



Transocean Ltd.

Credit Suisse 2014 Energy Summit

February 11, 2014

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

Company Overview

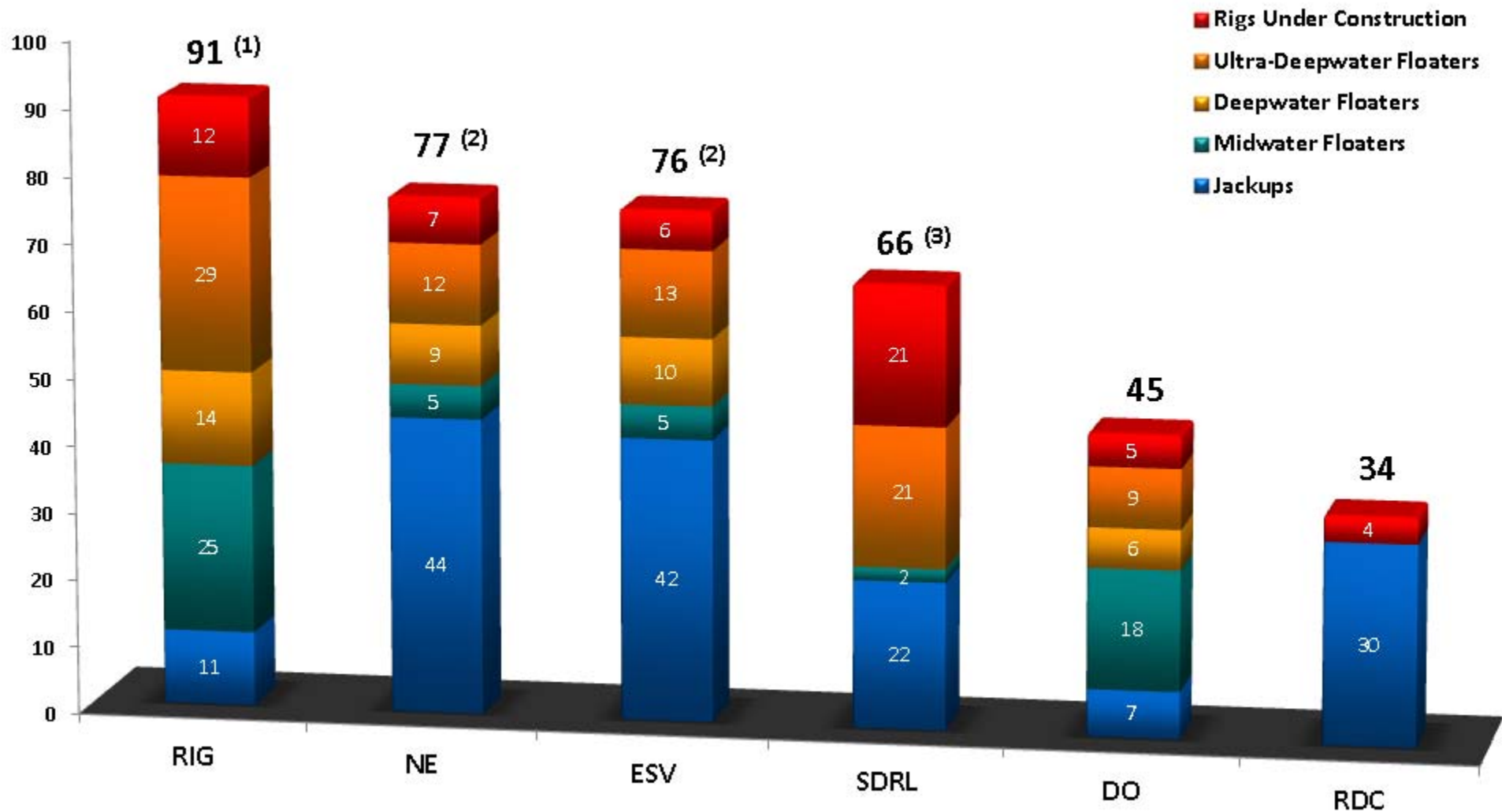
Industry Leader



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

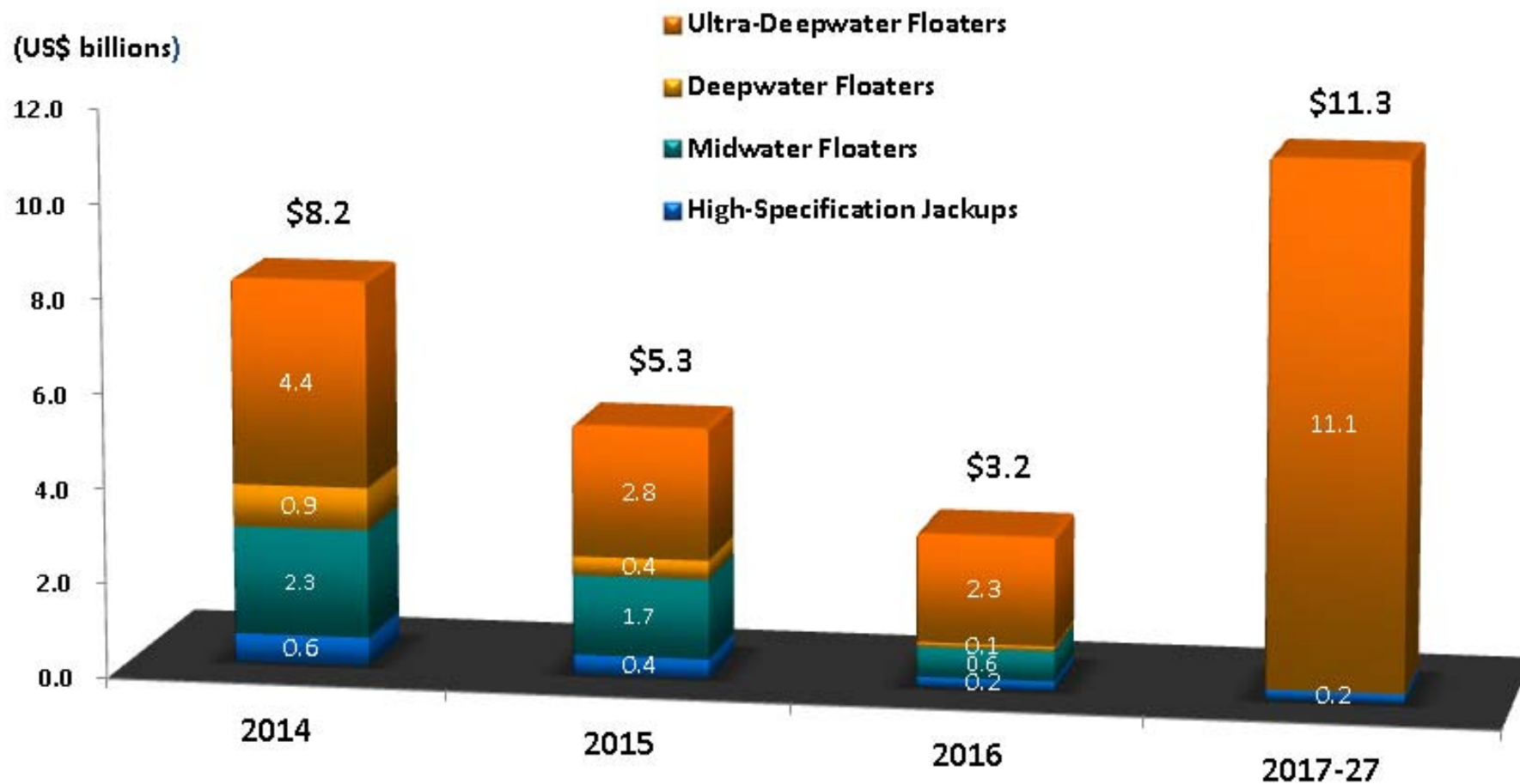
Company Overview

Largest Worldwide Rig Fleet



Company Overview

Strong Backlog

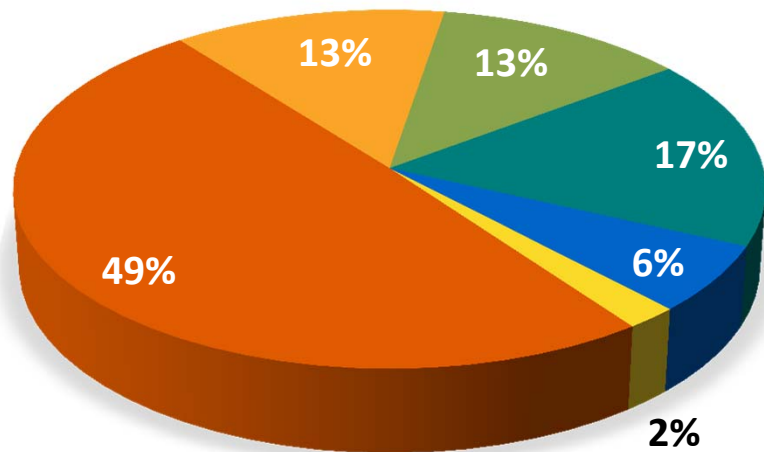


Company Overview

