

DERIVATIVE INSTRUMENTS

We have established policies and procedures for derivative instruments that have been approved by our Board of Directors. These policies and procedures provide for the prior approval of derivative instruments by our Chief Financial Officer. From time to time, we may enter into a variety of derivative financial instruments in connection with the management of our exposure to fluctuations in foreign exchange rates and interest rates. We do not enter into derivative transactions for speculative purposes; however, for accounting purposes, certain transactions may not meet the criteria for hedge accounting.

As more fully described in Note 6 to our condensed consolidated financial statements, we were a party to interest rate swap agreements with an aggregate notional amount of $1.6 billion at December 31, 2002. We terminated these agreements during the first quarter of 2003. As a result of these terminations, we had an aggregate fair value adjustment of approximately $173.5 million included in long-term debt in our condensed consolidated balance sheet, which is being recognized as a reduction to interest expense over the life of the underlying debt.

DD LLC, an unconsolidated joint venture in which we have a 50 percent ownership interest, entered into interest rate swaps in August 1998 with an expiration date of October 2003 that had aggregate market values netting to a liability of $0.7 million at September 30, 2003. Our interest in these swaps has been included in accumulated other comprehensive income, net of tax, with corresponding reductions to deferred income taxes and investments in and advances to joint ventures in our condensed consolidated balance sheet. These swaps terminated on October 31, 2003.

SPECIAL PURPOSE ENTITIES, SALE/LEASEBACK TRANSACTION AND RELATED PARTY TRANSACTIONS

We have transactions with certain special purpose entities and related parties and we are a party to a sale/leaseback transaction. These transactions have been previously discussed and reported in our Annual Report on Form 10-K for the year ended December 31, 2002.

In January 2003, Delta Towing failed to make its scheduled quarterly interest payment of $1.7 million on the notes receivable and we signed a 90-day waiver of the terms requiring payment of interest. In April 2003, Delta Towing again failed to make its interest payment of $1.7 million originally due January 2003 after expiration of the 90-day waiver. In April 2003 and July 2003, Delta Towing also failed to make additional scheduled quarterly interest payments of $1.6 million and $1.7 million, respectively. During the nine months ended September 30, 2003, we received partial interest payments of approximately $1.0 million and $1.1 million of payments applied to principal on the three-year revolving credit facility. At September 30, 2003, we had interest receivable from Delta Towing of approximately $4.0 million. As a result of our continued evaluation of the collectibility of the Delta Towing notes, we recorded an impairment on the notes receivable of $13.8 million ($0.04 per diluted share), net of tax of $7.5 million, in the second quarter of 2003 as an allowance for credit losses. We based the impairment on Delta Towing's discounted projected cash flows over the term of the notes, which deteriorated in the second quarter of 2003 as a result of the continued decline in Delta Towing's business outlook. The amount of the notes receivable outstanding prior to the impairment was $82.8 million. At September 30, 2003, the carrying value of the notes receivable included in investments in and advances to joint ventures in our condensed consolidated balance sheets, net of the related allowance for credit losses and equity losses in the joint venture, was $53.6 million. In September 2003, we established a reserve of $1.6 million for interest income earned during the third quarter on the notes receivable and will continue to reserve future interest income earned until the scheduled quarterly interest payments have been brought current. We will apply cash payments to interest receivable currently outstanding and then to interest income for which a reserve has been established.

DDII LLC is the lessee in a synthetic lease financing facility entered into in connection with the construction of the drillship Deepwater Frontier. In May 2003, WestLB AG, one of the lenders in the synthetic lease financing facility, assigned its $46.1 million remaining promissory note receivable to us in exchange for cash. As a result of this assignment, we assumed all the rights and obligations of WestLB AG. At September 30, 2003, the balance of the note receivable was $44.2 million and was recorded as other current assets in our condensed consolidated balance sheets.

Also in May 2003, but subsequent to the WestLB AG assignment, we purchased ConocoPhillips' 40 percent interest in DDII LLC for approximately $5 million. As a result of this purchase, we consolidated DDII LLC in the second quarter of 2003. In addition, we acquired certain drilling and other contracts from ConocoPhillips for approximately $9 million. See "-New Accounting Pronouncements."

There have been no other material developments with regards to the special purpose entity related to DD LLC, the sale/leaseback transaction or other related party transactions.

NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51 (the "Interpretation"). The Interpretation requires the consolidation of variable interest entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. The provisions of the Interpretation are effective immediately for those variable interest entities created after January 31, 2003. The provisions, as amended, are effective for the first interim or annual period ending after December 15, 2003 for those variable interest entities held prior to February 1, 2003. We will adopt the Interpretation and consolidate our variable interest entities as required on December 31, 2003. Currently, we generally consolidate an entity when we have a controlling interest through ownership of a majority voting interest in the entity.

We have a 25 percent ownership interest in Delta Towing, a joint venture established for the purpose of owning and operating inland and shallow water marine support vessel equipment. At the time Delta Towing was formed, it issued $144.0 million in notes to TODCO. Prior to the R&B Falcon merger, $64.0 million of the notes were fully reserved leaving an $80.0 million balance at January 31, 2001. This note agreement was subsequently amended to provide for a $4.0 million, three-year revolving credit facility. Delta Towing's assets serve as collateral for our notes receivable. The carrying value of the notes receivable included in investments in and advances to joint ventures in our condensed consolidated balance sheets was $53.6 million, net of the related allowance for credit losses and equity losses in the joint venture, at September 30, 2003. Delta Towing also issued a $3.0 million note to the 75 percent joint

venture partner. Because we have the largest percentage of investment at risk through the notes receivable and Delta Towing's equity is not sufficient to absorb its expected losses, we would absorb the majority of the joint venture's expected losses; therefore, we are deemed to be the primary beneficiary of Delta Towing for accounting purposes. As such, we will consolidate Delta Towing effective December 31, 2003. While we expect the consolidation of Delta Towing to result in an increase in net assets of approximately $1.0 million based on balances at September 30, 2003, the expected amounts may be adjusted upon consolidation at December 31, 2003 with application of the provisions of the Interpretation.

We have a 50 percent ownership interest in DD LLC. DD LLC was established for the purpose of constructing and contracting the drillship Deepwater Pathfinder. The drillship was purchased by a trust that was established to finance the purchase through debt and equity financing and to lease the drillship back to DD LLC through a synthetic lease financing arrangement with the drillship serving as collateral. The balance of the trust's debt and equity financing was approximately $189.7 million at September 30, 2003. The scheduled expiration of the lease is January 2004, at which time DD LLC may purchase the drillship from the trust for approximately $185 million. DD LLC currently intends to exercise its purchase option early in December 2003. While the operations of DD LLC are funded by cash flows from operating activities, we guarantee, under certain circumstances, the debt and equity financing on the leased drillship equally with our joint venture partner. We have determined through application of the provisions of the Interpretation for determining the primary beneficiary that we are deemed to be DD LLC's primary beneficiary for accounting purposes and will consolidate the entity effective December 31, 2003. While we expect the consolidation of DD LLC to result in an increase in net assets of approximately $116 million based on balances at September 30, 2003, the expected amounts may be adjusted upon consolidation at December 31, 2003 with application of the provisions of the Interpretation. As previously discussed (see "-Outlook"), we are in negotiations with ConocoPhillips to purchase their 50 percent interest in the joint venture. If we are successful in buying ConocoPhillips' interest in DD LLC prior to December 31, 2003, the provisions of the Interpretation would not apply as we would consolidate DD LLC as a wholly-owned subsidiary. We would then expect consolidation of DD LLC to result in an increase in net assets of approximately $208 million.

