

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): February 9, 2005

TRANSOCEAN INC.

(Exact name of registrant as specified in its charter)

CAYMAN ISLANDS

333-75899

66-0582307

(State or other jurisdiction of
incorporation or organization)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

4 GREENWAY PLAZA
HOUSTON, TEXAS 77046

(Address of principal executive offices and zip code)

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

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

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR
230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act(17 CFR
240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange
Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange
Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Annual Cash Bonuses

Transocean Inc. ("Transocean," "we," "us" or "our") awards annual cash bonus incentive opportunities under its Performance Award and Cash Bonus Plan and as contemplated under its Long-Term Incentive Plan. The amount of an executive's bonus opportunity, which is expressed as a percentage of base salary, depends primarily upon that individual's position and responsibilities and bonus opportunities provided to comparable positions within our peer group.

Our Executive Compensation Committee ("Committee") determined in February 2004 that the payout for an executive's 2004 bonus opportunity would be based on the level of achievement of a company-wide financial goal and specific corporate goals, as described below. The overall bonus payout would also be subject to the application of a reduction factor based on our cash flow return on market capitalization ("CFROMC") against established targets, the effect of which could reduce the bonus payment by 0-50%. The financial goal was weighted at 50% and the corporate goals at 50%. For 2004, bonus opportunities ranged from 30% to 90% of base pay. The actual percentage payment can range from 0% to 200% of the bonus opportunity, depending on the Committee's evaluation of an individual's performance against his or her goals.

The financial goals included in the 2004 bonus opportunities were our 2004 earnings per share ("EPS") as compared to return on equity targets, and a measure of cash flow return on capital ("CFROC"), as assessed and ranked to a group of companies within our peer group. Payout of the EPS goal was based on minimum, target and maximum levels of achievement. The corporate goals for all senior executives included in the 2004 bonus opportunities included goals related to safety, fleet downtime, marketing and cost containment. The final bonus payout was decreased by the application of the CFROMC reduction factor. The Committee met on February 9, 2005 and reviewed the EPS, CFROC performance, the attainment of the corporate goals and objectives and CFROMC for the year 2004. Based on this review, the Committee determined the cash bonuses to be paid to our named executive officers in respect of their 2004 bonus opportunities.

The Committee has previously determined that the payout for an executive's 2005 bonus opportunity will consist of two separate components: the level of achievement of a company-wide financial goal and corporate goals, with the financial goal to be weighted at 30% and the corporate goals at 70%, and with the potential reduction of payout for both components based on CFROMC performance. For 2005, aggregate bonus opportunities for both components will range from 30% to 90% of base pay, and the actual percentage payment can range from 0% to 200% of the bonus opportunity, depending on the Committee's assessment of an individual's performance against his or her goals. The CFROMC factor can reduce the overall bonus payout by up to 50%.

The financial goals included in the 2005 bonus opportunities for senior management are our 2005 EPS as compared to return on equity targets, and CFROC, as assessed and ranked to a group of companies within our peer group. Payout of the EPS goal is to be based on minimum, target and maximum levels of achievement. The corporate goals for all senior executives included in the 2005 bonus opportunities included goals related to safety, fleet downtime, marketing, human resource development and cost containment.

The cash bonuses paid for 2004 and the 2005 cash bonus opportunities for our named executive officers are as follows:

NAME AND POSITION		2004 ANNUAL CASH BONUS	2005 CASH BONUS OPPORTUNITY
Robert L. Long	President and Chief Executive Officer	\$410,449	90%
Jean P. Cahuzac	Executive Vice President and Chief Operating Officer	\$206,737	75%
Gregory L. Cauthen	Senior Vice President and Chief Financial Officer	\$120,870	55%
Eric B. Brown	Senior Vice President, General Counsel and Corporate Secretary	\$107,281	55%
Barbara S. Wood	Vice President and Chief Information Officer	\$ 58,895	40%
J. Michael Talbert	Former Executive Chairman of the Board and current Non-Executive Chairman of the Board	\$113,768	N/A

Director Compensation

Fees and Retainers. The Corporate Governance Committee of our board of directors annually reviews the compensation paid to directors to be certain that it is competitive in attracting and retaining qualified directors. Our employees receive no extra pay for serving as directors. On February 9, 2005 the annual retainer paid to each director who is not one of our officers or employees was increased from \$40,000 to \$50,000, except with respect to Mr. Talbert, whose director compensation arrangement is described below. The annual retainer, committee chairmen annual retainers, board meeting attendance fees and committee meeting attendance fees paid to our outside directors other than Mr. Talbert are as follows:

- Annual Retainer - \$50,000
- Audit Committee Chairman Retainer - \$20,000
- Other Committee Chairman Retainer - \$10,000
- Board Meeting Attendance Fee - \$2,000
- Committee Meeting Attendance Fee - \$1,500

Mr. Talbert became our non-executive Chairman after his retirement from active employment with the company in October 2004. Based upon research done by us and our compensation consultant, the board determined that an appropriate retainer for a non-executive chairman would be \$160,000 per year. Mr. Talbert was paid a pro-rated portion of this retainer for 2004. Mr. Talbert receives the regular board meeting attendance fees but does not receive any additional fees for attendance at board committee meetings. In addition, Mr. Talbert will receive the same equity grant given to other outside directors.

Equity Awards. Under our Long-Term Incentive Plan, we currently make discretionary equity awards determined by our board to outside directors. For 2005, the board expects to grant deferred units to outside directors equal in value to \$88,000, based upon the average price of our

ordinary shares for the 10 trading days prior to our 2005 annual general meeting of shareholders. This grant will be made immediately after such annual meeting. The units will vest equally over a three year period and will be required to be held by directors until they leave the board. The board may grant directors joining our board after the annual meeting an award but it has not yet made a determination as to the size of that award.

Severance Policy

The Committee also adopted, on behalf of the board of directors, a severance benefit policy for our executives, effective as of February 9, 2005. The policy applies to employees holding a job title of vice president or higher, which currently includes approximately 15 persons. The benefits under the policy are not available to any executives who enter into separate severance agreements with us after February 9, 2005. Under the policy, any executive who is terminated for our convenience (as determined in the sole discretion of the Committee) will be entitled to the following:

- a cash payment for his base salary up to the date of termination;
- a cash payment of a pro rata share of his bonus opportunity up to the date of termination at the then projected year-end rate of payout, in an amount, if any, determined by the Executive Compensation Committee in its sole discretion;
- a cash payment equal to his annual base salary in effect at the date of termination; and
- certain outplacement services not to exceed a cost to us of 5% of the base annual salary of the executive.

An executive is required to sign a release in favor of Transocean in order to receive benefits under the policy.

Any executive terminated under the provisions of this policy will also be deemed to have been terminated for our convenience for purposes of any awards under our long-term incentive plan. Currently, our performance-based option awards and our contingent restricted ordinary share awards provide that a holder of an award who is terminated for our convenience before the end of a performance period will be granted a pro rata share of the total potential award to the date of termination.

Forward-Looking Statements

The statements made in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements made in this report include, but are not limited to, statements involving the timing and nature of future awards to our outside directors. Such statements are subject to numerous risks, uncertainties and assumptions, including but not limited to, the results of deliberations by our board of directors, and those risks described in our Form 10-K for the year ended December 31, 2003 and in our 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 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

EXHIBIT NUMBER -----	DESCRIPTION -----
10.1	Executive Severance Benefit Policy of Transocean Inc. effective February 9, 2005.
10.2	Form of 2004 Performance-Based Nonqualified Share Option Award Letter.
10.3	Form of 2004 Employee Contingent Restricted Ordinary Share Award.
10.4	Form of 2004 Director Deferred Unit Award.
10.5	Performance Award and Cash Bonus Plan of Transocean Inc.

SIGNATURES

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

TRANSOCEAN INC.

Date: February 15, 2005

By: /s/ William E. Turcotte

Name: William E. Turcotte

Title: Associate General Counsel

INDEX TO EXHIBITS

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Executive Severance Benefit

1 POLICY

The Company will provide executives that are terminated for the convenience of the Company with the severance benefits as defined herein. Whether a termination is for the convenience of the Company will be determined by the Executive Compensation Committee in its sole discretion.

2 PURPOSE

The purpose of this policy is to define the executive severance policy of the Company.