Diversified Revenue Sources

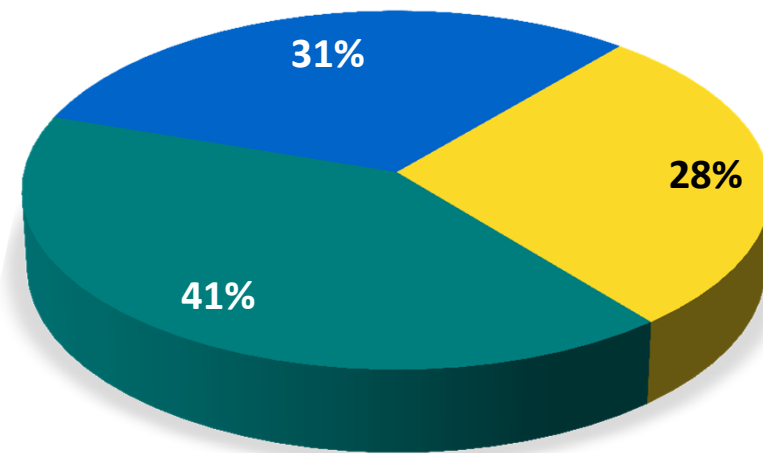


By Asset Class



- Ultra-Deepwater
- Deepwater
- Harsh Environment
- Midwater
- High-Spec Jackups
- ADTI

By Customer



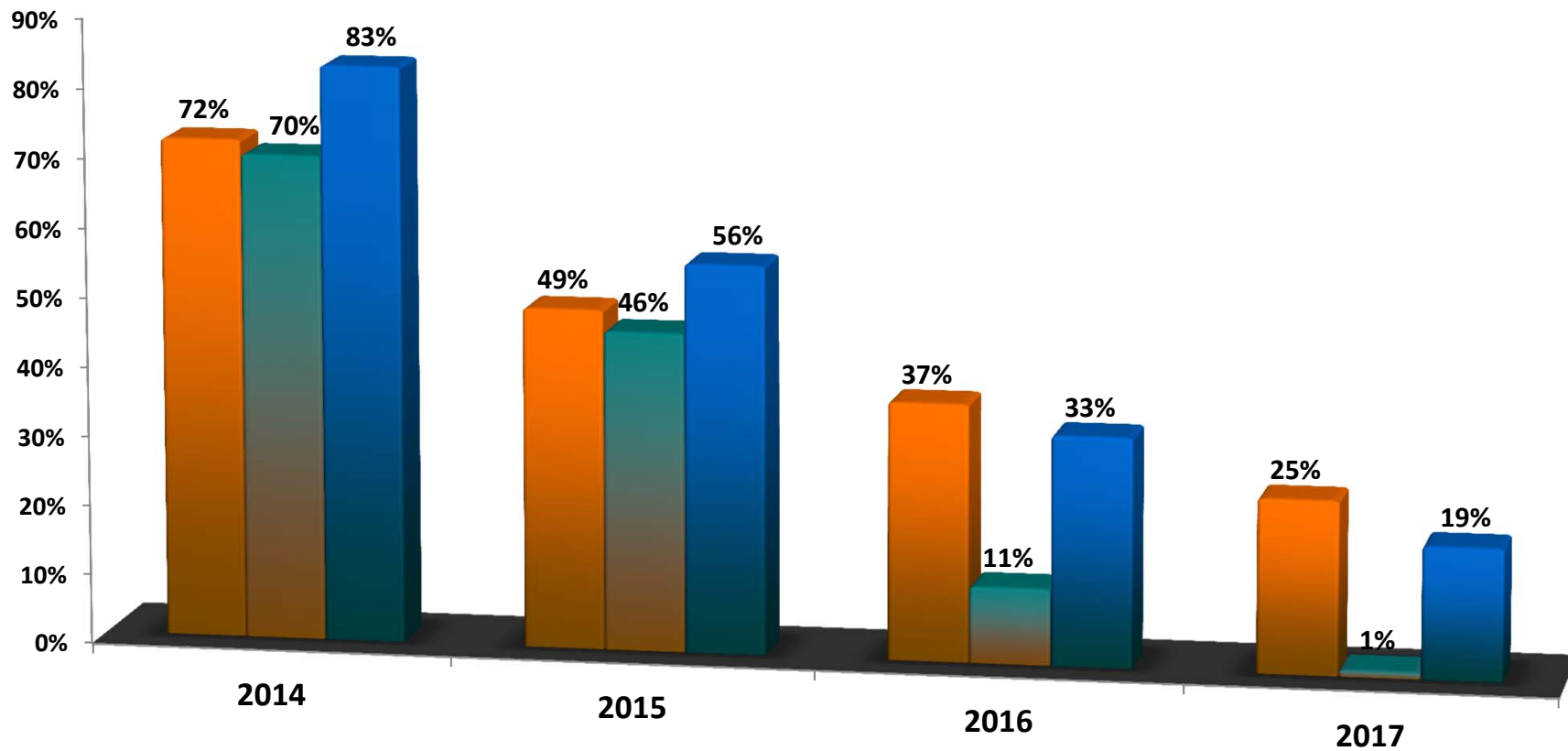
- Integrated
- NOC
- Independent

Company Overview

Committed Fleet ⁽⁵⁾



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



Company Overview

Technology Innovator



- **Transocean is a technical leader and innovator, and has achieved many industry “firsts”**
- **Partnering with Shell to develop a new Blow Out Preventer (BOP) control system**
 - **Designed to be fault resistant and tolerant**
 - **Designed to retrofit to existing subsea BOP**
 - **Goal of eliminating BOP control system downtime**
 - **In 2013, Transocean well control equipment-related downtime ~50% of total**
 - **Equitable funding, resource commitment and IP ownership**
 - **Three-year project**