We have investments in and advances to four additional joint ventures. These remaining four joint ventures were primarily established for the purpose of owning and operating certain drilling units and are funded primarily by cash flows from operating activities. Based on our initial assessment, these entities would not be deemed variable interest entities under the Interpretation. We expect to complete our analysis of these entities during the fourth quarter of 2003.We currently account for our investments in joint ventures using the equity method of accounting, recording our share of the net income or loss based upon the terms of the joint venture agreements. Because we have a 50 percent or less ownership interest in these joint ventures, we do not have a controlling interest in the joint ventures nor do we have the ability to exercise significant influence over operating and financial policies.

Our wholly owned subsidiary, DDII LLC was originally established as a joint venture with a subsidiary of ConocoPhillips for the purpose of constructing and contracting the drillship Deepwater Frontier. The drillship was purchased by a trust that was established to finance the purchase through debt and equity financing and to lease the drillship back to DDII LLC through a synthetic lease financing arrangement with the drillship serving as collateral. The balance of the trust's debt and equity financing at September 30, 2003 was approximately $158.0 million, net of a note receivable - related party (see "-Special Purpose Entities, Sale/Leaseback Transaction and Related Party Transactions"). On May 29, 2003, we purchased ConocoPhillips' 40 percent interest in DDII LLC. We currently account for DDII LLC's lease of the drillship as an operating lease. As a result of our purchase of ConocoPhillips' 40 percent interest in DDII LLC, we, under certain circumstances, fully guarantee the debt and equity financing. Because we are at risk for the full amount of the debt and equity financing, we are deemed to be the primary beneficiary of the trust for accounting purposes and expect to consolidate the trust effective December 31, 2003. While we expect the consolidation of the trust to result in an increase in net assets of approximately $27 million based on balances at September 30, 2003, the expected amounts may be adjusted upon consolidation at December 31, 2003 with application of the provisions of the Interpretation.

In addition to the joint ventures and DDII LLC discussed above, we are party to a sale/leaseback transaction for the semisubmersible drilling rig M.G. Hulme, Jr. with an unrelated third party. Under the sale/leaseback agreement, we have the option to purchase the semisubmersible drilling rig at the end of the lease for a maximum amount of

approximately $35.7 million. We are currently evaluating whether the unrelated third party lessor is a variable interest entity and, if so, who would be deemed to be the primary beneficiary. We currently account for the lease of this drilling rig as an operating lease.

We are currently evaluating the cumulative effect of the accounting change on our results of operations that will result from the implementation of the Interpretation.

Effective January 2003, we implemented EITF 99-19, Reporting Revenues Gross as a Principal versus Net as an Agent. As a result of the implementation of the EITF, the costs incurred and charged to our customers on a reimbursable basis are recognized as operating and maintenance expense. In addition, the amounts billed to our customers associated with these reimbursable costs are being recognized as client reimbursable revenue. We expect client reimbursable revenues and operating and maintenance expense to be between $90 million and $110 million in 2003 as a result of implementation of EITF 99-19. The change in accounting principle will have no effect on our results of operations or consolidated financial position. Prior periods have not been reclassified, as these amounts were not material.

In May 2003, the FASB issued SFAS 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. The statement clarifies the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. This statement requires an issuer to measure and classify as liabilities, or assets in some circumstances, certain classes of freestanding financial instruments that embody obligations for the issuer. In addition to its requirement for the classification and measurement of financial instruments in its scope, SFAS 150 also requires disclosures about alternative ways of settling the instruments and the identity of the entity that controls the settlement alternatives. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We adopted this statement effective July 1, 2003. The adoption of this statement did not have a material effect on our consolidated financial position or 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 Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements to the effect that the Company or management "anticipates," "believes," "budgets," "estimates," "expects," "forecasts," "intends," "plans," "predicts," or "projects" a particular result or course of events, or that such result or course of events "could," "might," "may," "scheduled" or "should" occur, and similar expressions, are also intended to identify forward-looking statements. Forward-looking statements in this quarterly report include, but are not limited to, statements involving payment of severance costs, potential revenues, increased expenses, the effect on revenues and expenses of the change in accounting treatment for client reimbursables, client drilling programs, supply and demand, utilization rates, dayrates, planned shipyard projects, expected downtime, opportunities for deepwater rigs in India, West Africa and other emerging locations, oversupply in the global mid-water sector, expected North Sea utilization, outlook for the deepwater sector, oversupply in the West Africa jackup market sector, activity in India and Mexico, market outlooks for our various geographical operating sectors, the non-U.S. jackup market sector, future activity in the International and U. S. Floater Contract Drilling Services and Gulf of Mexico Shallow and Inland Water segments, expected deep gas drilling interest in the Gulf of Mexico, the expected charge relating to termination of the Nigerian severance plan, expected resolution of negotiations with the Nigeria labor unions regarding a new labor contract, the outcome and effect of the U.S. Internal Revenue Service audit and the various tax assessments, deferred costs, amortization expense, the planned IPO of our Gulf of Mexico Shallow and Inland Water business (including the timing of the offering, portion sold and expected use of proceeds), the U.S. gas drilling market, planned asset sales, the Company's other expectations with regard to market outlook, the effect of our disagreement relating to the Discoverer Enterprise, the purchase of the DD LLC interest, an impairment to goodwill, expected capital expenditures, expected funding of capital expenditures, results and effects of legal proceedings, liabilities for tax issues, liquidity, intention not to renew the Company's 364-day credit facility, expected renewal of the Company's five-year credit facility, positive cash flow from operations, repayment of debt and equity financings with respect to DD LLC and DDII LLC, receipt of principal and interest on debt owed to the Company by Delta Towing, effects of the consolidation of Delta Towing,

DD LLC and DDII LLC, adequacy of cash flow for 2003 obligations, effects of accounting changes, impact of consolidation of variable interest entities, and the timing and cost of completion of capital projects. Such statements are subject to numerous risks, uncertainties and assumptions, including, but not limited to, worldwide demand for oil and gas, uncertainties relating to the level of activity in offshore oil and gas exploration and development, exploration success by producers, oil and gas prices (including U.S. natural gas prices), securities market conditions, demand for offshore and inland water rigs, competition and market conditions in the contract drilling industry, our ability to successfully integrate the operations of acquired businesses, delays or terminations of drilling contracts due to a number of events, delays or cost overruns on construction and shipyard projects and possible cancellation of drilling contracts as a result of delays or performance, our ability to enter into and the terms of future contracts, the availability of qualified personnel, labor relations and the outcome of negotiations with unions representing workers, operating hazards, political and other uncertainties inherent in non-U.S. operations (including exchange and currency fluctuations), risks of war, terrorism and cancellation or unavailability of certain insurance coverage, the impact of governmental laws and regulations, the adequacy of sources of liquidity, the effect and results of litigation, audits and contingencies and other factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2002 and in the Company's other filings with the 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. You should not 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

Our exposure to market risk for changes in interest rates relates primarily to our long-term and short-term debt obligations. The table below presents scheduled debt maturities and related weighted-average interest rates for each of the twelve-month periods ending September 30 relating to debt obligations as of September 30, 2003. Weighted-average variable rates are based on LIBOR rates in effect at September 30, 2003, plus applicable margins.