3 SCOPE

This policy shall apply to all executives as defined hereinafter. An executive for purposes of this policy is defined as an employee that holds a job title of vice president or higher, including without limitation a vice president, senior vice president, executive vice president, chief operating officer, president and executive chairman. No benefit shall be payable under this policy to employees who enter into separate written severance agreements with the Company after the effective date of this policy and who are entitled to receive severance payments thereunder as a result of their termination of employment. As a condition precedent to eligibility each employee will be required to execute a binding release satisfactory to the Company pursuant to which such employee releases the Company from any liability in connection with employment by the Company. Without limiting the generality of the foregoing, a corporate officer position held by an individual in any subsidiary of Transocean Inc. shall not be considered in the determination of whether such individual is an executive for purposes hereof.

4 PROCEDURE

Executives who are terminated for reasons defined under this policy shall be provided the following payments, benefits and other services as hereinafter defined.

4.1 BASE SALARY

The Company will pay base salary up to the date of termination.

4.2 BONUS

The Company will pay the executive a prorata share of the bonus opportunity, to the extent not otherwise payable, up to the date of termination at the then projected year end rate of payout, in an amount, if any, as determined by the Committee in its sole discretion.

4.3 SEVERANCE

The executive will be eligible to receive a lump sum cash severance payment equal to one year base salary calculated using the annual salary rate in effect at the time of termination.

Executive Severance Benefit

4.4 LONG TERM INCENTIVES

Terminations made under the provisions of this policy shall for purposes of any long term incentive awards held by the executive be deemed "For the Convenience of the Company", as defined within the individual LTIP award letters.

4.5 OUTPLACEMENT

The executive will be eligible to receive outplacement services the duration and costs for which shall be determined by the then prevailing Human Resources' practice concerning use of outplacement services, and in no event should exceed a cost to the Company of 5% of the base annual salary of the executive.

4.6 OTHER BENEFITS

Any other termination benefits will be managed consistent with current severance practices for non-executive employees.

5 RESPONSIBILITY

Except as otherwise stated herein, this policy will be administered by the Vice President of Human Resources. This policy is subject to review, change or cancellation at any time at the sole discretion of the Executive Compensation Committee of Transocean Inc.

6 EFFECTIVE DATE

The effective date of this policy is February 09, 2005

ROBERT L. LONG
PRESIDENT AND CHIEF EXECUTIVE OFFICER

August 20, 2004

Dear _____ :

Transocean Inc. (the "Company") hereby grants to you effective as of July 8, 2004, a nonqualified option ("Option") to purchase up to _____ ordinary shares, par value US \$0.01 per share, of the Company ("Ordinary Shares") in accordance with the Long-Term Incentive Plan of Transocean Inc. (the "Plan"). The exact number of Ordinary Shares that may be exercisable under this Option will be determined during the first half of 2006 (with the actual date being referred to as the "Determination Date") by the Executive Compensation Committee of the Board of Directors (the "Committee") based upon the achievement of certain performance objectives. Please refer to the attached Appendix 1, Terms and Conditions of Performance-Based Nonqualified Share Option Award, for further details.

The price at which you may purchase Ordinary Shares covered by the Option (if any) is \$28.12 per share ("Option Price"). Normal expiration of your Option is July 7, 2014 ("Expiration Date") and the vesting of any exercisable shares is indicated below ("Vesting Schedule"), excepting events as defined in the attached Appendix 1:

VESTING DATE	PERCENTAGE OF SHARES PURCHASABLE
-----	-----
Determination Date	33-1/3%
January 1, 2007	33-1/3%
January 1, 2008	33-1/3%

Your award is subject to the terms and conditions set forth in the enclosed Plan, the Prospectus for the Plan, any additional terms and conditions set forth in the attached Appendix 1, and any rules and regulations adopted by the Committee.

This award letter and the attachments contain the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

Congratulations on your award.

Very truly yours,

Robert L. Long
Enclosures

(713)232-7001 FAX

(713)232-7619 OFFICE

blong@houston.deepwater.com

APPENDIX 1
TO AWARD LETTER
GRANTED JULY 8, 2004 (THE "GRANT DATE")

TERMS AND CONDITIONS OF
PERFORMANCE-BASED NONQUALIFIED SHARE OPTION AWARD

The nonqualified option (the "Option") granted to you on the Grant Date by Transocean Inc. (the "Company") to purchase ordinary shares, par value \$0.01 per share, of the Company ("Ordinary Shares") is subject to the terms and conditions set forth in the Long-Term Incentive Plan of Transocean Inc. (the "Plan"), the enclosed Prospectus for the Plan, any rules and regulations adopted by the Executive Compensation Committee of the Board of Directors (the "Committee"), and any additional terms and conditions set forth in this Appendix 1 (which includes Exhibit A attached hereto) which form a part of the attached award letter to you ("Award Letter"). Any terms used in the Award Letter have the meanings set forth in the Plan. In the event there is an inconsistency between the terms of the Plan and the Award Letter, the terms of the Plan will control.

1. OPTION PRICE

You may purchase Ordinary Shares covered by the Option for the Option Price stated in your Award Letter.

2. DETERMINATION OF EXACT NUMBER OF ORDINARY SHARES EXERCISABLE UNDER THE OPTION

The exact number of Ordinary Shares which may be exercisable under this Option will be based upon the Company's achievement of certain performance objectives over the two-year period consisting of calendar years 2004 and 2005 (the "Performance Cycle"). The performance objectives are as follows:

(i) The exercisability of fifty percent (50%) of the Ordinary Shares of your Option will be based on the Company's performance on unleveraged (i.e., excluding the effects of debt and interest) after-tax Cash Flow Return on Capital ("CFROC") compared against a peer group; and

(ii) The exercisability of fifty percent (50%) of the Ordinary Shares of your Option will be based on the Company's performance on Total Shareholder Return ("TSR") compared against a peer group.

The determination by the Committee with respect to the achievement of the objectives will be made in the first half of 2006 after all necessary Company and peer information is available. The date of such determination is referred to as the "Determination Date". After the Determination Date, the Committee will notify you of the number of Ordinary Shares under the Option that will be potentially exercisable. The portion (if any) of the Option covering Ordinary Shares which is not potentially exercisable shall be terminated effective as of the Determination Date. TODCO, a publicly traded drilling company in which the Company currently owns a majority interest, is excluded from the CFROC

calculation. More detailed definitions and the methodology for calculating the exact number of Ordinary Shares which may be exercisable are set forth in Exhibit A.

3. TERM OF OPTION

Your Option expires on the Expiration Date stated in your Award Letter. However, your Option will terminate prior to the Expiration Date as provided in Section 7 of this Appendix 1 upon the occurrence of one of the events described in that paragraph. Regardless of the provisions of Section 7, in no event can your Option be exercised after the Expiration Date, except that a vested Option which is outstanding on the date of your death shall remain outstanding and exercisable until the later of (i) one year after your death, or (ii) the Expiration Date.

4. EARN-OUT OF OPTION

- (a) Unless it becomes exercisable on an earlier date as provided in paragraphs 7 and 8 below, your Option will become exercisable in installments as set forth in the Vesting Schedule in your Award Letter.
- (b) The Ordinary Shares covered by each installment will be in addition to the Ordinary Shares which previously became exercisable.
- (c) To the extent your Option has become exercisable, you may exercise the Option as to all or any part of the Ordinary Shares covered by the Option, at any time on or before the date the Option expires or terminates.

5. EXERCISE OF OPTION

The Company currently utilizes Charles Schwab ("Schwab") as the broker for outsourcing administration of the Plan but reserves the right to use another broker. If necessary, this new broker selected by the Company will be substituted for Schwab. It will be necessary for you to open an account with Schwab and you should consult the information provided with this packet.

6. SATISFACTION OF OPTION PRICE

(a) PAYMENT OF CASH OR ORDINARY SHARES

Your Option may be exercised through a cashless exercise with Schwab or by payment in cash (including check, bank draft, money order or wire transfer to Schwab), in Ordinary Shares, or in a combination of cash and Ordinary Shares.

(b) PAYMENT OF ORDINARY SHARES

The fair market value of any Ordinary Shares tendered as all or part of the Option Price shall be the average of the high and low prices of the Ordinary Shares as reported on the New York Stock Exchange Composite Tape for the date of exercise. The certificates evidencing shares tendered must be duly endorsed or accompanied by appropriate stock powers. Only share certificates issued solely in your name may be tendered in exercise of your Option. Fractional shares may not

be tendered in satisfaction of the Option Price; any portion of the Option Price which is in excess of the aggregate fair market value of the number of whole shares tendered must be paid in cash. If a certificate tendered in exercise of the Option evidences more Ordinary Shares than are required pursuant to the immediately preceding sentence for satisfaction of the portion of the Option Price being paid in Ordinary Shares, an appropriate replacement certificate will be issued to you for the number of excess Ordinary Shares.