Market Overview

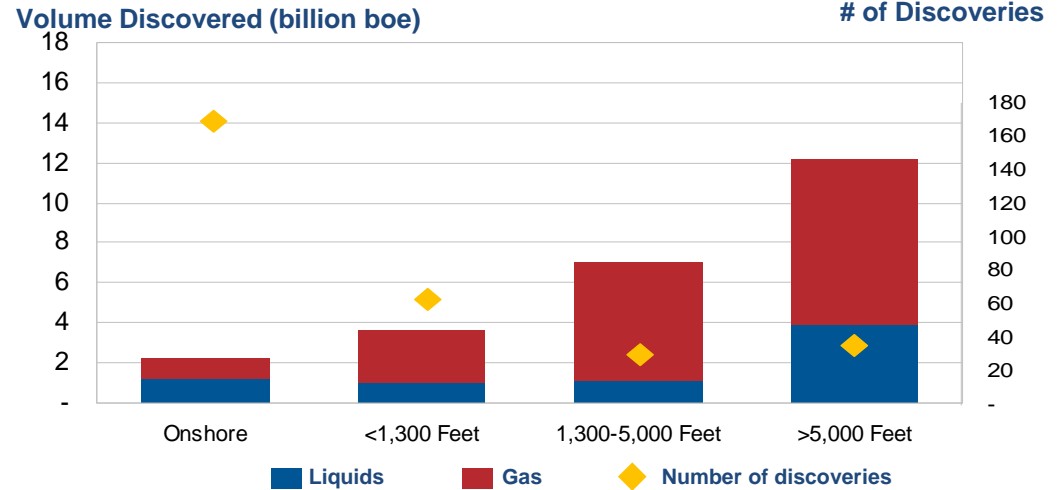
Ultra-Deepwater



- 2012 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 rig market experiencing near-term softness
 - Programs being delayed to 2015
 - Farmouts increasing
 - Fixtures for higher-spec UDW rigs expected at \$500K to \$550K with lower-spec at \$450K to \$500K

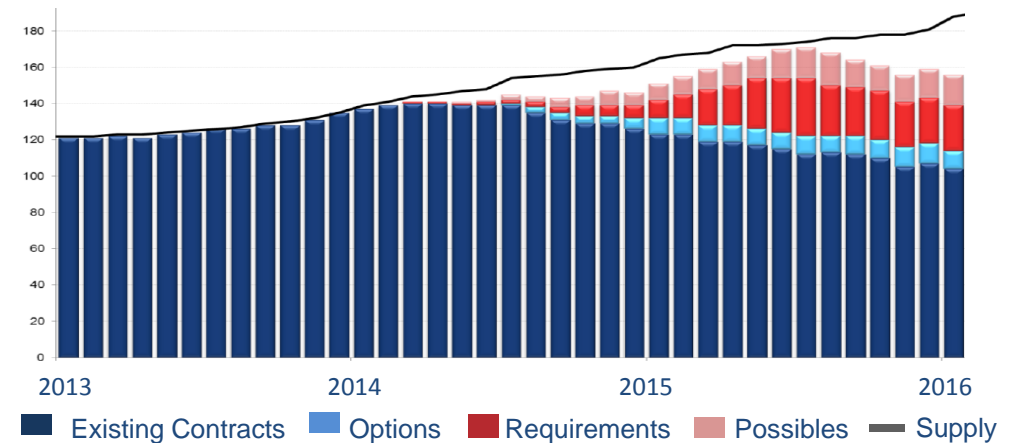
Note:
Represents deepwater and ultra-deepwater as classified by Wood Mackenzie

New Field Resources Discovered in 2012
(by Water Depth)



Source: Wood Mackenzie

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



Source: Fearnley Offshore

Market Overview

Other Floaters, Jackups



Deepwater



Discoverer Seven Seas

- Near-term increase in rig availability
- Market utilization 91% ⁽⁵⁾
- Weak activity near term
- Limited data points, but recent fixtures \$400K to \$450K/day for near-term availability

Midwater



GSF Rig 140

- Strong presence in the UK and Norway sectors of the North Sea
- Market utilization 92% ⁽⁵⁾
- Outside North Sea and Norway availability increasing
- Rates \$360K to \$400K/day in the UK and \$250K - \$300K/day in West Africa and U.S. GOM