At September 30, 2003 (in millions, except interest rate percentages):

	Scheduled Maturity Date (a) (b)							Fair Value
	2004	2005	2006	2007	2008	Thereafter	Total	09/30/03
Total debt								
Fixed Rate	$131.5	$381.5	$400.0	$100.0	$269.0	$ 2,050.0	$3,332.0	$ 3,753.7
Average interest rate	8.5%	6.8%	1.5%	7.5%	6.7%	7.5%	6.7%	
Variable Rate	$150.0	$ 37.5	-	-	-	-	$187.5	$ 187.5
Average interest rate	1.7%	1.7%	-	-	-	-	1.7%	

(a) Maturity dates of the face value of our debt assumes the put options on 1.5% Convertible Debentures, 7.45% Notes and the Zero Coupon Convertible Debentures will be exercised in May 2006, April 2007 and May 2008, respectively.
(b) Expected maturity amounts are based on the face value of debt.

At September 30, 2003, we had approximately $187.5 million of variable rate debt at face value (approximately five percent of total debt at face value). This variable rate debt represented term bank debt. Given outstanding amounts as of that date, a one percent rise in interest rates would result in an additional $1.5 million in interest expense per year. Offsetting this, a large part of our cash investments would earn commensurately higher rates of return. Using September 30, 2003 cash investment levels, a one percent increase in interest rates would result in approximately $8.1 million of additional interest income per year.

FOREIGN EXCHANGE RISK

Our international operations expose us to foreign exchange risk. We use a variety of techniques to minimize the exposure to foreign exchange risk. Our primary foreign exchange risk management strategy involves structuring customer contracts to provide for payment in both U.S. dollars and local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term. Due to various factors, including local banking laws, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual foreign exchange needs may vary from those anticipated in the customer contracts, resulting in partial exposure to foreign exchange risk. Fluctuations in foreign currencies typically have minimal impact on overall results. In situations where payments of local currency do not equal local currency requirements, foreign exchange derivative instruments, specifically foreign exchange forward contracts or spot purchases, may be used. We do not enter into derivative transactions for speculative purposes. At September 30, 2003, we had no material open foreign exchange contracts.

In January 2003, Venezuela implemented foreign exchange controls that limit our ability to convert local currency into U.S. dollars and transfer excess funds out of Venezuela. Our drilling contracts in Venezuela typically call for payments to be made in local currency, even when the dayrate is denominated in U.S. dollars. The exchange controls could also result in an artificially high value being placed on the local currency. As a result, we recognized a loss of $1.5 million, net of tax of $0.8 million, on the revaluation of the local currency into functional U.S dollars during the second quarter of 2003. In the third quarter of 2003, to limit our local currency exposure, we entered into an interim arrangement with one of our customers in which we are to receive 55 percent of the billed receivables in U.S. dollars with the remainder paid in local currency.

ITEM 4. CONTROLS AND PROCEDURES

In accordance with Exchange Act Rules 13a-15 and 15d-15, 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 were effective as of September 30, 2003 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in our internal controls over financial reporting that occurred during the three months ended September 30, 2003 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In August 2003, a judgment of approximately $9.5 million was entered by the Labor Division of the Provincial Court of Luanda, Angola, against us and a labor contractor for us, Hull Blyth, in favor of certain former workers on several of our drilling rigs. The workers were employed by Hull Blyth to work on several drilling rigs while the rigs were located in Angola. When the drilling contracts concluded and the rigs left Angola, the workers' employment ended. The workers brought suit claiming that they were not properly compensated when their employment ended. In addition to the monetary judgment, the Labor Division ordered the workers to be hired by us. We believe that this judgment is without sufficient legal foundation and have appealed the matter to the Angola Supreme Court. We further believe that Hull Blyth has an obligation to protect us from any judgment. We do not believe that the ultimate outcome of this matter will have a material adverse effect on our business or consolidated financial position.

We have certain other actions or claims pending that have been previously discussed and reported in our Annual Report on Form 10-K for the year ended December 31, 2002 and our other reports filed with the Securities and Exchange Commission. There have been no material developments in these previously reported matters. We are involved in a number of other lawsuits, all of which have arisen in the ordinary course of our business. We do not believe that ultimate liability, if any, resulting from any such other pending litigation will have a material adverse effect on our business or consolidated financial position. There can be no assurance that our beliefs or expectations as to the outcome or effect of any lawsuit or other litigation matter will prove correct and the eventual outcome of these matters could materially differ from management's current estimates.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The following exhibits are filed in connection with this Report:

NUMBER	DESCRIPTION
*3.1	Memorandum of Association of Transocean Inc., as amended (incorporated by reference to Annex E to the Joint Proxy Statement/Prospectus dated October 30, 2000 included in a 424(b)(3) prospectus filed by the Company on November 1, 2000)
*3.2	Articles of Association of Transocean Inc., as amended (incorporated by reference to Annex F to the Joint Proxy Statement/Prospectus dated October 30, 2000 included in a 424(b)(3) prospectus filed by the Company on November 1, 2000)
*3.3	Certificate of Incorporation on Change of Name to Transocean Inc. (incorporated by reference to Exhibit 3.3 to the Company's Form 10-Q for the quarter ended June 30, 2002)
+4.1	Amendment No. 1, dated December 27, 2001, to the Credit Agreement dated as of December 29, 2000 among the Company, the Lenders party thereto, Suntrust Bank, Administrative Agent, ABN AMRO Bank, N.V., as Syndication Agent, Bank of America, N.V., as Documentation Agent, and Wells Fargo Bank Texas, National Association, as Senior Managing Agent
+4.2	Amendment No. 2, dated December 26, 2002, to the Credit Agreement dated as of December 29, 2000 among the Company, the Lenders party thereto, Suntrust Bank, Administrative Agent, ABN AMRO Bank, N.V., as Syndication Agent, Bank of America, N.V., as Documentation Agent, and Wells Fargo Bank Texas, National Association, as Senior Managing Agent
+4.3	Amendment No. 1, dated December 27, 2001, to the Credit Agreement dated as of December 16, 1999 among Transocean Offshore Inc., the Lenders party thereto, and Suntrust Bank, Atlanta, as Agent
+4.4	Amendment No. 2, dated December 26, 2002, to the Credit Agreement dated as of December 16, 1999 among Transocean Offshore Inc., the Lenders party thereto, and Suntrust Bank, Atlanta, as Agent
+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

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* Incorporated by reference as indicated.
\+ Filed herewith.

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K on July 23, 2003 (information furnished not filed) announcing the issuance of expected second quarter 2003 financial results, a Current Report on Form 8-K on July 29, 2003 (information furnished not filed) announcing the issuance of second quarter 2003 financial results and a Current Report on Form 8-K on August 11, 2003 (information furnished not filed) announcing financial information in connection with presentations being made by officers of the Company.

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, hereunto duly authorized, on November 12, 2003.

TRANSOCEAN INC.

By: /s/ Gregory L. Cauthen

Gregory L. Cauthen
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Brenda S. Masters

Brenda S. Masters
Vice President and Controller
(Principal Accounting Officer)

EXHIBIT 4.1

AMENDMENT NO. 1 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 1 TO CREDIT AGREEMENT (this "Amendment"), dated as of December 27, 2001, among TRANSOCEAN SEDCO FOREX INC. (the "Borrower"), a Cayman Islands company, the lenders from time to time parties hereto (each a "Lender" and collectively, the "Lenders"), SUNTRUST BANK, a Georgia banking corporation ("STB"), as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), ABN AMRO BANK, N.V., as syndication agent for the Lenders (in such capacity, the "Syndication Agent"), BANK OF AMERICA, N.A., as documentation agent for the Lenders (in such capacity, the "Documentation Agent"), WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION, as senior managing agent for the Lenders (in such capacity, the "Senior Managing Agent"), and STB, as issuing bank of the Letters of Credit hereunder (STB and any other Lender that issues a Letter of Credit hereunder, in such capacity, an "Issuing Bank").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agent, and the Issuing Bank are parties to a certain Credit Agreement dated as of December 29, 2000 (the "Credit Agreement");

WHEREAS, the Borrower has requested that the Credit Agreement be amended so as to revise the definition of the term "Consolidated Net Worth" as used therein and in certain other respects;

WHEREAS, Lenders constituting the "Required Lenders" for purposes of the Credit Agreement are willing to make such amendments on the terms and subject to the conditions and requirements herein set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise expressly defined herein, capitalized terms used in this Amendment that are defined in the Credit Agreement are used herein with the respective meanings assigned to such capitalized terms in the Credit Agreement.

