Transocean Ltd.

Simmons Energy Conference
August 28, 2014

www.deepwater.com

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Agenda

- **Company Overview**
- **Market Overview**
- **Value Creation**
  - **Financial Flexibility**
  - **Capital Investment**
  - **Dividend**
- **Litigation Update**

Company Overview

Industry Leader

- Premier position in ultra-deepwater market segment
- Largest fleet of high spec and midwater floaters
- Operates in most major markets worldwide
- Technical leader
- Significant relationships across the customer spectrum
- Size and technical capabilities create reinvestment opportunities

Company Overview
Largest Worldwide Rig Fleet

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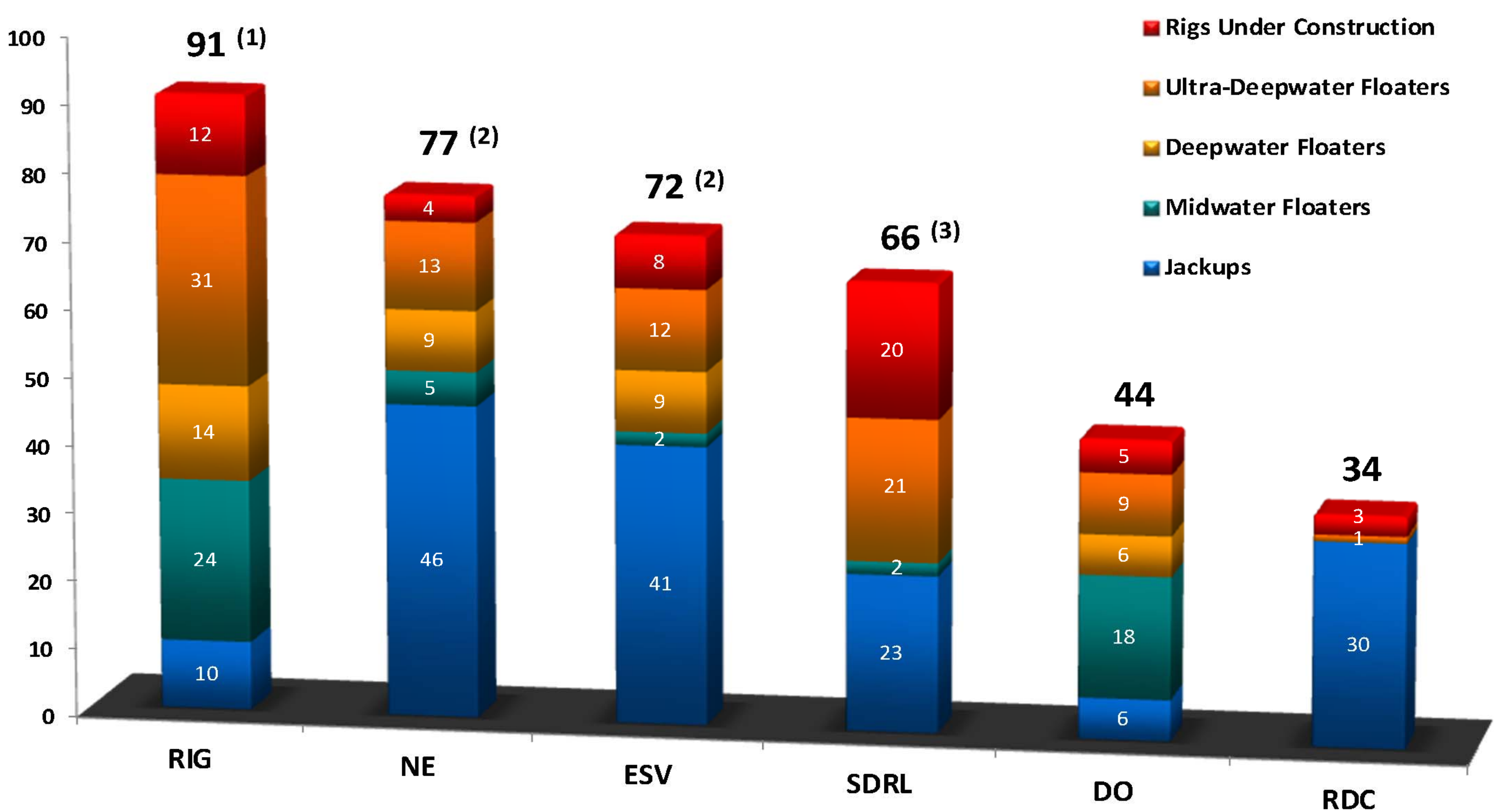
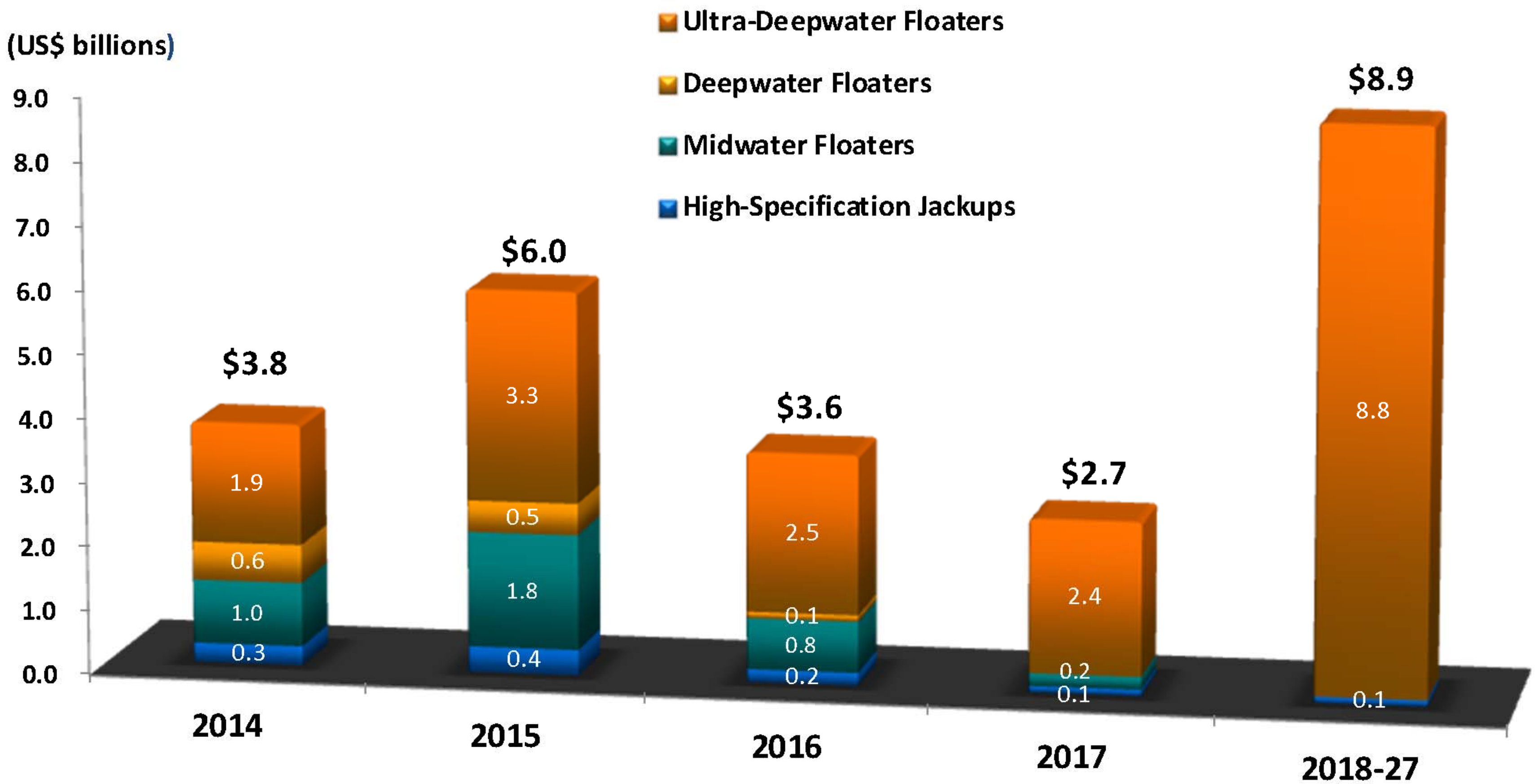