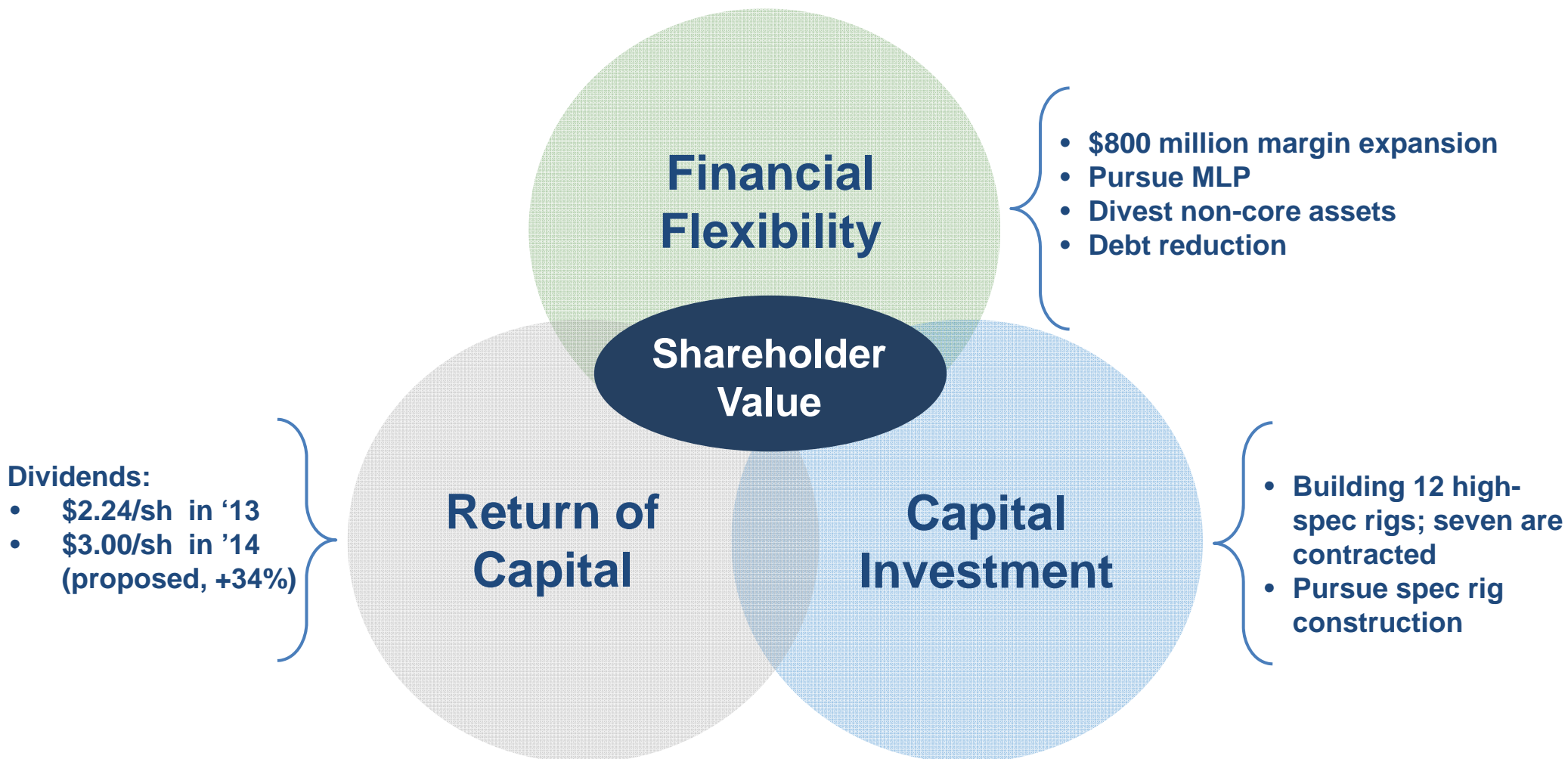
High-Spec Jackups



Transocean Honor

- High utilization and improving dayrates in the medium term
- Market utilization 95% ⁽⁵⁾
- Key demand areas of Asia, India, Mexico and the Middle East
- Recent fixtures \$180K/day in U.S. GOM and Central America and well over \$230K/day in UK