7. TERMINATION OF EMPLOYMENT

(a) TERMINATION ON OR AFTER THE END OF THE PERFORMANCE CYCLE

The following rules apply to your Option in the event of your death, disability, retirement, or other termination of employment on or after the end of the Performance Cycle.

- (i) DEATH OR DISABILITY. If your employment is terminated by reason of death or disability (as determined by the Committee), the normal determination of exercisable Ordinary Shares pursuant to Section 2 shall be made (if not already made) and your Option will continue to vest as set forth in the Vesting Schedule in your Award Letter, and will remain exercisable until the Expiration Date.
- (ii) CONVENIENCE OF THE COMPANY. If your employment is terminated for the convenience of the Company (as determined by the Committee), the normal determination of exercisable Ordinary Shares shall be made pursuant to Section 2 (if not already made) and your Option will continue to vest as set forth in the Vesting Schedule in your Award Letter and will remain exercisable until the Expiration Date.
- (iii) RETIREMENT. If your employment is terminated by reason of retirement (as defined below), the normal determination of exercisable Ordinary Shares shall be made pursuant to Section 2 (if not already made) and your Option will continue to vest as set forth in the Vesting Schedule in your Award Letter and will remain exercisable until the Expiration Date.
- (iv) OTHER TERMINATION OF EMPLOYMENT. If your employment is terminated for any reason other than death, disability, termination for the convenience of the Company, or retirement (as those terms are used herein), any vested Option will terminate sixty (60) days after termination of your employment. Following the termination of your employment, no additional portions of your Option will become exercisable, and your Option will be limited to the number of Ordinary Shares which were vested and to which you were entitled to purchase under the Option on the date of the termination of your employment. The portion of the Option which is not vested as of the date of the termination shall be terminated as of the date of termination.

(b) TERMINATION PRIOR TO THE END OF THE PERFORMANCE CYCLE

The following rules apply to your Option in the event of your death, disability, retirement, or other termination of employment prior to the end of the Performance Cycle.

- (i) DEATH OR DISABILITY. If your employment is terminated by reason of death or disability (as determined by the Committee), you will be entitled to a Pro-Rata share (as defined below) of your Option that would otherwise have become exercisable. Any exercisable Ordinary Shares will vest pursuant to the Vesting Schedule and will remain exercisable until the Expiration Date.
- (ii) CONVENIENCE OF THE COMPANY. If your employment is terminated for the convenience of the Company (as determined by the Committee), you will be entitled to a Pro-Rata share (as defined below) of your Option that would otherwise have become exercisable. Any exercisable Ordinary Shares will vest pursuant to the Vesting Schedule and will remain exercisable until the Expiration Date.
- (iii) RETIREMENT. If your employment is terminated by reason of retirement (as defined below), you will be entitled to a Pro-Rata share (as defined below) of your Option that would otherwise have become exercisable. Any exercisable Ordinary Shares will vest pursuant to the Vesting Schedule and will remain exercisable until the Expiration Date.
- (iv) OTHER TERMINATION OF EMPLOYMENT. If your employment is terminated for any reason other than death, disability, termination for the convenience of the Company or retirement (as those terms are used herein), your Option will be forfeited.

(c) DEFINITION OF RETIREMENT

Retirement is defined for the purpose of this section of Appendix 1 as meeting the "Rule of 70", which requires a minimum age of 55, combined with years of service to total 70 or more. If you retire after the age of 55, yet your age and years of service do not lead to a combined 70, your termination will be treated as "Other Termination of Employment", unless designated by the Committee in its discretion as a termination for the "Convenience of the Company".

(d) DEFINITION OF PRO-RATA SHARE

Pro-Rata Share shall be determined by multiplying the number of Ordinary Shares which would have been exercisable under the Option had your employment not been terminated by a fraction, the numerator of which is the number of calendar days you were employed during the Performance Cycle after the Grant Date and the denominator of which is the total number of calendar days in the Performance Cycle after the Grant Date.

(e) ADJUSTMENTS BY THE COMMITTEE

The Committee may, in its sole discretion, exercised before or after your termination of employment, declare all or any portion of your Option immediately exercisable and/or permit all or any portion of your Option to remain exercisable for such period designated by it after the time when the Option would have otherwise terminated as provided in the applicable portion of this Section 7, but not beyond the Expiration Date of your Option.

(f) COMMITTEE DETERMINATIONS

The Committee shall have absolute discretion to determine the date and circumstances of termination of your employment, including without limitation whether as a result of death, disability, convenience of the Company, retirement or any other reason, and its determination shall be final, conclusive and binding upon you.

8. CHANGE OF CONTROL

Notwithstanding the provisions of Sections 4 and 7, upon the occurrence of a Change of Control (as defined in the Plan) at any time after the Grant Date, any Option outstanding at the time of such Change of Control and held by you as an employee of the Company at the time of such Change of Control shall become immediately exercisable and shall remain exercisable for the remainder of the Option term irrespective of whether the Determination Date has occurred.

9. TAX CONSEQUENCES AND WITHHOLDING

- (a) You should consult the Long-Term Incentive Plan Prospectus for a general summary of the U.S. federal income tax consequences of your Option based on currently applicable provisions of the U.S. Internal Revenue Code (the "Code") and related regulations. The summary does not discuss state and local tax laws or the laws of any other jurisdiction, which may differ from the U.S. federal tax law. For these reasons, you are urged to consult your own tax advisor regarding the application of the tax laws to your particular situation.
- (b) This Option is not intended to be an incentive stock option, as defined in Section 422 of the Code.
- (c) You must make arrangements satisfactory to the Company to satisfy any applicable U.S. federal, state or local withholding tax liability arising from the grant or exercise of your Option. You can either make a cash payment to Schwab of the required amount or you can elect to satisfy your withholding obligation by having Schwab retain Ordinary Shares having a value equal to the amount of your withholding obligation from the shares otherwise deliverable to you upon the exercise of your Option. You may not elect to have Schwab withhold Ordinary Shares having a value in excess of the minimum statutory withholding tax liability. If you fail to satisfy your withholding obligation in a time and manner satisfactory to the Company, the Company shall have the right to withhold the required amount from your salary or other amounts payable to you.

- (d) In addition, you must make arrangements satisfactory to the Company to satisfy any applicable withholding tax liability imposed under the laws of any other jurisdiction arising from the grant or exercise of your Option. You may not elect to have Schwab withhold Ordinary Shares having a value in excess of the minimum statutory withholding tax liability. If you fail to satisfy such withholding obligation in a time and manner satisfactory to the Company, the Company shall have the right to withhold the required amount from your salary or other amounts payable to you.

10. RESTRICTIONS ON RESALE

There are no restrictions imposed by the Plan on the resale of Ordinary Shares acquired under the Plan. However, under the provisions of the Securities Act of 1933 (the "Securities Act") and the rules and regulations of the Securities and Exchange Commission (the "SEC"), resales of shares acquired under the Plan by certain officers and directors of the Company who may be deemed to be "affiliates" of the Company must be made pursuant to an appropriate effective registration statement filed with the SEC, pursuant to the provisions of Rule 144 issued under the Securities Act, or pursuant to another exemption from registration provided in the Securities Act. At the present time, the Company does not have a currently effective registration statement pursuant to which such resales may be made by affiliates. There are no restrictions imposed by the SEC on the resale of shares acquired under the Plan by persons who are not affiliates of the Company; provided, however, that all employees are subject to the Company's policies against insider trading, and restrictions on resale may be imposed by the Company from time-to-time as may be necessary under applicable law.

11. EFFECT ON OTHER BENEFITS

Income recognized by you as a result of exercise of an Option will not be included in the formula for calculating benefits under any of the Company's retirement and disability plans or any other benefit plans.

If you have any questions regarding your Option or would like to obtain additional information about the Plan or the Committee, please contact the Company's Director of Compensation & Benefits, P.O. Box 2765, Houston, Texas. Your Award Letter and this Appendix 1 contain the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

EXHIBIT "A" TO PERFORMANCE-BASED NONQUALIFIED SHARE OPTION AWARD

A. DEFINITIONS:

1. TOTAL SHAREHOLDER RETURN

Total Shareholder Return ("TSR") through the Performance Cycle is based on the comparison of the closing share price for the thirty (30) business days prior to start of the Performance Period and the average closing share price for the last thirty (30) business days in the Performance Period. The same calculation is conducted for the Company and all the companies in the following group:

GlobalSantaFe	EnSCO
Noble	Diamond
Pride	Rowan
Nabors	Baker Hughes
BJ	Schlumberger
Halliburton	Smith
Weatherford	Tidewater

The companies are then ranked from best to worst in percent improvement/deterioration in share price, adjusted for dividends.