2. Amendments to Section 1.1 ("Definitions").

Section 1.1 of the Credit Agreement is hereby amended by deleting in its entirety each of the defined terms "Consolidated Net Worth" and "364-Day Credit Agreement" and its accompanying definition, and substituting in lieu thereof in appropriate alphabetical order each of the following defined terms and accompanying definitions:

> "Consolidated Net Worth" means, as of any date of determination, consolidated shareholders equity of the Borrower and its Subsidiaries determined in accordance with GAAP (but excluding the effect on shareholders equity of (i) cumulative foreign exchange translation adjustments, and (ii) any non-cash asset impairment charges taken by the Borrower solely as a result of the application to the Borrower's financial statements of Financial Accounting Standards Board Statement No. 142). For purposes of this definition, SPVs shall be accounted for pursuant to the equity method of accounting.
>
> "364-Day Credit Agreement" means the 364-Day Credit Agreement dated as of December 27, 2001, among the Borrower, the lenders that are parties thereto, SunTrust Bank, as Administrative Agent, ABN AMRO Bank, N.V. and The Royal Bank of Scotland plc, as co-syndication agents for the Lenders, Bank of America, N.A. and Wells Fargo Bank Texas, National Association, as co-documentation agents for the Lenders, The Bank of Nova Scotia, Credit Lyonnais New York Branch, HSBC Bank USA, and Westdeutsche Landesbank Girozentrale, New York Branch, as managing agents for the Lenders, as the same may be amended, supplemented and restated from time to time.

3. Representations and Warranties. The Borrower represents and warrants to the Lenders as follows:

(a) All representations and warranties set forth in the Credit Agreement are true and correct in all material respects with the same effect as though such representations and warranties have been made on and as of the date hereof, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in

all material respects as of such earlier date;

(b) No Default or Event of Default has occurred and is continuing on the date hereof;

(c) Since the date of the most recent consolidated financial statements of the Borrower submitted to the Lenders pursuant to Section 6.6 of the Credit Agreement, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(d) The Borrower has the corporate power and authority to make, deliver and perform this Amendment and has taken any and all necessary corporate action to authorize the execution, delivery and performance of this Amendment. No consent or authorization of, or filing with, any Person (including, without limitation, any governmental authority), is required in connection with the execution, delivery or performance by the Borrower, or the validity or enforceability against the Borrower, of this Amendment, other than such consents, authorizations or filings which have been made or obtained; and

(e) This Amendment has been duly executed and delivered by the Borrower and this Amendment constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

4. Effectiveness of Amendment. This Amendment shall become effective upon (i) the execution and delivery to the Administrative Agent of counterparts hereof (whether originals or facsimile transmissions thereof) on behalf of the Borrower and those Lenders constituting the Required Lenders for purposes of the Credit Agreement, and (ii) payment by the Borrower of all costs and expenses of the Administrative Agent (including reasonable fees and expenses of its counsel) incurred in respect of the preparation and execution of this Amendment.

5. References to Credit Agreement. On and after the date this Amendment becomes effective as provided in paragraph 4 above, each and every reference in the Credit Documents to the Credit Agreement shall be deemed to refer to and mean the Credit Agreement as amended by this Amendment. The Borrower further confirms and agrees that (i) except as expressly amended herein, the Credit Agreement remains in full force and effect in accordance with its terms, and (ii) all other Credit Documents remain in full force and effect in accordance with their respective terms.

6. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

7. Miscellaneous. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York. This Amendment shall be binding on and shall inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

TRANSOCEAN SEDCO FOREX INC.,
a Cayman Islands company

By: ---------------------------------
Name:
Title:

SUNTRUST BANK,
As Administrative Agent, Issuing Bank,
and a Lender

By:

Name:
Title:

ABN AMRO BANK, N.V.,
As Syndication Agent and a Lender

By:

Name:
Title:

By:

Name:
Title:

BANK OF AMERICA, N.A.,
As Documentation Agent and a Lender

By:

Name:
Title:

WELLS FARGO BANK TEXAS,
NATIONAL ASSOCIATION,
As Senior Managing Agent and a Lender

By:

Name:
Title:

NATIONAL WESTMINSTER BANK PLC,
NEW YORK BRANCH,
As a Lender

By:

Name: Scott Barton
Title: Senior Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD.
As a Lender

By:

Name:
Title:

THE FUJI BANK, LIMITED,
As a Lender

By:

Name:
Title:

BANK ONE, N.A.
As a Lender

By:

Name:
Title:

THE BANK OF NEW YORK
As a Lender

By:

Name:
Title:

CITIBANK, N.A.,
As a Lender

By:

Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH,
As a Lender

By:

Name:
Title:

DEN NORSKE BANK ASA,
As a Lender

By: ---------------------------------
Name:
Title:

CREDIT SUISSE FIRST BOSTON,
As a Lender

By: ________________________________

Name:
Title:

THE BANK OF NOVA SCOTIA,
As a Lender

By:

Name:
Title:

NORDEA BANK FINLAND PLC,
NEW YORK BRANCH,
(AS SUCCESSOR TO CHRISTIANIA BANK OG
KREDITKASSE ASA, NEW YORK BRANCH),
As a Lender

By:

Name:
Title:

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED,
As a Lender

By:

Name:
Title:

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH,
As a Lender

By:

Name:
Title:

EXHIBIT 4.2

AMENDMENT NO. 2
TO
CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO CREDIT AGREEMENT (this "Amendment"), dated as of December 26, 2002, among TRANSOCEAN INC., formerly known as Transocean Sedco Forex Inc. (the "Borrower"), a Cayman Islands company, the lenders from time to time parties hereto (each a "Lender" and collectively, the "Lenders"), SUNTRUST BANK, a Georgia banking corporation ("STB"), as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), ABN AMRO BANK, N.V., as syndication agent for the Lenders (in such capacity, the "Syndication Agent"), BANK OF AMERICA, N.A., as documentation agent for the Lenders (in such capacity, the "Documentation Agent"), WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION, as senior managing agent for the Lenders (in such capacity, the "Senior Managing Agent"), and STB, as issuing bank of the Letters of Credit hereunder (STB and any other Lender that issues a Letter of Credit hereunder, in such capacity, an "Issuing Bank").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agent, and the Issuing Bank are parties to a certain Credit Agreement dated as of December 29, 2000, as amended by that certain Amendment No. 1 to Credit Agreement, dated as of December 27, 2001 (the "Credit Agreement");

WHEREAS, the Borrower has requested that the Credit Agreement be amended in certain respects as set forth herein;

WHEREAS, Lenders constituting the "Required Lenders" for purposes of the Credit Agreement are willing to make such amendments on the terms and subject to the conditions and requirements herein set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise expressly defined herein, capitalized terms used in this Amendment that are defined in the Credit Agreement are used herein with the respective meanings assigned to such capitalized terms in the Credit Agreement.

2. Amendment to Section 1.1 ("Definitions").

(a) Section 1.1 of the Credit Agreement is hereby amended by deleting in their entirety the defined terms "Consolidated Indebtedness", "Indebtedness", "SPV" and "364-Day Credit Agreement" and their accompanying definitions, and substituting in lieu thereof in appropriate alphabetical order the following defined terms and accompanying definitions:

"Consolidated Indebtedness" means all Indebtedness of the Borrower and its Subsidiaries that would be reflected on a consolidated balance sheet of such Persons prepared in accordance with GAAP.