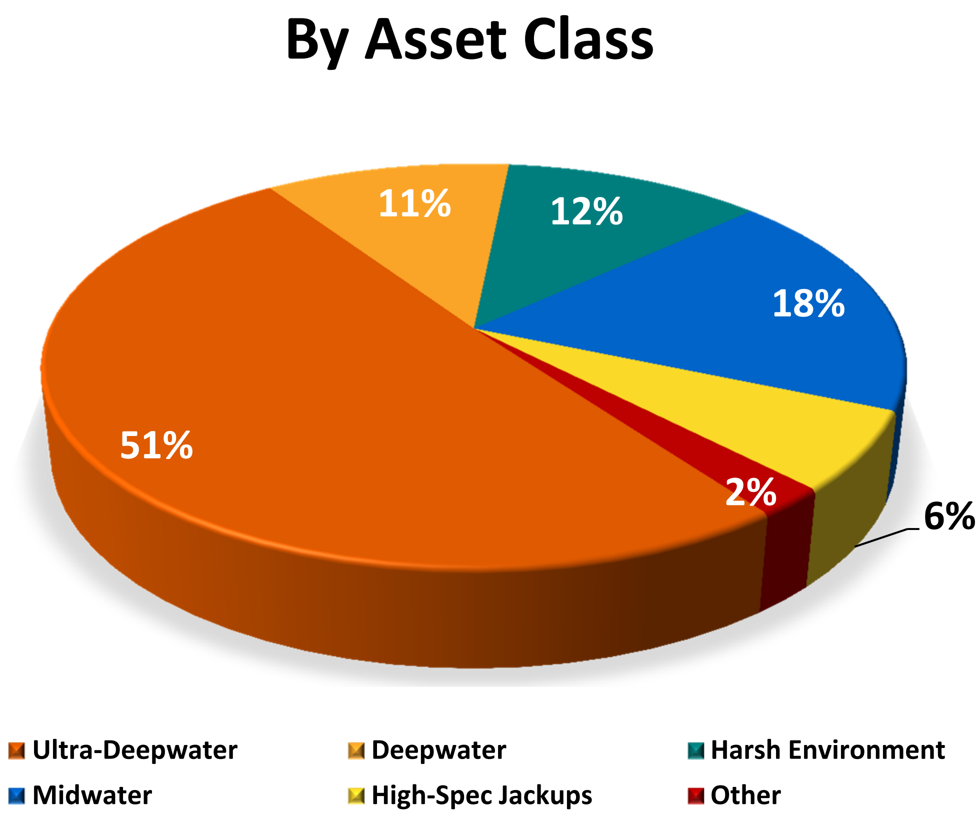
Company Overview

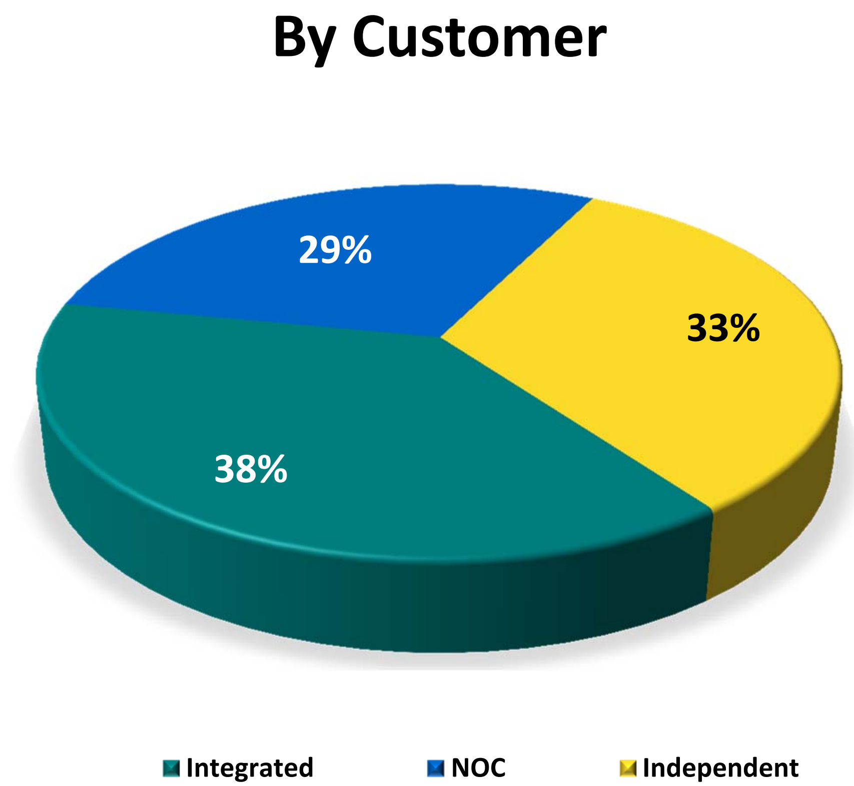
Strong Backlog



Total Backlog From Continuing Operations - $25.0 billion(4)