2. CASH FLOW RETURN ON CAPITAL

A calculation of unleveraged (i.e., excluding the effects of debt and interest) after-tax Cash Flow Return on Capital ("CFROC") is determined by taking an average of all quarterly results in the Performance Period. The quarterly calculation is made as follows:

Net Income (loss)
Plus: Impairment of assets, net of tax
Plus: Depreciation expense
Plus (Minus): Interest (income) expense
Plus (Minus): (Gain) loss on disposal of assets, net of tax
Plus (Minus): Unusual tax (benefits) expense
Divided by: Quarterly Weighted Average Tangible Capital

Where Tangible Capital Equals:

Total Equity
Plus: Debt (Short & Long Term)
Minus: Cash & cash equivalents
(to the extent they are less than or equal to Short Term Debt)
Plus: Accumulated Depreciation
Minus: Goodwill

These calculations and the adjustments indicated above are made on the basis of audited, publicly available data from annual reports and unaudited publicly available data from quarterly reports filed with the Securities and Exchange Commission by Transocean and the other companies. The adjustments are applied so as to "normalize" the measure and ensure the integrity of the ranking process. TODCO, a publicly traded drilling company in which the Company currently owns a majority interest, is excluded from the CFROC calculation.

The calculation is applied and a ranking made from best to worst for the Company and the following group of companies:

GlobalSantaFe	EnSCO
Noble	Diamond
Pride	Rowan
Nabors	Helmerich & Payne
Tidewater	

B. COMMITTEE METHODOLOGY:

Once the calculations and rankings are completed for both TSR and CFROC for the Performance Period, the number of shares that may become exercisable is determined. In particular, a #1 ranking for both TSR and CFROC would result in a determination that all shares may become exercisable. A ranking at or below 8th and 11th for CFROC and TSR, respectively, would result in a determination that no shares become exercisable. Share determination percentages for rankings between these boundaries are made in accordance with the payout grid attached hereto.

C. EXAMPLE

Employee Award:	600 shares (Maximum Award)
Performance Period:	01/01/04 - 12/31/05
Determination Date:	04/15/06
TSR Ranking:	5th of 15
CFROC Ranking:	2nd of 10
Earned Percentage:	80%
Exercisable Shares:	480
Vesting Schedule:	
	160 shares on Determination Date
	160 shares on 01/01/07
	160 shares on 01/01/08

NOTE: THE COMMITTEE MAY IN ITS SOLE DISCRETION INTERPRET THE FORMULA AND REVISE THE MAKEUP OF THE COMPANY GROUP(S) OR MODIFY THE TSR OR CFROC CALCULATIONS OR APPLICATION IN RESPONSE TO MERGER ACTIVITY AMONGST COMPANIES OR OTHER EVENTS ACTUALLY OR POTENTIALLY AFFECTING THE PERFORMANCE MEASURE(S). THE COMMITTEE'S DETERMINATION WILL BE FINAL AND BINDING.

PAYOUT GRID FOR CONTINGENT OPTIONS BASED ON TSR /
CFROC PERFORMANCE MEASURES

TSR	CFROC									
	1	2	3	4	5	6	7	8	9	10
1	100%	95%	90%	85%	80%	75%	70%	65%	50%	50%
2	96%	91%	86%	81%	76%	71%	66%	61%	46%	46%
3	93%	88%	83%	78%	73%	68%	63%	58%	43%	43%
4	89%	84%	79%	74%	69%	64%	59%	54%	39%	39%
5	85%	80%	75%	70%	65%	60%	55%	50%	35%	35%
6	81%	76%	71%	66%	61%	56%	51%	46%	31%	31%
7	78%	73%	68%	63%	58%	53%	48%	43%	28%	28%
8	74%	69%	64%	59%	54%	49%	44%	39%	24%	24%
9	70%	65%	60%	55%	50%	45%	40%	35%	20%	20%
10	66%	61%	56%	51%	46%	41%	36%	31%	16%	16%
11	63%	58%	53%	48%	43%	38%	33%	0%	0%	0%
12	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%
13	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%
14	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%
15	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%

ROBERT L. LONG
PRESIDENT AND CHIEF EXECUTIVE OFFICER

August 20, 2004

Dear _____:

Transocean Inc. (the "Company") hereby grants to you effective as of July 8, 2004 the opportunity to receive up to a maximum of _____ restricted shares ("Contingent Restricted Shares") of the ordinary shares, par value US \$0.01 per share, of the Company ("Ordinary Shares") in accordance with the Transocean Inc. Long-Term Incentive Plan (the "Plan"). The exact amount of your award will be determined during the first half of 2006 (with the actual date referred to as the "Determination Date"). Please refer to the attached Appendix 1, Terms and Conditions of Employee Contingent Restricted Ordinary Share Award, for further details.

Normal vesting of the shares earned (if any) is indicated below ("Vesting Schedule"), excepting events as defined in the attached Appendix 1:

VESTING DATE	PERCENTAGE OF SHARES VESTING
-----	-----
Determination Date	33-1/3%
January 1, 2007	33-1/3%
January 1, 2008	33-1/3%

Your Contingent Restricted Shares are subject to the terms and conditions set forth in the enclosed Plan, the Prospectus for the Plan, any additional terms and conditions set forth in the attached Appendix 1 and any rules and regulations adopted by the Board of Directors.

This award letter and the attachments contain the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

Congratulations on your award.

Very truly yours,

Robert L. Long
Enclosures

(713)232-7001 FAX

(713)232-7619 OFFICE

blong@houston.deepwater.com

APPENDIX 1
TO AWARD LETTER

TERMS AND CONDITIONS OF
EMPLOYEE CONTINGENT RESTRICTED ORDINARY SHARE AWARD
JULY 8, 2004 (THE "GRANT DATE")

The contingent award by Transocean Inc. (the "Company") to you effective as of the Grant Date for the opportunity to, if certain conditions are met, receive Restricted ordinary shares, par value US \$0.01 per share, of the Company ("Restricted Shares") is subject to the terms and conditions set forth in the Transocean Inc. Long-Term Incentive Plan (the "Plan"), the enclosed Prospectus for the Plan, any rules and regulations adopted by the Executive Compensation Committee of the Board of Directors (the "Committee"), and any additional terms and conditions set forth in this Appendix 1 (which includes Exhibit A attached hereto) which form a part of the attached award letter to you ("Award Letter"). Any terms used and not defined in the Award Letter have the meanings set forth in the Plan. In the event there is an inconsistency between the terms of the Plan and the Award Letter, the terms of the Plan will control.

1. DETERMINATION OF EARNED SHARES

(a) EARNED SHARES

The exact number of Restricted Shares that will actually be earned by and granted to you and subject to the vesting described herein (the "Earned Shares") out of the total maximum number of Restricted Shares described in the Award Letter (the "Total Potential Grant") will be based upon the achievement by the Company of the two performance standards described below over the two-year period of calendar years 2004 and 2005 (the "Performance Cycle"). The determination by the Committee with respect to the achievement of such performance standards will be made in the first half of 2006 after all necessary Company and peer information is available. The specific date on which such determination is formally made and approved by the Committee is referred to as the "Determination Date". After the Determination Date, the Company will notify you of the number of Earned Shares, if any, to be actually granted to you and the number of shares that vest on each vesting date.

The performance standards and the amount of shares out of the Total Potential Grant which may be earned are as follows:

- (i) One half of the Total Potential Grant shall be subject to potential award as Earned Shares based upon the Company's performance with respect to unleveraged (i.e., excluding the effects of debt and interest) after-tax Cash Flow Return on Capital ("CFROC") compared against a peer group; and
- (ii) One half of the Total Potential Grant shall be subject to potential award as Earned Shares based on the Company's performance on total shareholder return ("TSR") compared against a peer group.

TODCO, a publicly traded drilling company in which the Company currently owns a majority interest, is excluded from the CFROC calculation. More detailed definitions and the methodology for calculating the Earned Shares are set forth in Exhibit A.