"Indebtedness" means, for any Person, the following obligations of such Person, without duplication: (i) obligations of such Person for borrowed money; (ii) obligations of such Person representing the deferred purchase price of property or services other than accounts payable and accrued liabilities arising in the ordinary course of business and other than amounts which are being contested in good faith and for which reserves in conformity with GAAP have been provided; (iii) obligations of such Person evidenced by bonds, notes, bankers acceptances, debentures or other similar instruments of such Person, or obligations of such Person arising, whether absolute or contingent, out of letters of credit issued for such Person's account or pursuant to such Person's application securing Indebtedness; (iv) obligations of other Persons, whether or not assumed, secured by Liens (other than Permitted Liens) upon property or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, but only to the extent of such property's fair market value; (v) Capitalized Lease Obligations of such Person; (vi) obligations under Interest Rate Protection Agreements and Currency Rate Protection Agreements, and (vii) obligations of such Person pursuant to a Guaranty of any of the foregoing obligations of another Person; provided, however, Indebtedness shall exclude Non-recourse Debt and any Indebtedness attributable to the mark-to-market treatment of obligations of the type described in clause (vi) in the definition of Indebtedness and any actual

fair value adjustment arising from any Interest Rate Protection Agreements and Currency Rate Protection Agreements that have been cancelled or otherwise terminated before their scheduled expiration, in each case in respect of Interest Rate Protection Agreements and Currency Rate Protection Agreements entered into in the ordinary course of business and not for investment or speculative purposes. For purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture to the extent such Indebtedness is recourse to such Person.

"364-Day Credit Agreement" means the 364-Day Credit Agreement dated as of December 26, 2002, among the Borrower, the lenders that are parties thereto, SunTrust Bank, as Administrative Agent, ABN AMRO Bank N.V. and The Royal Bank of Scotland plc, as co-syndication agents for the Lenders, , Bank of America, N.A. and Wells Fargo Bank Texas, National Association, as co-documentation agents for the Lenders, Citibank, N.A., Credit Lyonnais New York Branch and HSBC Bank USA, as managing agents for the Lenders, as the same may be amended, supplemented and restated from time to time.

"SPV" means any Person that is designated by the Borrower as a SPV, provided that the Borrower shall not designate as a SPV any Subsidiary that owns, directly or indirectly, any other Subsidiary (other than a Subsidiary of SIW Newco) that has total assets (including assets of any Subsidiaries of such other Subsidiary, but excluding any assets that would be eliminated in consolidation with the Borrower and its Subsidiaries) which equates to at least five percent (5%) of the Borrower's Total Assets, or that had net income (including net income of any Subsidiaries of such other Subsidiary, all before discontinued operations and income or loss resulting from extraordinary items, all determined in accordance with GAAP, but excluding revenues and expenses that would be eliminated in consolidation with the Borrower and its Subsidiaries) during the most recently completed fiscal year of the Borrower in excess of the greater of (i) $1,000,000, and (ii) fifteen percent (15%) of the net income (before discontinued operations and income or loss resulting from extraordinary items) for the Borrower and its Subsidiaries, all as determined on a consolidated basis in accordance with GAAP during such fiscal year of the Borrower. The Borrower may elect to treat any Subsidiary as a SPV (provided such Subsidiary would otherwise qualify as such), and may rescind any such prior election, by giving written notice thereof to the Administrative Agent specifying the name of such Subsidiary or SPV, as the case may be, and the effective date of such election, which shall be a date within sixty (60) days after the date such notice is given. The election to treat a particular Person as a SPV may only be made once.

(b) Section 1.1 of the Credit Agreement is hereby amended by adding the following new definitions of "Currency Rate Protection Agreement" and "SIW Newco" in appropriate alphabetical order:

"Currency Rate Protection Agreement" shall mean any foreign currency exchange and future agreements, arrangements and options designed to protect against fluctuations in currency exchange rates.

"SIW Newco" means the Subsidiary of the Borrower organized to hold, together with any Subsidiaries of such Subsidiary, all or substantially all of the assets of the shallow and inland water business segment of the Borrower and its Subsidiaries (including the jackup rig and drilling barge operations in the U.S. Gulf of Mexico and the drilling operations in Trinidad and Venezuela), at such time as there have been issued and are outstanding publicly traded shares of any such Subsidiary.

3. Amendment to Section 4.2 ("All Borrowings"). Section 4.2 of the Credit Agreement is hereby amended by deleting subsection (b) of such Section in its entirety and substituting the following subsection (b) in lieu thereof:

(b) <u>Warranties True and Correct</u>. In the case of any advance, Borrowing, or issuance or increase of any Letter of Credit that increases the aggregate amount of

Loans and L/C Obligations outstanding after giving effect to such advance, Borrowing or issuance or increase, each of the representations and warranties of the Borrower and its Subsidiaries set forth herein (other than those set forth in Sections 5.4 and 5.10) and in the other Credit Documents shall be true and correct in all material respects as of the time of such advance, Borrowing, or issuance or increase of any Letter of Credit, except as a result of the transactions expressly permitted hereunder or thereunder and except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date;

4. Amendment to Section 6.6 ("Financial Reports and Other Information"). Section 6.6 of the Credit Agreement is hereby amended by deleting subsection (e) of such Section in its entirety and substituting the following subsection (e) in lieu thereof:

(e) <u>Notices of Default, Litigation, Etc.</u> The Borrower will promptly, and in any event within five (5) Days, after an officer of the Borrower has knowledge thereof, give written notice to the Administrative Agent of (who will in turn provide notice to the Lenders of): (i) the occurrence of any Default or Event of Default; (ii) any litigation or governmental proceeding of the type described in Section 5.4; (iii) any circumstance that has had or could reasonably be expected to have a Material Adverse Effect; (iv) the occurrence of any event which has resulted in a breach of, or is likely to result in a breach of, Sections 6.16 or 6.17; and (v) any notice received by it, any Subsidiary or any SPV from the holder(s) of Indebtedness of the Borrower, any Subsidiary or any SPV in an amount which, in the aggregate, exceeds $50,000,000, where such notice states or claims the existence or occurrence of any default or event of default with respect to such Indebtedness under the terms of any indenture, loan or credit agreement, debenture, note, or other document evidencing or governing such Indebtedness.