Value Creation



Financial Flexibility

Objectives



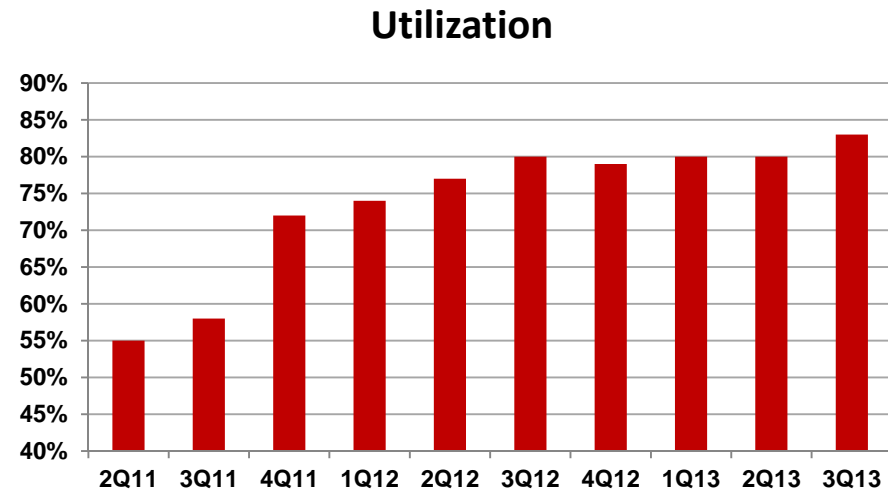
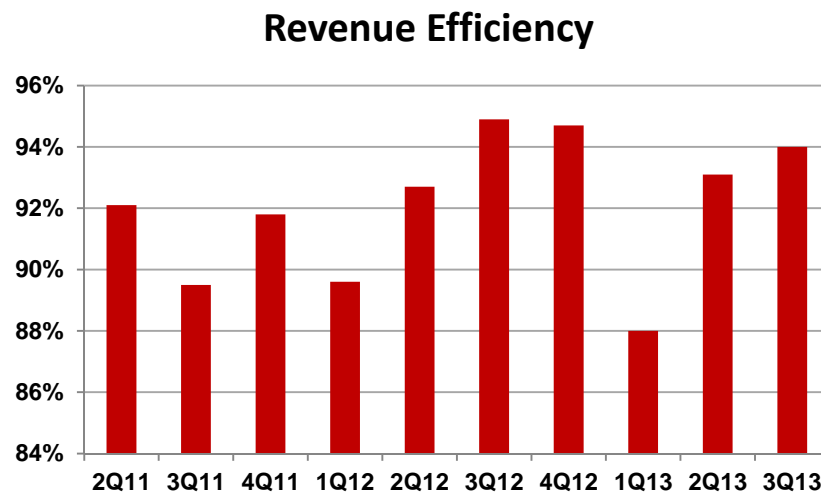
- **Manage financial exposure**
- **Sustain investment grade rating while renewing the fleet**
 - MLP-like yield vehicle (MLP)
 - Progress towards gross debt targets
- **Continue to divest non-core assets**
 - Since 2011 have divested 62 non-core rigs, including Shelf Drilling
 - Total proceeds exceed \$2 billion
- **Improve operating performance, margins**
 - Increase revenue efficiency
 - Reduce costs and out-of-service time

Financial Flexibility

Operating Performance



- Revenue efficiency and utilization trends are favorable



- 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

Margin Improvement



- **\$500 million targeted in additional margin improvement by year-end 2015**
 - ~55% - Revenue
 - Operations, projects
 - ~45% - Costs
 - Perform the right maintenance at the right time
 - Optimize offshore headcount
 - Ensure total compensation is competitive
 - Leverage size and scale to get the best prices

Item	Relative Opportunity
Revenue Efficiency	
Shipyard/Project Execution	
In-Service Maintenance Optimization	
Training and Labor Pool Optimization	
Procurement	
Compensation Policies	
Offshore Manning	

No scale

- **Completed evaluation of the MLP-type yield vehicle**
 - **Believe benefits outweigh risks for Transocean**
- **MLP structure permits acceleration of strategic initiatives**
 - **Improves financial flexibility**
 - **Supports balance sheet objectives**
 - **Represents attractive value proposition**
 - **Proceeds allocated consistent with “balanced approach”**
 - **Transocean holds majority stake**
- **Strong investor demand for MLP’s**
- **Launch anticipated mid-2014**