(b) COMMITTEE DETERMINATIONS

The Committee shall have absolute discretion to determine the number of Earned Shares to which you are entitled, if any, including without limitation such adjustments as may be necessary in the opinion of the Committee to account for changes since the date of the Award Letter. The Committee's determination shall be final, conclusive and binding upon you. You shall not have any right or claim with respect to any shares other than Earned Shares to which you become entitled in accordance herewith.

2. VESTING

- (a) Unless vested on an earlier date as provided in this Appendix 1, the Earned Shares will vest in installments as set forth in the Vesting Schedule in your Award Letter.
- (b) In certain circumstances more particularly described in Sections 5 and 7 below, your Earned Shares may vest before these dates. In addition, the Committee may accelerate the vesting of all or a portion of your Earned Shares at any time in its discretion.
- (c) You do not need to pay any purchase price for the Earned Shares.

3. RESTRICTIONS

Until and unless Earned Shares are granted to you, you do not own any of the Ordinary Shares potentially subject to this contingent award and may not attempt to sell, transfer, assign or pledge any such Ordinary Shares. Your Earned Shares, if any, will be registered in your name as of the Determination Date. The unvested portion of the Earned Shares will be held by the Company on your behalf until such Shares vest and may not be transferred, sold, assigned or pledged in any manner prior to vesting. You will be required to open a brokerage account with Charles Schwab & Co., Inc. ("Schwab"), or such other broker as the Company reserves the right to designate, prior to taking possession of any earned shares. Promptly after the Earned Shares vest, the net shares (total vested Earned Shares minus any Earned Shares retained to satisfy the tax withholding obligation of the Company, as described in Section 8), will be delivered in street name to your Schwab brokerage account (or, in the event of your death, to a Schwab brokerage account in the name of your beneficiary under the Plan or to such other brokerage account with another broker retained by the Company if Schwab is no longer retained by the Company) or, at the Company's option, a certificate for such shares will be delivered to you. There will be some delay between the date of vesting and the date your shares become available to you due to administrative reasons. Your vested Earned Shares will no longer be Restricted Shares.

4. DIVIDENDS AND VOTING

After the Determination Date, all cash dividends (if any) payable with respect to your Earned Shares, if any, will be paid directly to you at the same time dividends are paid with respect to all other Ordinary Shares of the Company. Also, after the Determination Date, you will have the right to vote your Earned Shares.

5. TERMINATION OF EMPLOYMENT

(a) TERMINATION ON OR AFTER THE END OF THE PERFORMANCE CYCLE

The terms set out in subsections (i)-(iv) of this Section 5(a) shall apply to the obtainment and vesting of Earned Shares in the event of your death, disability, retirement or other termination of employment on or after the last calendar day of the Performance Cycle. Subsections (i)-(iv) of this Section 5(a) shall not apply if any such event occurs prior to the last day of the Performance Cycle, in which case Section 5(b) shall apply.

(i) DEATH OR DISABILITY. If your employment is terminated by reason of death or disability (as determined by the Committee), the normal determination of Earned Shares shall be made (if not already made) and all of your remaining unvested Earned Shares will vest upon the later of your date of termination due to death or disability and the Determination Date.

(ii) CONVENIENCE OF THE COMPANY. If your employment is terminated for the convenience of the Company (as determined by the Committee), the normal determination of Earned Shares shall be made (if not already made) and all of your unvested Earned Shares will vest upon the later of the date of termination and Determination Date.

(III) RETIREMENT. If your employment is terminated by reason of retirement (as defined below), the normal determination of Earned Shares shall be made (if not already made) and your unvested Earned Shares will vest upon the later of the date of retirement and the Determination Date.

(iv) OTHER TERMINATION OF EMPLOYMENT. If your employment is terminated for any reason other than death, disability, termination for the convenience of the Company or retirement (as these terms are used herein), any of your Earned Shares which have not vested prior to your termination of employment will be forfeited.

(b) TERMINATION PRIOR TO THE END OF THE PERFORMANCE CYCLE

The terms set out in subsections (i)-(iv) below of this Section 5(b) shall apply to the obtainment and vesting of Earned Shares in the event of your death, disability, termination for the convenience of the Company, retirement or other termination of employment prior to the last day of the Performance Cycle.

- (i) DEATH OR DISABILITY. If your employment is terminated by reason of death or disability (as determined by the Committee), you will be entitled to earn a Pro-Rata Share (as defined below) of your Total Potential Grant. All such Earned Shares shall vest on the Determination Date.
- (ii) CONVENIENCE OF THE COMPANY. If your employment is terminated for the convenience of the Company (as determined by the Committee), you will be entitled to earn a Pro-Rata Share of your Total Potential Grant. All such Earned Shares shall vest on the Determination Date.
- (iii) RETIREMENT. If your employment is terminated by reason of retirement (as defined below), you will be entitled to earn a Pro-Rata Share of your Total Potential Grant. All such Earned Shares shall vest on the Determination Date.
- (iv) OTHER TERMINATION OF EMPLOYMENT. If your employment is terminated for any reason other than death, disability, termination for the convenience of the Company or retirement (as defined herein), you will not be entitled to any Earned Shares.

(c) DEFINITION OF RETIREMENT

Retirement is defined for the purpose of this section of Appendix 1 as meeting the "Rule of 70", which requires a minimum age of 55, combined with years of service to total 70 or more. If you retire after the age of 55, yet your age and years of service do not lead to a combined 70, your termination will be treated as "Other Termination of Employment" described above, unless designated by the Committee in its discretion as a termination for the "Convenience of the Company".

(d) DEFINITION OF PRO-RATA SHARE

Pro-Rata Share is determined by multiplying the number of Earned Shares which would have otherwise been earned had your employment not been terminated by a fraction, the numerator of which is the number of calendar days you were employed during the Performance Cycle after the Grant Date and the denominator of which is the total number of calendar days in the Performance Cycle after the Grant Date.

(e) ADJUSTMENTS BY THE COMMITTEE

The Committee may, in its sole discretion, exercised before or after your termination of employment, accelerate the vesting of all or any portion of your Earned Shares.

(f) COMMITTEE DETERMINATIONS

The Committee shall have absolute discretion to determine the date and circumstances of termination of your employment, including without limitation whether as a result of death, disability, convenience of the Company, retirement or any other reason, and its determination shall be final, conclusive and binding upon you.

6. BENEFICIARY

You may designate a beneficiary to receive any Earned Shares that become due to you after your death, and may change your beneficiary from time to time. Beneficiary designations should be filed with the Administrator of the Long-Term Incentive Plan in the Corporate Human Resources Department. If you fail to designate a beneficiary, Earned Shares due to you under the Plan will be issued to the executor or administrator of your estate in the event of your death.

7. CHANGE OF CONTROL

(a) ACCELERATION OF VESTING

If you are employed by the Company on the date of a Change of Control of the Company and the Determination Date has not occurred, you will be entitled to 50% of your Total Potential Grant, with vesting to occur upon the Change of Control of the Company. If you are employed by the Company on the date of a Change of Control and the Determination Date has occurred, all Earned Shares shall vest upon the Change of Control of the Company.

(b) SECTION 280G LIMITATION

Notwithstanding anything in the Award Letter and this Appendix 1 to the contrary, if all or any portion of the benefits provided hereunder, either alone or together with other payments and benefits received or to be received from the Company or any affiliate or successor, would constitute a "parachute payment", as such term is defined in Section 280G(b)(2) of the U.S. Internal Revenue Code of 1986 (the "Code"), and the amount of the parachute payment, reduced by all U.S. federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Code Section 4999, is less than the amount you would receive if you were paid three times your "base amount," as defined in Code Section 280G(b)(3), less one dollar, reduced by all U.S. federal, state and local taxes applicable thereto, then the aggregate of the amounts constituting the parachute payment shall be reduced to an amount that will equal three times your base amount less one dollar, and, to the extent necessary, the award or vesting of Earned Shares shall be reduced by the Committee in order that this limitation not be exceeded; provided, however, that this Section 7(b) shall be superceded in its entirety by (i) any contrary treatment of parachute payments to which you have agreed in writing prior to the Change of Control pursuant to any other plan, program or agreement, or (ii) any more favorable treatment of the excise tax on parachute payments extended to you by the Company or its affiliates pursuant to any other plan, program or agreement.

8. INCOME TAX WITHHOLDING

(a) You should consult the Long-Term Incentive Plan Prospectus for a general summary of the U.S. federal income tax consequences to you from the Restricted Ordinary

Shares based on currently applicable provisions of the Code and related regulations. The summary does not discuss state and local tax laws or the laws of any other jurisdiction, which may differ from U.S. federal tax law. For these reasons, you are urged to consult your own tax advisor regarding the application of the tax laws to your particular situation.