5. Amendment to Section 6.11 ("Indebtedness"). Section 6.11 of the Credit Agreement is hereby amended by deleting subsection (d) of such Section in its entirety and substituting the following subsection (d) in lieu thereof:

(d) Indebtedness under any Interest Rate Protection Agreements and any Currency Rate Protection Agreements;

6. Amendment to Section 7.1 ("Events of Default and Remedies"). Section 7.1 of the Credit Agreement is hereby amended by deleting subsection (i) of such Section in its entirety and substituting the following subsection (i) in lieu thereof:

(i) (x) the Borrower or any Subsidiary of the Borrower fails to pay when due an amount that it is liable to pay to the PBGC or to a Plan under Title IV of ERISA; or a notice of intent to terminate a Plan having Unfunded Vested Liabilities of the Borrower or any of its Subsidiaries in excess of $50,000,000 (a "Material Plan") is filed under Title IV of ERISA; or the PBGC institutes

proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding is instituted by a fiduciary of any Material Plan against any Borrower or any Subsidiary to collect any liability under Section 515 or 4219(c)(5) of ERISA, and in each case such proceeding is not dismissed within thirty (30) days thereafter; or a condition exists by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated, and (y) the occurrence of one or more of the matters in the preceding clause (x) could reasonably be expected to result in liabilities in excess of $50,000,000; or

7. Representations and Warranties. The Borrower represents and warrants to the Lenders as follows:

(a) All representations and warranties set forth in the Credit Agreement are true and correct in all material respects with the same effect as though such representations and warranties have been made on and as of the date hereof, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date;

(b) No Default or Event of Default has occurred and is continuing on the date hereof;

(c) Since the date of the most recent consolidated financial statements of the Borrower submitted to the Lenders pursuant to Section 6.6 of the Credit Agreement, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(d) The Borrower has the corporate power and authority to make, deliver and perform this Amendment and has taken any and all necessary corporate action to authorize the execution, delivery and performance of this Amendment. No consent or authorization of, or filing with, any Person (including, without limitation, any governmental authority), is required in connection with the execution, delivery or performance by the Borrower, or the validity or enforceability against the Borrower, of this Amendment, other than such consents, authorizations or filings which have been made or obtained; and

(e) This Amendment has been duly executed and delivered by the Borrower and this Amendment constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

8. Effectiveness of Amendment. This Amendment shall become effective upon (i) the execution and delivery to the Administrative Agent of counterparts hereof (whether originals or facsimile transmissions thereof) on behalf of the Borrower and those Lenders constituting the Required Lenders for purposes of the Credit Agreement, and (ii) payment by the Borrower of all costs and expenses of the Administrative Agent (including reasonable fees and expenses of its counsel) incurred in respect of the preparation and execution of this Amendment.

9. References to Credit Agreement. On and after the date this Amendment becomes effective as provided in paragraph 8 above, each and every reference in the Credit Documents to the Credit Agreement shall be deemed to refer to and mean the Credit Agreement as amended by this Amendment. The Borrower further confirms and agrees that (i) except as expressly amended herein, the Credit Agreement remains in full force and effect in accordance with its terms, and (ii) all other Credit Documents remain in full force and effect in accordance with their respective terms.

10. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

11. Miscellaneous. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York. This Amendment shall be binding on and shall inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

TRANSOCEAN INC.,
(FORMERLY TRANSOCEAN SEDCO FOREX INC.),.
a Cayman Islands company

By:

Name:
Title:

SUNTRUST BANK,
As Administrative Agent, Issuing Bank,
and a Lender

By:

Name:
Title:

ABN AMRO BANK, N.V.,
As Syndication Agent and a Lender

By:

Name:
Title:

By:

Name:
Title:

BANK OF AMERICA, N.A.,
As Documentation Agent and a Lender

By: -------------------------------
Name:
Title:

WELLS FARGO BANK TEXAS,
NATIONAL ASSOCIATION,
As Senior Managing Agent and a Lender

By:

Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC,
As a Lender

By: ______________________________
Name:
Title:

THE BANK OF TOKYO-MITSUBISHI, LTD.
As a Lender

By: ------------------------------
Name:
Title:

MIZUHO BANK, LTD.,
As a Lender

By: _______________________________
Name:
Title:

BANK ONE, N.A.
As a Lender

By:

Name:
Title:

THE BANK OF NEW YORK
As a Lender

By:

Name:
Title:

CITIBANK, N.A.,
As a Lender

By: ______________________________

Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH,
As a Lender

By:

Name:
Title:

DEN NORSKE BANK ASA,
As a Lender

By:

Name:
Title:

CREDIT SUISSE FIRST BOSTON,
As a Lender

By:

Name:
Title:

THE BANK OF NOVA SCOTIA,
As a Lender

By:

Name:
Title:

NORDEA BANK FINLAND PLC,
NEW YORK BRANCH,
(AS SUCCESSOR TO CHRISTIANIA BANK OG
KREDITKASSE ASA, NEW YORK BRANCH),
As a Lender

By:

Name:
Title:

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED,
As a Lender

By:

Name:
Title:

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH,
As a Lender

By:

Name:
Title:

EXHIBIT 4.3

AMENDMENT NO. 1 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 1 TO CREDIT AGREEMENT (this "Amendment"), dated as of December 27, 2001, among TRANSOCEAN SEDCO FOREX INC. (formerly known as Transocean Offshore Inc.), a Cayman Islands company (the "Borrower"), the lenders from time to time parties hereto (each a "Lender" and collectively, the "Lenders"), SUNTRUST BANK (formerly known as SunTrust Bank, Atlanta), a Georgia banking corporation ("STB"), as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), ROYAL BANK OF CANADA, a bank chartered under the laws of Canada, as syndication agent for the Lenders (in such capacity, the "Syndication Agent"), BANK OF AMERICA, N.A., a U.S. national banking association, as documentation agent for the Lenders (in such capacity, the "Documentation Agent"), and BANK ONE, NA (Main Office Chicago), a U.S. national banking association, and BNP PARIBAS, a bank chartered under the laws of France, as senior managing agents for the Lenders (in such capacity, each a "Senior Managing Agent" and collectively, the "Senior Managing Agents").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent, and the Senior Managing Agents are parties to a certain Credit Agreement dated as of December 16, 1999 (the "Credit Agreement");

WHEREAS, the Borrower has requested that the Credit Agreement be amended so as to revise the definition of the term "Consolidated Net Worth" as used therein;

WHEREAS, Lenders constituting the "Required Lenders" for purposes of the Credit Agreement are willing to make such amendments on the terms and subject to the conditions and requirements herein set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise expressly defined herein, capitalized terms used in this Amendment that are defined in the Credit Agreement are used herein with the respective meanings assigned to such capitalized terms in the Credit Agreement.

2. Amendment to Section 1.1 ("Definitions").

Section 1.1 of the Credit Agreement is hereby amended by deleting in its entirety the defined term "Consolidated Net Worth" and its accompanying definition, and substituting in lieu

thereof in appropriate alphabetical order the following defined term and accompanying definition:

> "Consolidated Net Worth" means, as of any date of determination, consolidated shareholders equity of the Borrower and its Subsidiaries determined in accordance with GAAP (but excluding the effect on shareholders equity of (i) cumulative foreign exchange translation adjustments, and (ii) any non-cash asset impairment charges taken by the Borrower solely as a result of the application to the Borrower's financial statements of Financial Accounting Standards Board Statement No. 142). For purposes of this definition, SPVs shall be accounted for pursuant to the equity method of accounting.

3. Representations and Warranties. The Borrower represents and warrants to the Lenders as follows:

(a) All representations and warranties set forth in the Credit Agreement are true and correct in all material respects with the same effect as though such representations and warranties have been made on and as of the date hereof, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date;

(b) No Default or Event of Default has occurred and is continuing on the date hereof;

(c) Since the date of the most recent consolidated financial statements of the Borrower submitted to the Lenders pursuant to Section 6.6 of

the Credit Agreement, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(d) The Borrower has the corporate power and authority to make, deliver and perform this Amendment and has taken any and all necessary corporate action to authorize the execution, delivery and performance of this Amendment. No consent or authorization of, or filing with, any Person (including, without limitation, any governmental authority), is required in connection with the execution, delivery or performance by the Borrower, or the validity or enforceability against the Borrower, of this Amendment, other than such consents, authorizations or filings which have been made or obtained; and

(e) This Amendment has been duly executed and delivered by the Borrower and this Amendment constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

4. <u>Effectiveness of Amendment</u>. This Amendment shall become effective upon (i) the execution and delivery to the Administrative Agent of counterparts hereof (whether originals or facsimile transmissions thereof) on behalf of the Borrower and those Lenders constituting the Required Lenders for purposes of the Credit Agreement, and (ii) payment by the Borrower of all costs and expenses of the Administrative Agent (including reasonable fees and expenses of its

counsel) incurred in respect of the preparation and execution of this Amendment.