Capital Investment Newbuild Program



Completed Program: 16 High-Spec Rigs



Current Program: Seven Contract-Backed UDW Drillships



* Expected contract commencement dates

Capital Investment

High-Grading of Fleet

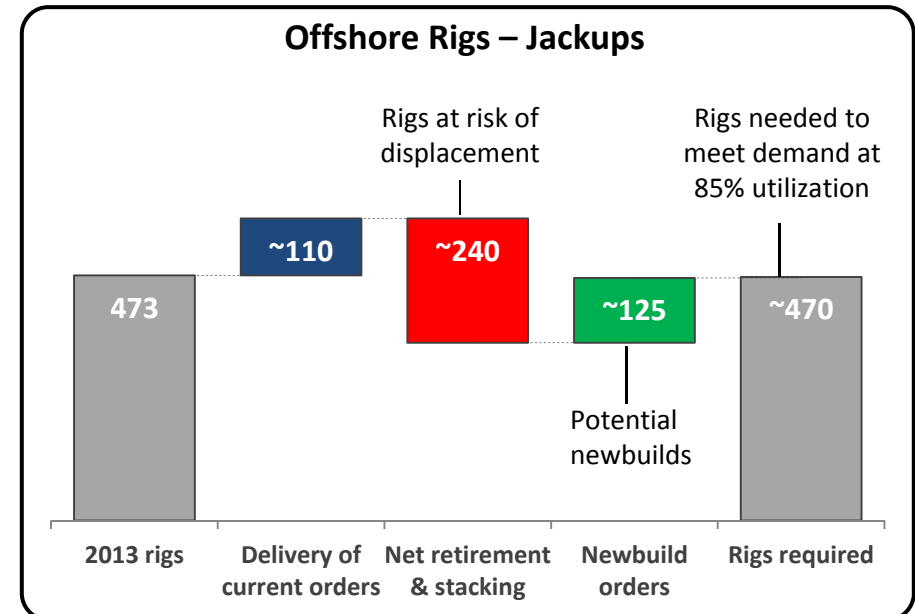
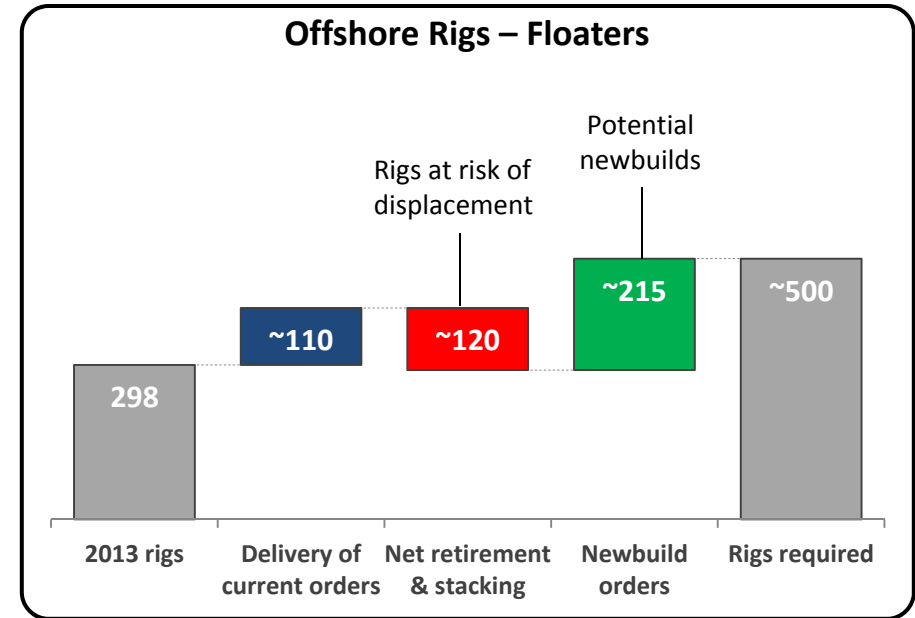


• Floaters

- 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



- **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 and apply strict investment criteria, including**
 - **Return must exceed cost of capital**
 - **Contribution must be accretive to margins**
 - **Believe that long-term demand supports this approach**

Capital Investment

Fleet Profile



Current Fleet					
		<u>Existing</u>	<u>Under construction</u>	<u>Total</u>	
Floater	Ultra-deepwater	27	+7	34	
	Deepwater	12		12	
	Midwater	22		22	
	Harsh Environment	7		7	
Jack-ups	High-Spec Jackups	12	+5	17	
Total	Total Floaters	68	+7	75	82%
	Total Jackups	12	+5	17	18%
	Total Fleet			92	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>	
	Floater: ~75%
	Jackup: ~25%

- **On average, need to add one-plus floater(s) and multiple high-spec jackups per year to maintain satisfactory pace of renewal**
- **Average annual capital investment for fleet renewal ~\$1.5-\$2.0 billion**
 - **Will be opportunistic; investment may vary from year to year**
- **Funding sources include**
 - **Operating cash flow**
 - **MLP**
 - **Asset sales**
 - **Divest non-core assets by 2018**