- (b) You must make arrangements satisfactory to the Company to satisfy any applicable U.S. federal, state or local withholding tax liability arising from the vesting of the Earned Shares. You can either make a cash payment to Schwab of the required amount or you can elect to satisfy your withholding obligation by having Schwab retain Ordinary Shares having a value approximately equal to the amount of your withholding obligation from the Earned Shares otherwise deliverable to you upon the vesting of such shares. You may not elect for such withholding to be greater than the minimum statutory withholding tax liability arising from the vesting of the Earned Shares. If, alternatively, you make an election pursuant to Code Section 83(b) to have the value of the Earned Shares included in your gross income prior to their vesting, you may not satisfy your withholding obligations through the sale of Earned Shares, but instead must make a cash payment or such other arrangement satisfactory to the Company to satisfy the minimum statutory withholding tax liability arising from such election, and you must notify the Company that you are making the Code Section 83(b) election no later than the day on which you make the election. If you fail to satisfy your withholding obligation in a time and manner satisfactory to the Company, the Company shall have the right to withhold the required amount from your salary or other amounts payable to you. Further, any dividends on the Earned Shares paid to you pursuant to Section 4 above prior to their vesting will generally be subject to federal, state and local tax withholding, as appropriate, as additional compensation.
- (c) In addition, you must make arrangements satisfactory to the Company to satisfy any applicable withholding tax liability imposed under the laws of any other jurisdiction arising from the Restricted Ordinary Shares. You may not elect to have Schwab withhold Earned Shares having a value in excess of the minimum statutory withholding tax liability. If you fail to satisfy such withholding obligation in a time and manner satisfactory to the Company, the Company shall have the right to withhold the required amount from your salary or other amounts payable to you.

9. RESTRICTIONS ON RESALE

Other than the restrictions referenced in paragraph 3, there are no restrictions imposed by the Plan on the resale of Earned Shares acquired under the Plan. However, under the provisions of the Securities Act of 1933 (the "Securities Act") and the rules and regulations of the Securities and Exchange Commission (the "SEC"), resales of shares acquired under the Plan by certain officers and directors of the Company who may be deemed to be "affiliates" of the Company must be made pursuant to an appropriate effective registration statement filed with the SEC, pursuant to the provisions of Rule 144 issued under the Securities Act, or pursuant to another exemption from registration provided in the Securities Act. At the present time,

the Company does not have a currently effective registration statement pursuant to which such resales may be made by affiliates. These restrictions do not apply to persons who are not affiliates of the Company; provided, however, that all employees are subject to the Company's policies against insider trading, and restrictions on resale may be imposed by the Company from time-to-time as may be necessary under applicable law.

10. EFFECT ON OTHER BENEFITS

Income recognized by you as a result of the grant or vesting of Earned Shares or dividends on your Earned Shares will not be included in the formula for calculating benefits under any of the Company's retirement and disability plans or any other benefit plans.

If you have any questions regarding your contingent award or would like to obtain additional information about the Plan or the Committee, please contact the Company's Director of Compensation and Benefits, Human Resources Department, P. O. Box 2765, Houston, Texas 77252. Your Award Letter and this Appendix 1 contain the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

EXHIBIT "A" TO EMPLOYEE CONTINGENT RESTRICTED ORDINARY SHARE AWARD

A. DEFINITIONS:

1. TOTAL SHAREHOLDER RETURN

Total Shareholder Return ("TSR") through the Performance Cycle is based on the comparison of the closing share price for the thirty (30) business days prior to start of the Performance Period and the average closing share price for the last thirty (30) business days in the Performance Period. The same calculation is conducted for the Company and all the companies in the following group:

GlobalSantaFe	EnSCO
Noble	Diamond
Pride	Rowan
Nabors	Baker Hughes
BJ	Schlumberger
Halliburton	Smith
Weatherford	Tidewater

The companies are then ranked from best to worst in percent improvement/deterioration in share price, adjusted for dividends.

2. CASH FLOW RETURN ON CAPITAL

A calculation of unleveraged (i.e., excluding the effects of debt and interest) after-tax Cash Flow Return on Capital ("CFROC") is determined by taking an average of all quarterly results in the Performance Period. The quarterly calculation is made as follows:

Net Income (loss)

Plus:	Impairment of assets, net of tax
Plus:	Depreciation expense
Plus (Minus):	Interest (income) expense
Plus (Minus):	(Gain) loss on disposal of assets, net of tax
Plus (Minus):	Unusual tax (benefits) expense
Divided by:	Quarterly Weighted Average Tangible Capital

Where Tangible Capital Equals:

Total Equity

Plus:	Debt (Short & Long Term)
Minus:	Cash & cash equivalents (to the extent they are less than or equal to Short Term Debt)
Plus:	Accumulated Depreciation
Minus:	Goodwill

These calculations and the adjustments indicated above are made on the basis of audited, publicly available data from annual reports and unaudited publicly available data from quarterly reports filed with the Securities and Exchange Commission by Transocean and the other companies. The adjustments are applied so as to "normalize" the measure and ensure the integrity of the ranking process. TODCO, a publicly traded drilling company in which the Company currently owns a majority interest, is excluded from the CFROC calculation.

The calculation is applied and a ranking made from best to worst for the Company and the following group of companies:

GlobalSantaFe	EnSCO
Noble	Diamond
Pride	Rowan
Nabors	Helmerich & Payne
Tidewater	

B. COMMITTEE METHODOLOGY:

Once the calculations and rankings are completed for both TSR and CFROC for the Performance Period, the number of shares that may become earned is determined. In particular, a #1 ranking for both TSR and CFROC would result in a determination that all shares may become earned. A ranking at or below 8th and 11th for CFROC and TSR, respectively, would result in a determination that no shares become earned. Share determination percentages for rankings between these boundaries are made in accordance with the payout grid attached hereto.

C. EXAMPLE

Employee Award:	600 shares (Maximum Award)
Performance Period:	01/01/04 - 12/31/05
Determination Date:	04/15/06
TSR Ranking:	5th of 15
CFROC Ranking:	2nd of 10
Earned Percentage:	80%
Earned Shares:	480
Vesting Schedule:	
	160 shares on Determination Date
	160 shares on 01/01/07
	160 shares on 01/01/08

NOTE: THE COMMITTEE MAY IN ITS SOLE DISCRETION INTERPRET THE FORMULA AND REVISE THE MAKEUP OF THE COMPANY GROUP(S) OR MODIFY THE TSR OR CFROC CALCULATIONS OR APPLICATION IN RESPONSE TO MERGER ACTIVITY AMONGST COMPANIES OR OTHER EVENTS ACTUALLY OR POTENTIALLY AFFECTING THE PERFORMANCE MEASURE(S). THE COMMITTEE'S DETERMINATION WILL BE FINAL AND BINDING.

PAYOUT GRID FOR CONTINGENT SHARES BASED ON TSR /
CFROC PERFORMANCE MEASURES

TSR	CFROC									
	1	2	3	4	5	6	7	8	9	10
1	100%	95%	90%	85%	80%	75%	70%	65%	50%	50%
2	96%	91%	86%	81%	76%	71%	66%	61%	46%	46%
3	93%	88%	83%	78%	73%	68%	63%	58%	43%	43%
4	89%	84%	79%	74%	69%	64%	59%	54%	39%	39%
5	85%	80%	75%	70%	65%	60%	55%	50%	35%	35%
6	81%	76%	71%	66%	61%	56%	51%	46%	31%	31%
7	78%	73%	68%	63%	58%	53%	48%	43%	28%	28%
8	74%	69%	64%	59%	54%	49%	44%	39%	24%	24%
9	70%	65%	60%	55%	50%	45%	40%	35%	20%	20%
10	66%	61%	56%	51%	46%	41%	36%	31%	16%	16%
11	63%	58%	53%	48%	43%	38%	33%	0%	0%	0%
12	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%
13	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%
14	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%
15	50%	45%	40%	35%	30%	25%	20%	0%	0%	0%

ROBERT L. LONG
PRESIDENT AND CHIEF EXECUTIVE OFFICER

September 27, 2004

Dear _____:

Transocean Inc. (the "Company") hereby grants to you effective as of May 13, 2004 (the "Award Date") deferred units ("Deferred Units") representing a total of 2,282 ordinary shares, par value US \$0.01 per share, of the Company ("Ordinary Shares") in accordance with the Long-Term Incentive Plan of Transocean Inc. (the "Plan"). Please refer to the attached Appendix A, Terms and Conditions of Director Deferred Unit Award for further details.