5. <u>References to Credit Agreement</u>. On and after the date this Amendment becomes effective as provided in paragraph 4 above, each and every reference in the Credit Documents to the Credit Agreement shall be deemed to refer to and mean the Credit Agreement as amended by this Amendment. The Borrower further confirms and agrees that (i) except as expressly amended herein, the Credit Agreement remains in full force and effect in accordance with its terms, and (ii) all other Credit Documents remain in full force and effect in accordance with their respective terms.

6. <u>Counterparts</u>. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

7. <u>Miscellaneous</u>. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York. This Amendment shall be binding on and shall inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

TRANSOCEAN SEDCO FOREX INC.
(FORMERLY TRANSOCEAN OFFSHORE INC.),
a Cayman Islands Company

By: ________________________________
Name:
Title:

SUNTRUST BANK
(FORMERLY SUNTRUST BANK, ATLANTA)
As Administrative Agent and Lender

By:

Name:
Title:

RBC FINANCE B.V.,
As Lender

By:

Name:
Title:

BANK OF AMERICA, N.A.,
As Documentation Agent and Lender

By: ________________________________
Name:
Title:

BANK ONE, N.A.
(MAIN OFFICE CHICAGO),
As Senior Managing Agent and Lender

By:

Name:
Title:

BNP PARIBAS,
As Senior Managing Agent and Lender

By:

Name:
Title:

By:

Name:
Title:

THE BANK OF NEW YORK,
As Lender

By:

Name:
Title:

DEN NORSKE BANK ASA,
As Lender

By:

Name:
Title:

By:

Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC,
As Lender

By:

Name: Scott Barton
Title: Senior Vice President

WELLS FARGO BANK (TEXAS),
NATIONAL ASSOCIATION,
As Lender

By:

Name:
Title:

THE BANK OF TOKYO-MITSUBISHI, LTD.
As Lender

By: ________________________________
Name:
Title:

NEDSHIP BANK (AMERICA), N.V.,
As Lender

By:

Name:
Title:

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, As Lender

By:

Name:
Title:

By:

Name:
Title:

BANK POLSKA KASA OPIEKI SA, As Lender

By:

Name:
Title:

EXHIBIT 4.4

AMENDMENT NO. 2
TO
CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO CREDIT AGREEMENT (this "Amendment"), dated as of December 26, 2002, among TRANSOCEAN INC. (formerly known as Transocean Sedco Forex Inc.), a Cayman Islands company (the "Borrower"), the lenders from time to time parties hereto (each a "Lender" and collectively, the "Lenders"), SUNTRUST BANK (formerly known as SunTrust Bank, Atlanta), a Georgia banking corporation ("STB"), as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), ROYAL BANK OF CANADA, a bank chartered under the laws of Canada, as syndication agent for the Lenders (in such capacity, the "Syndication Agent"), BANK OF AMERICA, N.A., a U.S. national banking association, as documentation agent for the Lenders (in such capacity, the "Documentation Agent"), and BANK ONE, NA (Main Office Chicago), a U.S. national banking association, and BNP PARIBAS, a bank chartered under the laws of France, as senior managing agents for the Lenders (in such capacity, each a "Senior Managing Agent" and collectively, the "Senior Managing Agents").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent, and the Senior Managing Agents are parties to a certain Credit Agreement dated as of December 16, 1999, as amended by that certain Amendment No. 1 to Credit Agreement, dated as of December 27, 2001 (the "Credit Agreement");

WHEREAS, the Borrower has requested that the Credit Agreement be amended in certain respects as set forth herein;

WHEREAS, Lenders constituting the "Required Lenders" for purposes of the Credit Agreement are willing to make such amendments on the terms and subject to the conditions and requirements herein set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise expressly defined herein, capitalized terms used in this Amendment that are defined in the Credit Agreement are used herein with the respective meanings assigned to such capitalized terms in the Credit Agreement.

2. Amendment to Section 1.1 ("Definitions").

(a) Section 1.1 of the Credit Agreement is hereby amended by deleting in its entirety the defined terms "Consolidated Indebtedness", "Indebtedness" and "SPV" and their

accompanying definitions, and substituting in lieu thereof in appropriate alphabetical order the following defined terms and accompanying definitions:

"Consolidated Indebtedness" means all Indebtedness of the Borrower and its Subsidiaries that would be reflected on a consolidated balance sheet of such Persons prepared in accordance with GAAP.

"Indebtedness" means, for any Person, the following obligations of such Person, without duplication: (i) obligations of such Person for borrowed money; (ii) obligations of such Person representing the deferred purchase price of property or services other than accounts payable and accrued liabilities arising in the ordinary course of business and other than amounts which are being contested in good faith and for which reserves in conformity with GAAP have been provided; (iii) obligations of such Person evidenced by bonds, notes, bankers acceptances, debentures or other similar instruments of such Person, or obligations of such Person arising, whether absolute or contingent, out of letters of credit issued for such Person's account or pursuant to such Person's application securing Indebtedness; (iv) obligations of other Persons, whether or not assumed, secured by Liens (other than Permitted Liens) upon property or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, but only to the extent of such property's fair market value; (v) Capitalized Lease Obligations of such Person; (vi) obligations under Interest Rate Protection Agreements and Currency Rate Protection Agreements, and (vii) obligations of such Person pursuant to a Guaranty of any of the foregoing obligations of another Person; provided, however, Indebtedness shall exclude Non-recourse Debt and any Indebtedness attributable to the mark-to-market treatment of obligations of the type

described in clause (vi) in the definition of Indebtedness and any actual fair value adjustment arising from any Interest Rate Protection Agreements and Currency Rate Protection Agreements that have been cancelled or otherwise terminated before their scheduled expiration, in each case in respect of Interest Rate Protection Agreements and Currency Rate Protection Agreements entered into in the ordinary course of business and not for investment or speculative purposes. For purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture to the extent such Indebtedness is recourse to such Person.

"SPV" means any Person that is designated by the Borrower as a SPV, provided that the Borrower shall not designate as a SPV any Subsidiary that owns, directly or indirectly, any other Subsidiary (other than a Subsidiary of SIW Newco) that has total assets (including assets of any Subsidiaries of such other Subsidiary, but excluding any assets that would be eliminated in consolidation with the Borrower and its Subsidiaries) which equates to at least five percent (5%) of the Borrower's Total Assets, or that had net income (including net income of any Subsidiaries of such other Subsidiary, all before discontinued operations and income or loss resulting from extraordinary items, all determined in accordance

with GAAP, but excluding revenues and expenses that would be eliminated in consolidation with the Borrower and its Subsidiaries) during the most recently completed fiscal year of the Borrower in excess of the greater of (i) $1,000,000, and (ii) fifteen percent (15%) of the net income (before discontinued operations and income or loss resulting from extraordinary items) for the Borrower and its Subsidiaries, all as determined on a consolidated basis in accordance with GAAP during such fiscal year of the Borrower. The Borrower may elect to treat any Subsidiary as a SPV (provided such Subsidiary would otherwise qualify as such), and may rescind any such prior election, by giving written notice thereof to the Administrative Agent specifying the name of such Subsidiary or SPV, as the case may be, and the effective date of such election, which shall be a date within sixty (60) days after the date such notice is given. The election to treat a particular Person as a SPV may only be made once.

(b) Section 1.1 of the Credit Agreement is hereby amended by adding the following new definitions of "Currency Rate Protection Agreement" and "SIW Newco" in appropriate alphabetical order:

"Currency Rate Protection Agreement" shall mean any foreign currency exchange and future agreements, arrangements and options designed to protect against fluctuations in currency exchange rates.