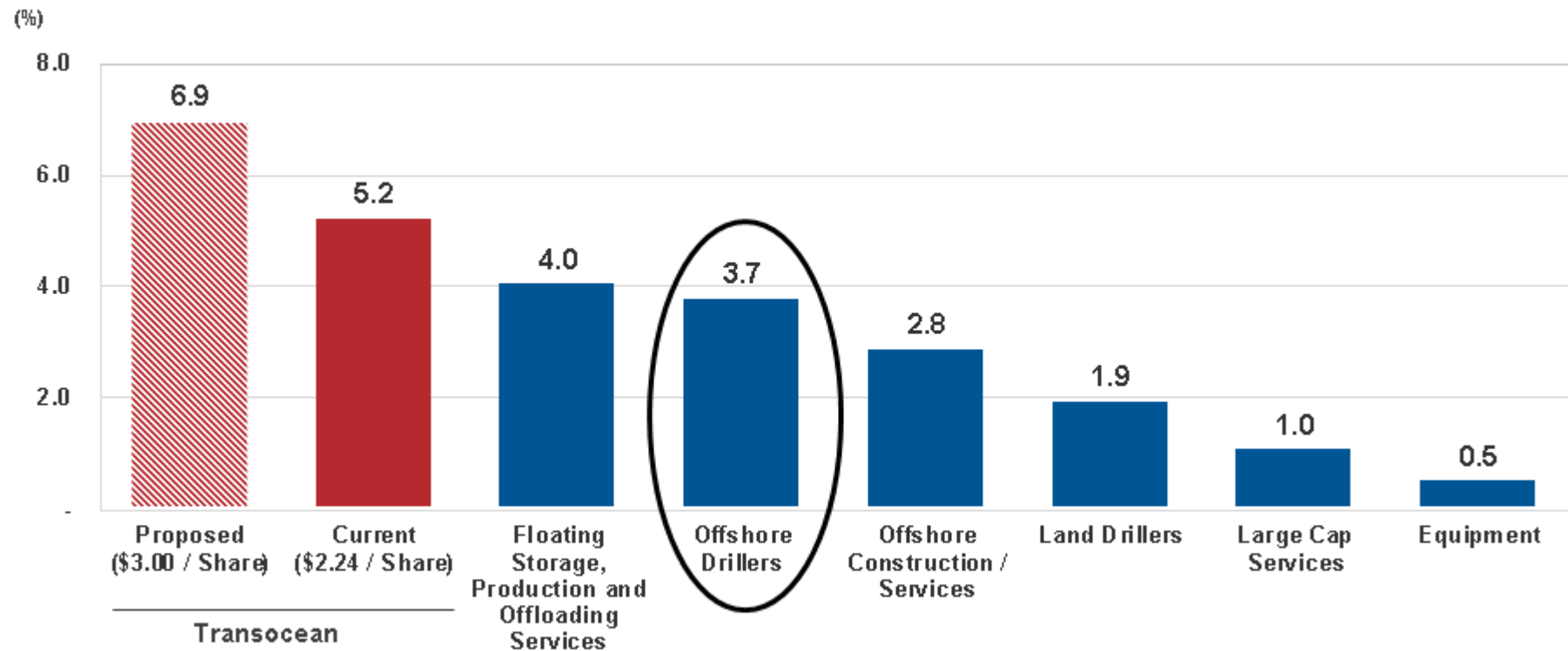
Return of Capital

Dividends



- Current and proposed dividend yields are very competitive

Indicated Dividend Yield (Average of Peer Groups)



Source: Capital IQ (January 31, 2014), Company Filings

Norway Tax Cases

- Norwegian court overturned Arcade civil tax assessment; state filed appeal – scheduled for hearing in Appeals Court in October 2014
- Court scheduled to hear second civil tax case in May 2014
- Criminal trial concluded September 2013; decisions anticipated by 2Q 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; parties completed post-trial briefing; court has not yet issued rulings
 - Phase 2 of trial has concluded and parties recently completed post-trial briefings

Key Investment Highlights



- **We are delivering on our commitment to create value for all our stakeholders**
 - **Improving financial flexibility to capitalize on high-return opportunities and increase competitiveness**
 - **Margin improvement**
 - **MLP**
 - **Executing plan to high-grade the fleet**
 - **Divest non-core assets by 2018**
 - **Invest in high-specification jackups and floaters**
 - **Returning excess cash to shareholders through a highly competitive dividend**
 - **To the extent possible, reducing uncertainties the company faces**
- **Transocean is well positioned to capitalize on global opportunities**



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- (1) Per Fleet Status Report issued January 16, 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 January 16, 2014. “Idle” and “Stacked” rig classifications are as described in the Fleet Status Report.
- (2) Excludes submersible rigs.
- (3) Excludes tender rigs.
- (4) Calculated by multiplying the contracted operating dayrate by the firm contract period for 2013 and future periods as of the Fleet Status Report issued October 16, 2013, for continuing operations only. Firm commitments are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog is calculated by multiplying the full contractual operating dayrate by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions, which are not expected to be significant to our contract drilling revenues. The contractual operating dayrate may be higher than the actual dayrate we receive or we may receive other dayrates included in the contract, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate. The contractual operating dayrate may also be higher than the actual dayrate we receive because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.
- (5) Data from IHS-Petrodata as of February 5, 2014. Analysis by Transocean. Includes competitive rigs which have completed construction on or before February 5, 2014. High-Specification Jackups are defined as competitive, independent cantilever rigs with water depths of 350’ and greater.
- (6) 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 October 16, 2013.
- (7) This presentation is unaudited.