Unless otherwise provided in the attached Appendix A, your Deferred Unit award will vest in three (3) annual installments, as follows:

Number
of
Deferred
Period
Beginning
Units
Vesting

-- May
13, 2005
760 May
13, 2006
761 May
13, 2007
761

Notwithstanding the foregoing, the certificate for the number of Ordinary Shares to which your vested Deferred Units relate will not be delivered to you until you cease to be a Director of the Company.

Your Deferred Unit award is subject to the terms and conditions set forth in the enclosed Plan, the Prospectus for the Plan, any additional terms and conditions set forth in the attached Appendix A and any rules and regulations adopted by the Board of Directors.

This award letter and the attachments contain the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

Sincerely,

Robert L. Long
Enclosures

(713) 232-7028 fax (713) 232-7619 OFFICE blong@houston.deepwater.com

APPENDIX A
TO AWARD LETTER
DATED
MAY 13, 2004

TERMS AND CONDITIONS OF
DIRECTOR DEFERRED UNIT AWARD

The deferred units ("Deferred Units") granted to you effective as of the Award Date by Transocean Inc. (the "Company") representing a specified number of ordinary shares, par value US \$0.01 per share, of the Company ("Ordinary Shares"), are subject to the terms and conditions set forth in the Long-Term Incentive Plan of Transocean Inc. (the "Plan"), the enclosed Prospectus for the Plan, any rules and regulations adopted by the Company's Board of Directors (the "Board"), and any additional terms and conditions set forth in this Appendix A which forms a part of the attached award letter to you ("Award Letter"). Any terms used and not defined in the Award Letter have the meanings set forth in the Plan. In the event there is an inconsistency between the terms of the Plan and the Award Letter, the terms of the Plan will control.

1. VESTING OF DEFERRED UNITS

- (a) Unless vested on an earlier date as provided in this Appendix A, the Deferred Unit award granted pursuant to your Award Letter will vest on each vesting date as set forth in your Award Letter.
- (b) In certain circumstances described in paragraphs 3 and 4 below, your Deferred Units may vest before a vesting date.

2. RESTRICTIONS ON THE DEFERRED UNITS

Upon your termination of service as a Director of the Company, stock certificates for the number of Ordinary Shares equal to the number of vested Deferred Units will be delivered to you (or, in the event of your death, to your beneficiary under the Plan) as soon as practicable. During the period of time between the Award Date and the date on which you receive a distribution of the Ordinary Shares related to the Deferred Units awarded hereunder, your award of Deferred Units will be evidenced by credit to a book entry account. Until delivery of such Ordinary Shares, you may not sell, transfer, assign or pledge the Ordinary Shares subject to your Deferred Unit award.

3. TERMINATION OF SERVICE

- (a) GENERAL. The following rules apply to the vesting of your Deferred Units in the event of your termination of service as a Director of the Company.

- (i) DEATH OR DISABILITY. If your service is terminated by reason of death or disability (as determined by the Board), all of your Deferred Units will immediately vest.
 - (ii) RETIREMENT. If your service as a Director is terminated due to retirement in accordance with the retirement policy for members of the Board, all of your Deferred Units will immediately vest.
 - (iii) OTHER TERMINATION OF SERVICE. If your service terminates for any reason other than those provided in clauses (i) or (ii) above, any of your Deferred Units which have not vested prior to your termination of service will be forfeited.
- (b) BOARD DETERMINATIONS. The Board shall have absolute discretion to determine the date and circumstances of termination of your service, including without limitation whether as a result of death, disability, retirement or any other reason, and its determination shall be final, conclusive and binding upon you.

4. CHANGE OF CONTROL

Notwithstanding the provisions of paragraphs 1 and 3, all of your Deferred Units will vest immediately upon a Change of Control of the Company.

5. DIVIDEND CREDITS

In the event that dividends are paid with respect to Ordinary Shares, you will be entitled to receive a cash payment equal to the amount of the dividend paid per Ordinary Share as of such dividend payment date multiplied by the number of Deferred Units credited to your account immediately prior to such dividend payment date, with such amount to be payable to you as soon as practicable after the date on which dividends are paid with respect to all other Ordinary Shares of the Company. Also, you will have the right to vote with each vested Deferred Unit equal to one Ordinary Share.

6. INCOME TAX WITHHOLDING

- (a) You should consult the Plan Prospectus for a general summary of the U.S. federal income tax consequences to you of your Deferred Units based on currently applicable provisions of the Internal Revenue Code and related regulations. The summary does not discuss state and local tax laws or the laws of any other jurisdiction, which may differ from U.S. federal tax law. For these reasons, you are urged to consult your own tax advisor regarding the application of the tax laws to your particular situation.
- (b) You must make arrangements satisfactory to the Company to satisfy any applicable U.S. federal, state or local withholding tax liability arising from the grant or vesting of your Deferred Units. You can either make a cash payment to the Company of the required amount or you can elect to satisfy your withholding obligation by having the Company retain Ordinary Shares having a value

approximately equal to the amount of your minimum statutory withholding obligation from the shares otherwise deliverable to you upon your termination of service. If you fail to satisfy your withholding obligation in a time and manner satisfactory to the Company, the Company shall have the right to withhold the required amounts payable to you. Further, any dividends on the Deferred Units paid to you pursuant to Section 5 above will generally be subject to federal, state and local tax withholding, as appropriate, as additional compensation.

7. ADJUSTMENTS

As provided in Section 6.2 of the Plan, certain adjustments may be made to your Deferred Units upon the occurrence of events or circumstances described in Section 6.2 of the Plan.

8. RESTRICTIONS ON RESALE

Other than the restrictions referenced in paragraph 2, there are no restrictions imposed by the Plan on the resale of Ordinary Shares acquired under the Plan. However, under the provisions of the Securities Act of 1933 (the "Securities Act") and the rules and regulations of the Securities and Exchange Commission (the "SEC"), resales of Ordinary Shares acquired under the Plan by certain Directors of the Company who may be deemed to be "affiliates" of the Company must be made pursuant to an appropriate effective registration statement filed with the SEC, pursuant to the provisions of Rule 144 issued under the Securities Act, or pursuant to another exemption from registration provided in the Securities Act. The Company has filed an effective registration statement with the SEC. There are no restrictions imposed by the SEC of Common Stock acquired under the Plan by persons who are not affiliates of the Company.

9. SHAREHOLDER RIGHTS

You (or your beneficiary) will have no rights as a shareholder with respect to the Ordinary Shares represented by your Deferred Units unless and until all the terms, conditions and provisions of this Appendix A, the Award Letter and the Plan which affect you or such other person have been complied with as specified therein, and certificates evidencing such shares are delivered to you (or your beneficiary) pursuant to paragraph 2 hereof.

10. GOVERNING LAW

This Appendix A, the Award Letter and the Plan will be governed by, and construed in accordance with, the laws of the State of Texas.

If you have any questions regarding your Deferred Unit award or would like to obtain additional information about the Plan, please contact the Company's General Counsel, Transocean Inc., 4 Greenway Plaza, Houston, Texas 77046 (telephone (713) 232-7608). Your Award Letter and this Appendix A contain the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

PERFORMANCE AWARD AND CASH BONUS PLAN OF
TRANSOCEAN INC.

Amended and restated as of January 1, 2000*, and as further amended to reflect change of name on May 9, 2002

I. GENERAL

1.1 PURPOSE OF THE PLAN

The Performance Award and Cash Bonus Plan (the "Plan") of Transocean Inc., a Cayman Islands exempt company limited by shares (the "Company"), is intended to advance the best interests of the Company and its subsidiaries by providing employees with additional incentives through the grant of cash awards based on the performance of the employee or the Company, thereby increasing the personal stake of such employees in the continued success and growth of the Company and encouraging them to remain in the employ of the Company.

1.2 ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Executive Compensation Committee or other designated committee (the "Committee") of the Board of Directors of the Company (the "Board of Directors") which shall consist of at least three Directors who are not eligible to participate in the Plan. The Committee shall have authority to interpret conclusively the provisions of the Plan, to adopt such rules and regulations for carrying out the Plan as it may deem advisable, to decide conclusively all questions of fact arising in the application of the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. All decisions and acts of the Committee shall be final and binding upon all affected Plan participants.

(b) The Committee shall designate the eligible employees, if any, to be granted awards under the Plan and the type and amount of such awards and the time when awards will be granted. All awards granted under the Plan shall be on the terms and subject to the conditions hereinafter provided.