Company Overview
Diversified Revenue Sources

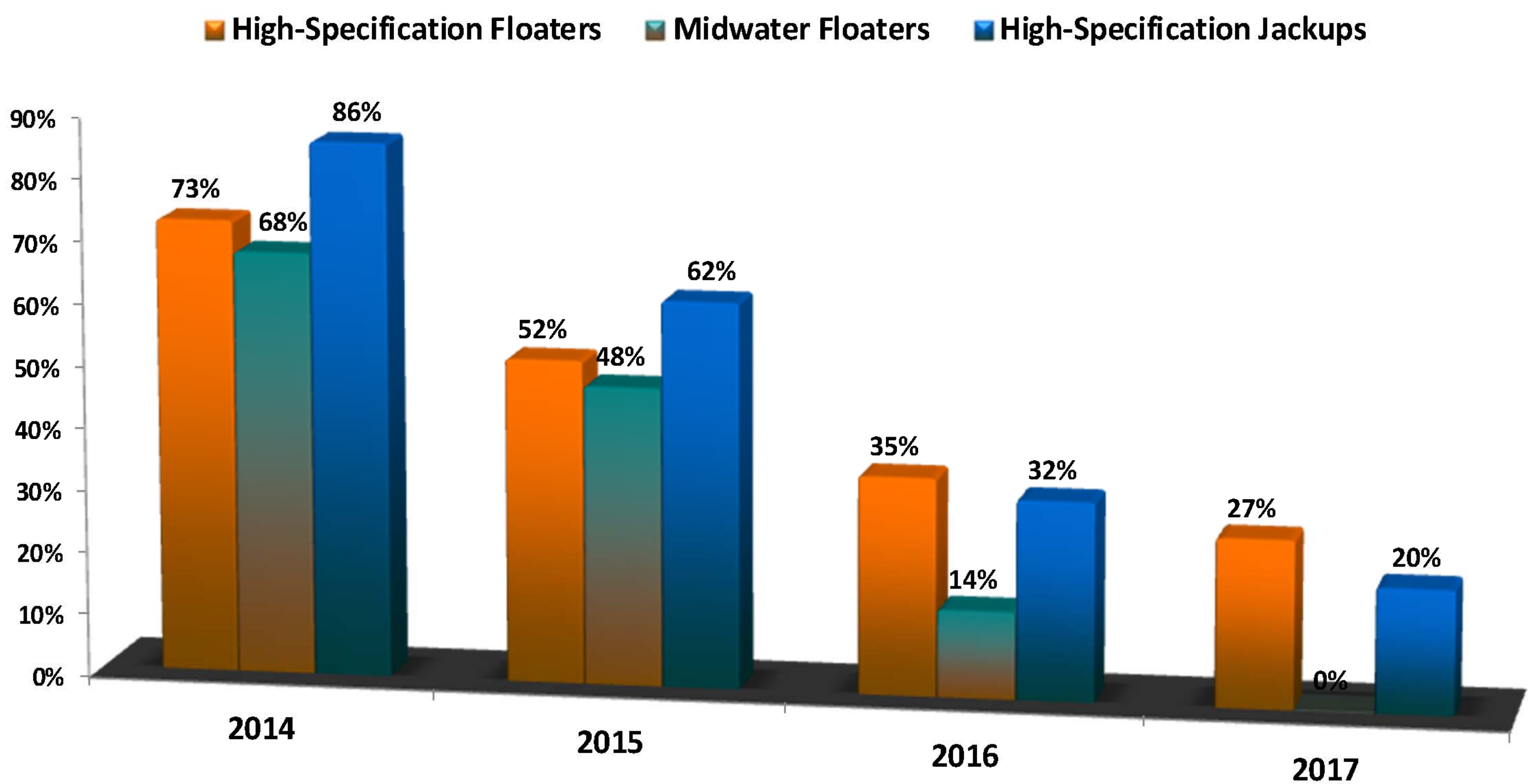




Revenues – YTD June 2014 - $4.7 billion

Company Overview

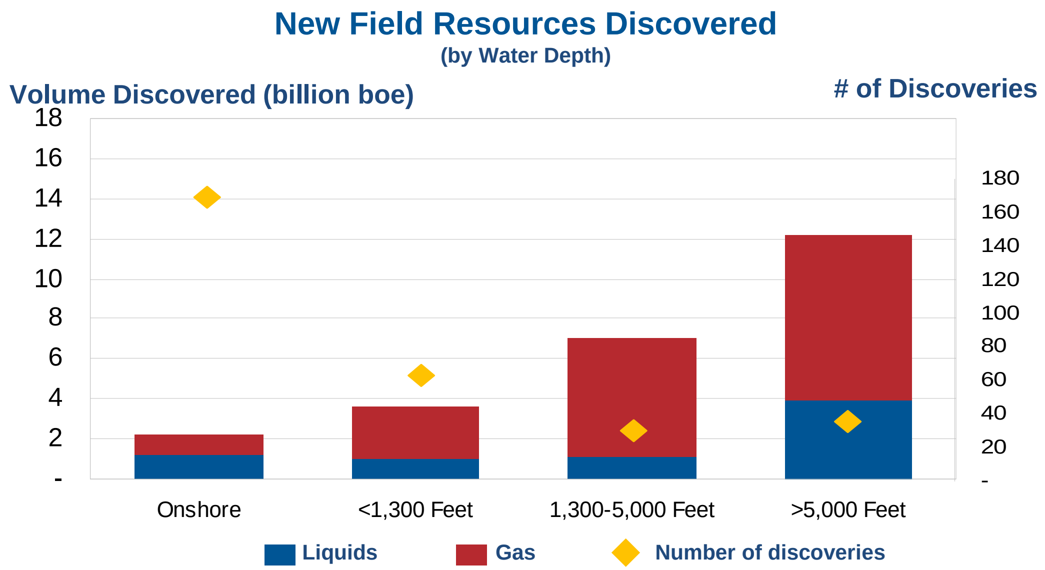
Committed Fleet (5)



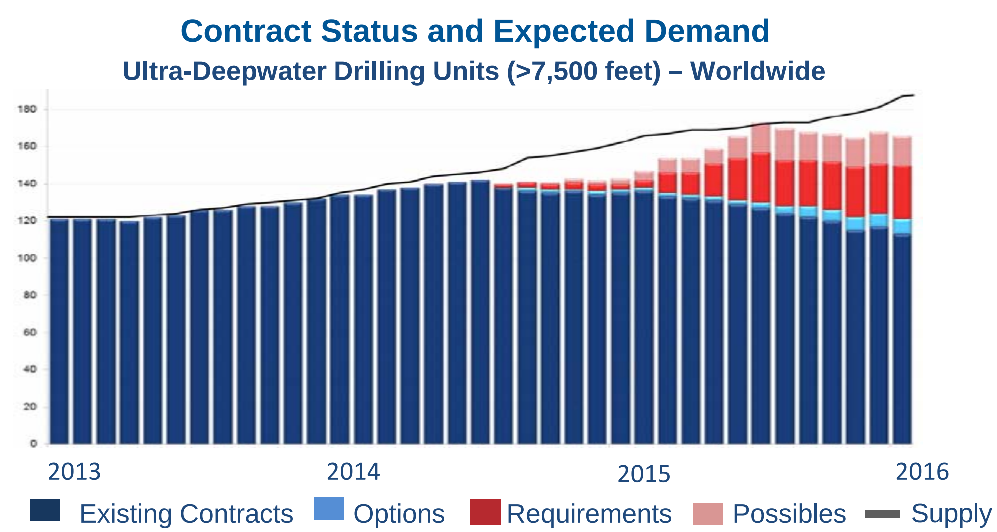
Market Overview

Ultra-Deepwater

- **Exploration success indicates significant long-term ultra-deepwater demand**
- **Transocean's disciplined, high-return investment strategy is primarily focused on high-specification assets**
- **Ultra-deepwater market is oversupplied near term**
  - **Programs being delayed**
  - **Farmouts increasing**
  - **Fixtures for UDW rigs are now $375K to $500K/day depending upon specification**



Wood Mackenzie



Fearnley Offshore 7/8/14

Note:
Represents ultra-deepwater and deepwater as classified by Wood Mackenzie, 2012