"SIW Newco" means the Subsidiary of the Borrower organized to hold, together with any Subsidiaries of such Subsidiary, all or substantially all of the assets of the shallow and inland water business segment of the Borrower and its Subsidiaries (including the jackup rig and drilling barge operations in the U.S. Gulf of Mexico and the drilling operations in Trinidad and Venezuela), at such time as there have been issued and are outstanding publicly traded shares of any such Subsidiary.

3. Amendment to Section 6.6 ("Financial Reports and Other Information"). Section 6.6 of the Credit Agreement is hereby amended by deleting subsection (e) of such Section in its entirety and substituting the following subsection (e) in lieu thereof:

(e) Notices of Default, Litigation, Etc. The Borrower will promptly, and in any event within five (5) Days, after an officer of the Borrower has knowledge thereof, give written notice to the Administrative Agent of (who will in turn provide notice to the Lenders of): (i) the occurrence of any Default or Event of Default; (ii) any litigation or governmental proceeding of the type described in Section 5.4; (iii) any circumstance that has had or could reasonably be expected to have a Material Adverse Effect; (iv) the occurrence of any event which has resulted in a breach of, or is likely to result in a breach of, Sections 6.17 or 6.18; and (v) any notice received by it, any Subsidiary or any SPV from the holder(s) of Indebtedness of the Borrower, any Subsidiary or any SPV in an amount which, in the aggregate, exceeds $50,000,000, where such notice states or claims the

existence or occurrence of any default or event of default with respect to such Indebtedness under the terms of any indenture, loan or credit agreement, debenture, note, or other document evidencing or governing such Indebtedness.

4. Amendment to Section 6.11 ("Indebtedness"). Section 6.11 of the Credit Agreement is hereby amended by deleting subsection (d) of such Section in its entirety and substituting the following subsection (d) in lieu thereof:

(d) Indebtedness under any Interest Rate Protection Agreements and any Currency Rate Protection Agreements;

5. Amendment to Section 7.1 ("Events of Default and Remedies"). Section 7.1 of the Credit Agreement is hereby amended by deleting subsection (i) of such Section in its entirety and substituting the following subsection (i) in lieu thereof:

(i) (x) the Borrower or any Subsidiary of the Borrower fails to pay when due an amount that it is liable to pay to the PBGC or to a Plan under Title IV of ERISA; or a notice of intent to terminate a Plan having Unfunded Vested Liabilities of the Borrower or any of its Subsidiaries in excess of $50,000,000 (a "Material Plan") is filed under Title IV of ERISA; or the PBGC institutes proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding is instituted by a fiduciary of any Material Plan against any Borrower or any Subsidiary to collect any liability under Section 515 or 4219(c)(5) of ERISA, and in each case such proceeding is not dismissed within thirty (30) days thereafter; or a condition exists by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated, and (y) the occurrence of one or more of the matters in the preceding clause (x) could reasonably be expected to result in liabilities in excess of $50,000,000; or

6. Representations and Warranties. The Borrower represents and warrants to the Lenders as follows:

(a) All representations and warranties set forth in the Credit Agreement are true and correct in all material respects with the same effect as though such representations and warranties have been made on and as of the date hereof, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date;

(b) No Default or Event of Default has occurred and is continuing on the date hereof;

(c) Since the date of the most recent consolidated financial statements of the Borrower submitted to the Lenders pursuant to Section 6.6 of the Credit Agreement, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(d) The Borrower has the corporate power and authority to make, deliver and perform this Amendment and has taken any and all necessary corporate action to authorize the execution, delivery and performance of this Amendment. No consent or authorization of, or filing with, any Person (including, without limitation, any governmental authority), is required in connection with the execution, delivery or performance by the Borrower, or the validity or enforceability against the Borrower, of this Amendment, other than such consents, authorizations or filings which have been made or obtained; and

(e) This Amendment has been duly executed and delivered by the Borrower and this Amendment constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

7. Effectiveness of Amendment. This Amendment shall become effective upon (i) the execution and delivery to the Administrative Agent of counterparts hereof (whether originals or facsimile transmissions thereof) on behalf of the Borrower and those Lenders constituting the Required Lenders for purposes of the Credit Agreement, and (ii) payment by the Borrower of all costs and expenses of the Administrative Agent (including reasonable fees and expenses of its counsel) incurred in respect of the preparation and execution of this Amendment.

8. References to Credit Agreement. On and after the date this Amendment becomes effective as provided in paragraph 7 above, each and every reference in the Credit Documents to the Credit Agreement shall be deemed to refer to and mean the Credit Agreement as amended by this Amendment. The Borrower further confirms and agrees that (i) except as expressly amended herein, the Credit Agreement remains in full force and effect in accordance with its terms, and (ii) all other Credit Documents remain in full force and effect in accordance with their respective terms.

9. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

10. Miscellaneous. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York. This Amendment shall be binding on and shall inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

TRANSOCEAN INC.
(FORMERLY TRANSOCEAN SEDCO FOREX INC.),
a Cayman Islands Company

By: ------------------------------------
Name:
Title:

SUNTRUST BANK
(FORMERLY SUNTRUST BANK, ATLANTA)
As Administrative Agent and Lender

By:

Name:
Title:

RBC FINANCE B.V.,
As Lender

By:

Name:
Title:

BANK OF AMERICA, N.A.,
As Documentation Agent and Lender

By:

Name:
Title:

BANK ONE, N.A.
(MAIN OFFICE CHICAGO),
As Senior Managing Agent and Lender

By:

Name:
Title:

BNP PARIBAS,
As Senior Managing Agent and Lender

By:

Name:
Title:

By:

Name:
Title:

THE BANK OF NEW YORK,
As Lender

By:

Name:
Title:

DEN NORSKE BANK ASA,
As Lender

By:

Name:
Title:

By:

Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC,
As Lender

By:

Name: Scott Barton
Title: Senior Vice President

WELLS FARGO BANK TEXAS,
NATIONAL ASSOCIATION,
As Lender

By:

Name:
Title:

THE BANK OF TOKYO-MITSUBISHI, LTD.
As Lender

By:

Name:
Title:

NEDSHIP BANK (AMERICA), N.V.,
As Lender

By: ----------------------------------
Name:
Title:

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, As Lender

By:

Name:
Title:

By:

Name:
Title:

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

I, Robert L. Long, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Transocean Inc.,

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) disclosed in this quarterly 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.

Date: November 12, 2003

/s/ Robert L. Long

Robert L. Long
President and Chief Executive Officer

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

I, Gregory L. Cauthen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Transocean Inc.,

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) disclosed in this quarterly 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.

Date: November 12, 2003

/s/ Gregory L. Cauthen

Gregory L. Cauthen
Senior Vice President and
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, Robert L. Long, President and Chief Executive Officer of Transocean Inc., a Cayman Islands corporation (the "Company"), hereby certify, to my knowledge, that:

(1) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (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: November 12, 2003

/s/ Robert L. Long

Name: Robert L. Long
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 Transocean Inc. and will be retained by Transocean Inc. and furnished to the 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, Gregory L. Cauthen, Senior Vice President and Chief Financial Officer of Transocean Inc., a Cayman Islands corporation (the "Company"), hereby certify, to my knowledge, that:

(1) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (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: November 12, 2003

/s/ Gregory L. Cauthen

Name: Gregory L. Cauthen
Senior Vice President and
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 Transocean Inc. and will be retained by Transocean Inc. and furnished to the Securities and Exchange Commission or its staff upon request.