1.3 ELIGIBLE PARTICIPANTS

Employees, including officers of the Company and its subsidiaries, and of partnerships or joint ventures in which the Company and its subsidiaries have a

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*Amended solely to change the name of the Company and to reflect changes necessitated by the reorganization of the Company as a Cayman Islands corporation in May 1999.

significant interest as determined by the Committee (all of such subsidiaries, partnerships and joint ventures being referred to as "Subsidiaries") shall be eligible to participate in the Plan. Directors who are not employees of the Company or its Subsidiaries shall not be eligible to participate in the Plan.

1.4 AWARDS UNDER THE PLAN

Awards under the Plan may be in the form of (i) performance awards pursuant to Article II ("Performance Awards"), or (ii) cash bonuses and awards pursuant to Article III.

1.5 OTHER COMPENSATION PROGRAMS

The existence and terms of the Plan shall not limit the authority of the Board of Directors in compensating employees of the Company and its Subsidiaries in such other forms and amounts, including compensation pursuant to any other plans as may be currently in effect or adopted in the future, as it may determine from time to time.

II. PERFORMANCE AWARDS

2.1 TERMS AND CONDITIONS OF AWARDS

Subject to the following provisions, Performance Awards expressed as an amount of cash may be granted by the Committee in such form and upon such terms and conditions as the Committee, in its discretion, may from time to time determine. Each grant of a Performance Award shall specify the amount and nature of the Performance Award to be received by the employee subject to satisfaction of specified "Performance Objectives" within a specified "Performance Period."

(a) Performance Period. The Performance Period with respect to each Performance Award shall be the period of time within which the Performance Objectives relating to that award are to be achieved. The Committee shall determine the length of the Performance Period.

(b) Performance Objectives. Performance Awards shall be deemed to have been earned by an employee based upon achievement of Performance Objectives specified by the Committee at the time of grant. Such Performance Objectives may be described in terms of Company-wide objectives or of objectives which are related to performance of the employee or of the Subsidiary, division, department or function within the Company in which the employee is employed. Performance Objectives relating to any particular grant of a Performance Award need not be the same as those relating to any other grant, whether made at the same or a different time. The Committee may specify in connection with each grant of a Performance

Award a minimum acceptable level of achievement of the relevant Performance Objectives (the "Minimum"). If during the Performance Period relating to any Performance Award events or transactions occur which, in the sole judgment of the Committee, cause the Performance Objectives or Minimum relating to such Performance Award to be an inappropriate measure of the achievement of the employee, the Committee may adjust such Performance Objectives or Minimum.

(c) Earning of Award. The Committee shall, promptly after the date on which the necessary financial or other information for a particular Performance Period becomes available, determine the extent to which the Performance Award to which such Performance Period relates has been earned by the employee through achievement of the relevant Performance Objectives. If the Performance Objectives have been attained or exceeded, the employee shall be deemed to have earned such Performance Award in full. If the Performance Objectives have not been attained but the relevant Minimum, if any, has been attained or exceeded, the percentage of the Performance Award deemed to have been earned by the employee shall be determined in accordance with a formula prescribed by the Committee at the time such Performance Award was granted. If the Minimum has not been attained, the employee shall be deemed not to have earned the Performance Award. If a Performance Award is granted at any time after the first day of a Performance Period, the amount of such Award shall be the amount determined pursuant to this paragraph multiplied by a fraction, the numerator of which is the number of months during the Performance Period during which such grant was in effect, and the denominator of which is the total number of months in the Performance Period.

(d) Termination of Employment. If an employee's employment has terminated because of death, disability (as determined by the Committee) or retirement (under a retirement program of the Company or one of its Subsidiaries or otherwise as determined by the Committee) prior to the end of the Performance Period, the extent to which a Performance Award shall be deemed to have been earned shall be determined by multiplying the amount of the Performance Award which would have been earned had the employee's employment not been terminated by a fraction, the numerator of which is the number of full calendar months such employee was employed during the Performance Period and the denominator of which is the total number of full calendar months in the Performance Period. If the employee's employment terminates for any reason other than as described in the preceding sentence, the employee shall be deemed not to have earned the Performance Award or any part thereof unless the Committee determines otherwise in its sole discretion (in which event the extent to which the Performance Award shall be deemed to have been earned shall not exceed the amount determined pursuant to the preceding sentence).

(e) Distributions. A Performance Award, to the extent that it has been earned, shall be distributed in cash, and may be paid in a lump sum, in installments, as deferred compensation or in any combination thereof as may be determined by the Committee in its sole discretion.

(f) Change of Control. Notwithstanding any other provision of this Section 2.1 or contained in any Performance Award granted hereunder, upon the occurrence of a Change of Control (as defined in Section 4.7), a Participant shall be deemed to have fully attained all Performance Objectives contained in his outstanding Performance Awards and the extent to which a Performance Award shall be deemed to have been earned shall be determined by multiplying the maximum amount of the Performance Award which could have been earned assuming full attainment of all Performance Objectives by a fraction, the numerator of which is the number of full calendar months in the Performance Period prior to the Change of Control (disregarding any months in the Performance Period prior to the effectiveness of the grant of the Performance Award) and the denominator of which is the total number of full calendar months in the Performance Period. If the Participant remains in the employ of the Company or its Subsidiaries following the Change of Control, he shall be entitled to receive any additional portion of the Performance Award which is earned (as determined in accordance with Section 2.1(c)) during the portion of the Performance Period occurring after the Change of Control. Notwithstanding the provision of Section 2.1(b), following a Change of Control the Committee shall not adjust the Performance Objectives or Minimum or other terms specified in a Performance Award in effect immediately prior to the Change of Control in a manner adverse to the Participant.

III. CASH BONUSES AND AWARDS

3.1 CASH BONUSES AND AWARDS

The Committee, from time to time, may grant cash bonuses and other cash awards. The Committee may also delegate the authority to grant cash bonuses and awards in accordance with policies adopted by the Committee. All bonuses and awards granted under this Section 3.1 shall be subject to such terms and conditions, including deferred payment, as the Committee, in its discretion, may determine from time to time.

IV. ADDITIONAL PROVISIONS

4.1 AMENDMENTS

(a) The Board of Directors may, in its sole discretion, discontinue the Plan at any time, or amend it from time to time.

(b) The Committee shall have the authority to amend any grant to include any provision which, at the time of such amendment, is authorized under the terms of the Plan; however, no outstanding award may be revoked or altered in a manner unfavorable to the holder without the written consent of the holder.

4.2 CANCELLATION OF AWARDS

Any award granted under the Plan may be canceled at any time with the consent of the holder and a new award may be granted to such holder in lieu thereof, which award may, in the discretion of the Committee, be on more favorable terms and conditions than the canceled award.

4.3 WITHHOLDING

Payments under the Plan shall be net of an amount sufficient to satisfy any federal, state or local withholding tax liability.

4.4 NON-ASSIGNABILITY

No award under the Plan shall be assignable or transferable by the holder thereof except by will or by the laws of descent and distribution.

4.5 NON-UNIFORM DETERMINATIONS

Determinations by the Committee under the Plan (including, without limitation, determinations of the persons to receive awards; the form, amount and timing of such awards; the terms and provisions of such awards and the agreements evidencing same; and determinations with respect to terminations of employment) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, awards under the Plan, whether or not such persons are similarly situated.

4.6 NO GUARANTEE OF EMPLOYMENT

The grant of an award under the Plan shall not constitute an assurance of continued employment for any period.

4.7 CHANGE OF CONTROL

A "Change of Control" means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding ordinary shares of the Company (the "Outstanding Company Ordinary Shares") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of

Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation or other entity controlled by the Company or (iv) any acquisition by any corporation or other entity pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 6.10; or

(b) Individuals who, as of the date hereof, constitute the Board of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of the Company; provided, however, that for purposes of this Section 6.10 any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of the Company; or

(c) Consummation of a scheme of arrangement, reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding ordinary shares or shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Business Combination (including, without limitation, a corporation or other entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation or other entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation or other entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding ordinary shares or shares of common stock of the corporation or other entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation or other entity except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the action of the Board of the Company providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

4.8 EFFECTIVE DATE

The Plan became effective as of June 1, 1993, was amended and restated effective January 1, 2000 and was further amended on May 9, 2002.

TRANSOCEAN INC.

By: /s/ Eric B. Brown

Eric B. Brown
Corporate Secretary