Market Overview

Other Floaters, Jackups

Deepwater

Discoverer Seven Seas

- Near-term increase in rig availability
- Market utilization 89% (6)
- Weak activity
- Limited data points, but fixtures between $300K to $400K/day for near-term availability

Midwater

GSF Rig 140

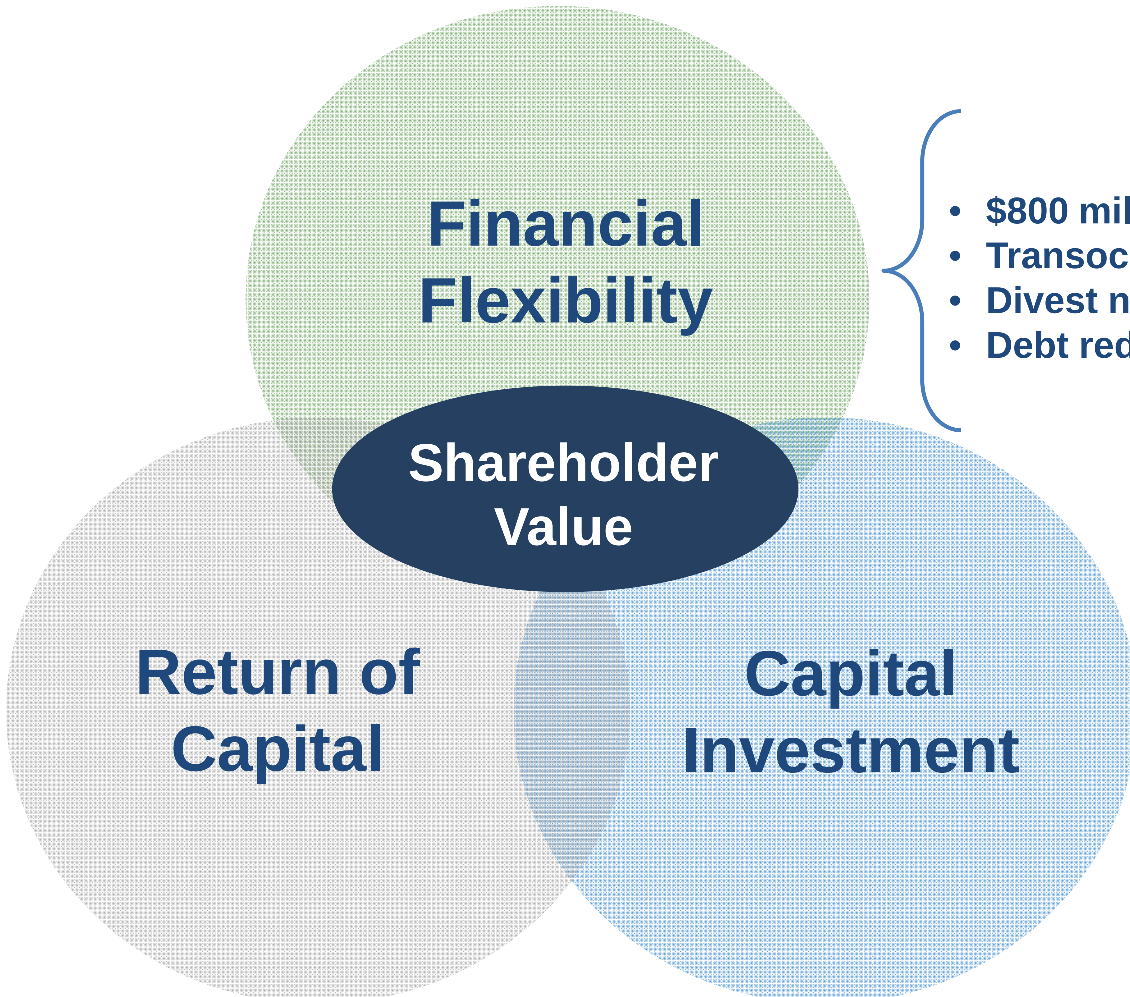
- Strong presence in the UK and Norway sectors of the North Sea
- Market utilization 90% (6)
- Near-term increase in rig availability
- Rates between $300K to $400K/day in the North Sea; outside U.K. rates below $200K/day

High-Spec Jackups

Transocean Honor

- Demand and dayrates are stable in the medium term
- Market utilization 96% (6)
- Key demand areas are Mexico, India and Southeast Asia
- Rates $180K to $200K/day in U.K.; outside U.K. rates $160K to $180K/day

Value Creation



- $800 million margin expansion
- Transocean Partners LLC
- Divest non-core assets
- Debt reduction

- Dividend - $3.00/sh

- Building 12 high-spec rigs; five are contracted

Financial Flexibility
Objectives

- **Manage financial exposure**
- **Sustain investment grade rating while renewing the fleet**
  - **Progress towards gross debt targets**
  - **Successfully launched Transocean Partners LLC**
- **Continue to divest non-core assets**
  - **Since 2011 have divested 64 non-core rigs; proceeds exceed $2 billion**
  - **Creating Caledonia Offshore Drilling**
- **Improve operating performance, margins**
  - **Increase revenue efficiency**
  - **Reduce costs and out-of-service time**

Financial Flexibility
Operating Performance

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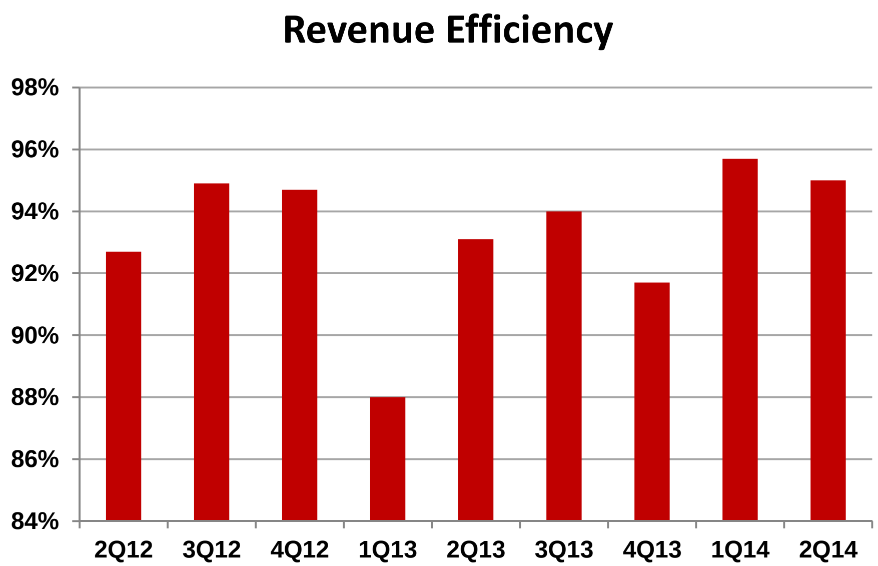
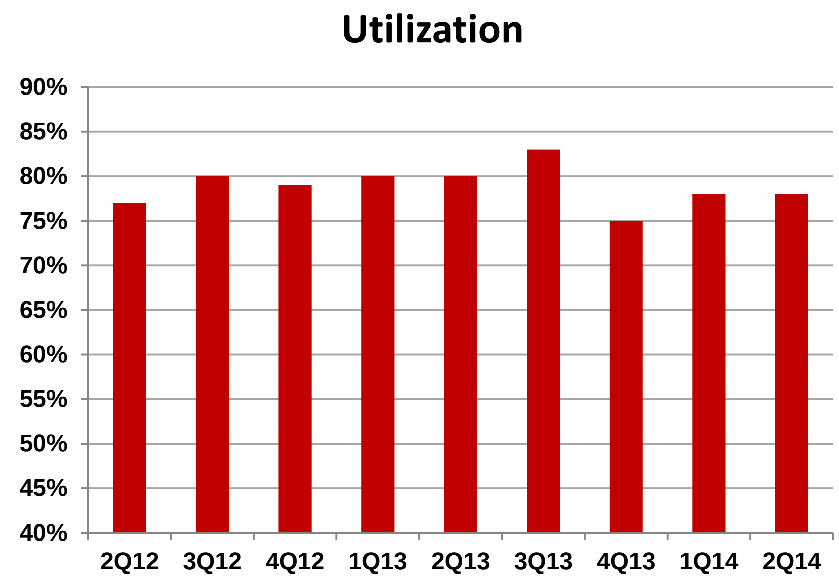
- **Revenue efficiency and utilization**





- **Targeting ~$800 million in margin improvement by year-end 2015**
  - **$300 million shore-based cost reduction versus 2012 base**
  - **$500 million margin expansion from operational efficiencies**

Financial Flexibility
Transocean Partners LLC

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- **Successful IPO**
  - **Strong investor demand**
- **Structure permits acceleration of strategic initiatives**
  - **Transocean holds majority stake**
  - **Improves financial flexibility**
  - **Supports balance sheet objectives**
  - **Represents attractive value proposition**
  - **Proceeds allocated consistent with “balanced approach”**

Capital Investment
Newbuild Program

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Completed Program: 18 High-Spec Rigs

2009
- *Americas*
- *Clear Leader*
- *KG1*
- *Petrobras 10000*
- *DD III*
- *Barents*
- *Spitsbergen*

2010-2012
- *Inspiration*
- *KG2*
- *India*
- *Luanda*
- *Champion*
- *Honor*

2013
- *Andaman*
- *Siam Driller*
- *Ao Thai*

2014
- *Invictus*
- *Asgard*

Current Program: Seven UDW drillships, five are contract-backed; five high-specification jackups

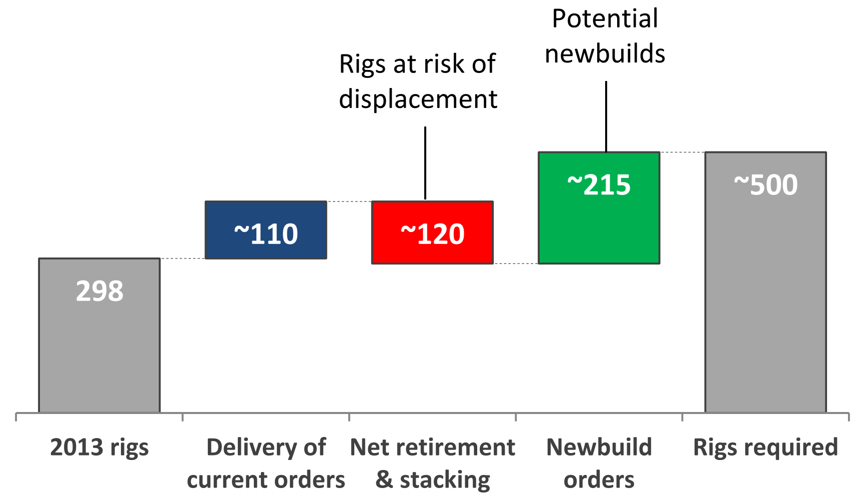
Deepwater Thalassa	*Deepwater Proteus*	*Deepwater Conqueror*	*Deepwater Pontus*	*Deepwater Poseidon*	JSPL UDW TBN 1	JSPL UDW TBN 2
						
Q1 2016*	Q2 2016	Q4 2016	Q1 2017	Q2 2017	Q2 2017	Q1 2018

* Expected contract commencement dates, except JSPL drillships are approximate shipyard delivery dates

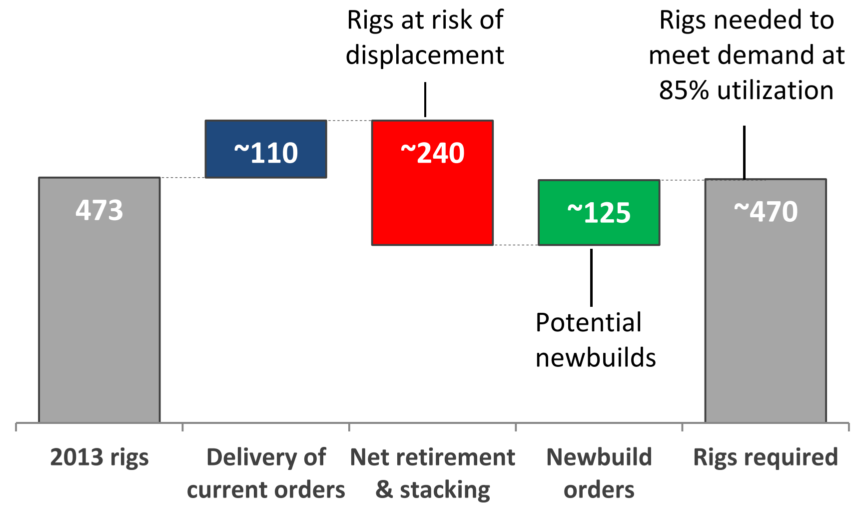
Capital Investment
High-Grading of Fleet

- **Floaters**
  - **Long-term growth in deepwater**
  - **Lower spec rigs at risk**
  - **160 floaters are 30+ years old**
  - **Customers prefer high-spec rigs - perceived to be more reliable and have better performance**
- **Jackups**
  - **216 jackups are 30+ years old**
  - **Customers actively replacing lower-spec rigs**
  - **Attrition/stacking**

Offshore Rigs – Floaters



Offshore Rigs – Jackups



Sources: McKinsey Rig Supply and Demand Models; McKinsey Energy Insights; Transocean

Capital Investment
Strategy

- **Strategic imperative to high-grade the fleet through consistent investment in high-specification floaters and jackups**
  - **Fleet renewal options include**
    - **Acquire existing, high-specification rigs**
    - **Build high-specification, contract-backed rigs**
    - **Build high-specification rigs on a speculative basis**
  - **Will remain highly disciplined**
    - **Returns exceed cost of capital**
    - **Contribution accretive to margins**

Capital Investment
Fleet Profile

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Current Fleet

		Existing	Under construction	Total	
Floaters	Ultra-deepwater	29	+7	36	
	Deepwater	12		12	
	Midwater	21		21	
	Harsh Environment	7		7	
Jack-ups	High-Spec Jackups	10	+5	15	
Total	**Total Floaters**	69	+7	76	84%
	Total Jackups	10	+5	15	16%
	Total Fleet			91	100%

Future Fleet

Ultra-deepwater	~50%
Deepwater	
Midwater	
Harsh Environment	~10%
High-Spec Jackups	~40%
Total Floaters	~60%
Total Jackups	~40%

<u>**Approximate EBITDA Contribution Margin:**</u>

Floaters: ~75%

Jackups: ~25%

Capital Investment

Execution

- **Average annual capital investment to renew fleet estimated @ ~$1.5-$2.0 billion**
  - **Will be opportunistic**
  - **Investment will likely vary year to year**
- **Funding sources include**
  - **Operating cash flow**
  - **Transocean Partners LLC**
  - **Asset sales**
    - **Divest non-core assets by 2018**

Return of Capital
Dividends

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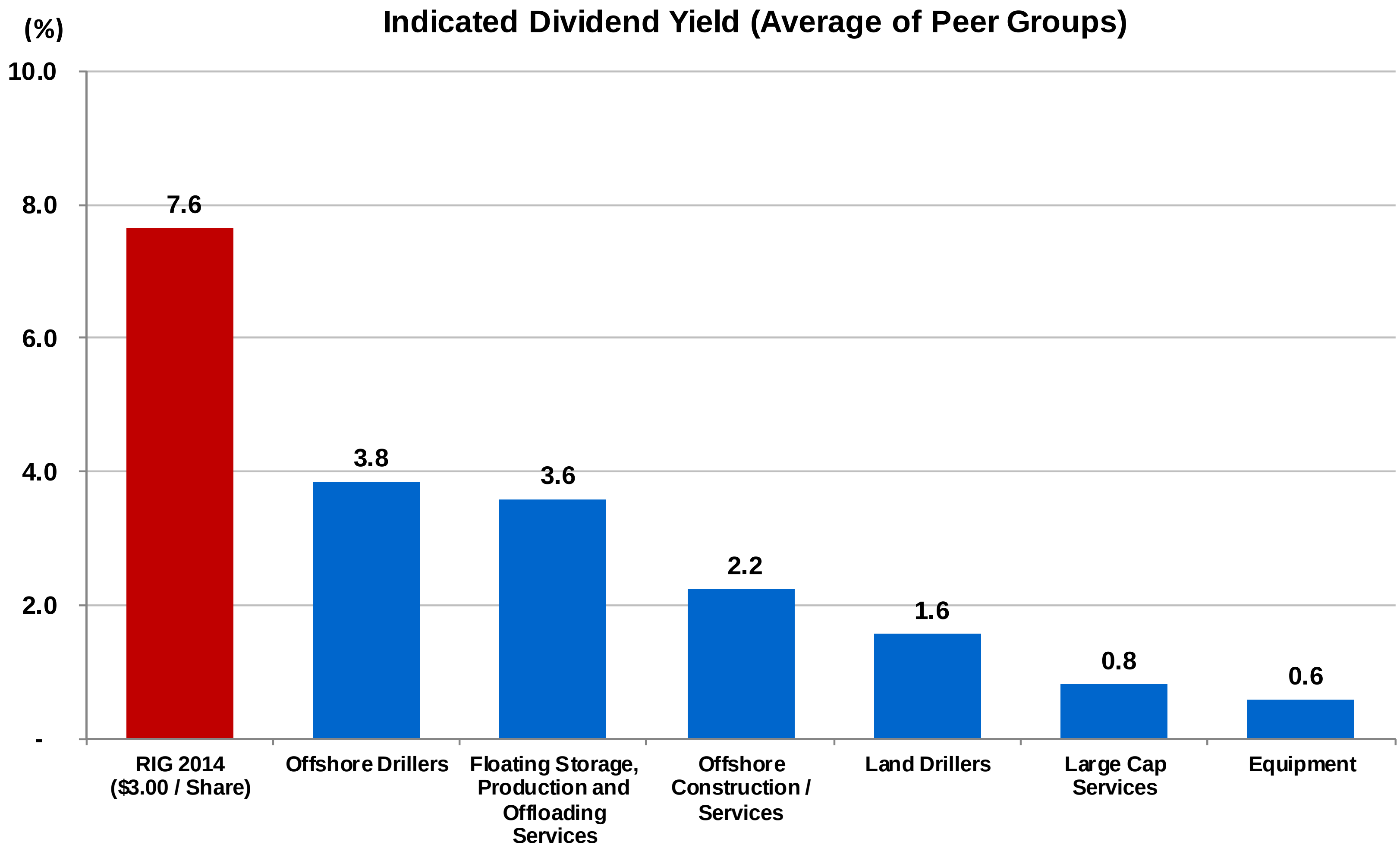
- **Dividend yield is very competitive**



Source: Bloomberg 8/18/14

Litigation Update

Norway Tax Cases

- Criminal trial – Favorable court ruling July 2014; all defendants acquitted of all five charges; prosecution authorities filed appeal on three charges
- Dividend civil case – Norwegian District Court ruled partially in favor of State in June 2014; waived all interest and penalties; imposed income tax. Will appeal
- Arcade civil case – Norwegian District Court overturned tax assessment; State filed appeal – scheduled for Appeals Court October 2014
- Believe our tax returns are materially correct as filed; will continue to contest contrary assertions

Macondo

- Civil and criminal settlement agreements reached with DOJ comprising $1.4B paid over five years
  - Phase 1 of trial concluded 4/17/13
  - Phase 2 of trial concluded 10/17/13

Key Investment Highlights

- We are delivering on our commitment to create value
  - Improving financial flexibility
  - Executing plan to high-grade the fleet
  - Returning excess cash to shareholders
  - To the extent possible, reducing uncertainties the company faces
- Transocean is well positioned to capitalize on global opportunities

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Footnotes

(1) As of August 21, 2014. Floater classifications are by water depth as described in the Fleet Status Report. Harsh Environment Floaters are included in the appropriate water depth classification. Rig count associated with continuing operations is 79, plus 12 newbuilds. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to August 21, 2014. "Idle" and "Stacked" rig classifications are as described in the Fleet Status Report.

(2) Excludes submersible rigs and rigs held for sale.

(3) Excludes tender rigs.

(4) Calculated by multiplying the contracted operating dayrate by the firm contract period for the remainder of 2014 and future periods as of the Fleet Status Report issued July 16, 2014, for continuing operations only. Firm commitments are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog is calculated by multiplying the full contractual operating dayrate by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions, which are not expected to be significant to our contract drilling revenues. The contractual operating dayrate may be higher than the actual dayrate we receive or we may receive other dayrates included in the contract, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate. The contractual operating dayrate may also be higher than the actual dayrate we receive because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.

(5) The committed fleet rate is defined as one minus the uncommitted fleet rate, which is the number of uncommitted days divided by the total number of rig calendar days in the measured period, expressed as a percentage. An uncommitted day is defined as a calendar day during which a rig is idle or stacked, is not contracted to a customer and is not committed to a shipyard. The rate is as of July 16, 2014.

(6) Data from IHS-Petrodata as of August 18, 2014. High-Specification Jackups are defined as competitive, independent cantilever rigs with water depths of 350' and greater.

(7) This presentation is unaudited.