

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): July 27, 2004

TRANSOCEAN INC.

(Exact name of registrant as specified in its charter)

CAYMAN ISLANDS
(State or other jurisdiction of
incorporation or organization)

333-75899
(Commission
File Number)

66-0587307
(I.R.S. Employer
Identification No.)

4 GREENWAY PLAZA
HOUSTON, TEXAS
(Address of principal executive offices)

77046
(Zip Code)

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

ITEM 12. Results of Operations and Financial Condition.

Our press release dated July 27, 2004, concerning second quarter 2004 financial results, furnished as Exhibit 99.1 to this report, is incorporated by reference herein. The press release contains certain measures (discussed below) which may be deemed "non-GAAP financial measures" as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended.

In the attached press release, we discuss net income, after adjustment for the sale of the semisubmersible rig Sedco 602, on a total and per share basis for the quarter ended June 30, 2004. We also discuss net loss, after adjustment for early retirement of debt, asset impairment charges and the favorable resolution of an existing tax liability, on a total and per share basis for the quarter ended June 30, 2003. In addition, we discuss net income, after adjustment for the sale of the semisubmersible rig Sedco 602, the early retirement of debt and TODCO initial public offering (IPO)-related items, on a total and per share basis for the six months ended June 30, 2004. We also discuss net income, after adjustment for the impact of early retirement of debt, asset impairment charges and the favorable resolution of an existing tax liability, on a total and per share basis for the six months ended June 30, 2003. This information is provided because management believes exclusion of these items will help investors compare results between periods and identify operating trends that could otherwise be masked by these items. The most directly comparable GAAP financial measure, net income (loss), and information reconciling the GAAP and non-GAAP measures are included in the press release.

In the press release, we also discuss field operating income for each of our business segments for the quarters ended June 30, 2003 and 2004. Management believes field operating income is a useful measure of the operating results of a particular segment since the measure only deducts expenses directly related to a segment's operations from that segment's revenues. The most directly comparable GAAP financial measure, operating income before general and administrative expenses, and information reconciling the GAAP and non-GAAP measures are included in the press release.

In the press release, we also discuss net debt at June 30, 2004 and at December 31, 2003. This information is provided because management believes net debt provides useful information regarding the level of our indebtedness by reflecting the amount of indebtedness assuming cash and investments were used to repay debt. The most directly comparable GAAP financial measure, total debt, and the information reconciling the GAAP and the non-GAAP measures are included in the press release.

The information furnished pursuant to this Item 12, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, nor will it be incorporated by reference into any registration statement filed by Transocean Inc. under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by Transocean Inc. that the information in this report is material or complete,

or that investors should consider this information before making an investment decision with respect to any security 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: July 27, 2004

By: /s/ Gregory L. Cauthen

Gregory L. Cauthen
Senior Vice President
and Chief Financial Officer

INDEX TO EXHIBITS

The following exhibit is furnished pursuant to Item 12:

| Exhibit Number | Description |
|-------------------------|--|
| ----- ----- ----- | |
| 99.1 | Transocean Inc. Press Release Reporting Second Quarter 2004 Financial Results. |

(TRANSOCEAN LOGO)

TRANSOCEAN INC.
 Post Office Box 2765
 Houston TX 77252 2765

ANALYST CONTACT: Jeffrey L. Chastain
 713 232 7551
 MEDIA CONTACT: Guy A. Cantwell
 713 232 7647

NEWS RELEASE

FOR RELEASE: July 27, 2004

TRANSOCEAN INC. REPORTS
 SECOND QUARTER 2004 RESULTS

HOUSTON--Transocean Inc. (NYSE: RIG) today reported net income for the three months ended June 30, 2004 of \$48.0 million, or \$0.15 per diluted share, on revenues of \$633.2 million. The results compare to a net loss of \$44.5 million, or \$0.14 per diluted share, on revenues of \$603.9 million for the corresponding three months in 2003. Net income adjusted (1) for the sale of the semisubmersible rig Sedco 602 was \$26.4 million, or \$0.08 per diluted share, for the three months ended June 30, 2004. This compares to a net loss of \$19.7 million, or \$0.06 per diluted share, for the corresponding three months in 2003, after adjustment for early retirement of debt, asset impairment charges and the favorable resolution of an existing tax liability.

For the six months ended June 30, 2004, net income totaled \$70.7 million, or \$0.22 per diluted share, on revenues of \$1,285.2 million, compared to net income of \$2.7 million, or \$0.01 per diluted share, on revenues of \$1,219.9 million for the six months ended June 30, 2003. Net income adjusted for the sale of the semisubmersible rig Sedco 602, the early retirement of debt and TODCO initial public offering (IPO)-related items, was \$75.9 million, or \$0.23 per diluted share, for the six months ended June 30, 2004. For the six months ended June 30, 2003, net income was \$28.5 million, or \$0.09 per diluted share, after adjustment for early retirement of debt, asset impairment charges and the favorable resolution of an existing tax liability.

Transocean Drilling Segment - Revenues for the three months ended June 30, 2004 declined 4% to \$552.5 million, compared to revenues of \$578.2 million during the three months ended March 31, 2004. The decline was due in part to a reduction in integrated services revenue and lower average utilization among the company's High Specification Floaters. The lower utilization was most pronounced in the company's Other Deepwater Floaters where five units experienced fewer days on contract compared to the previous three months in 2004, due chiefly to planned shipyard programs and idle time between contracts. Operating income before general and administrative expense (2) was \$127.2 million and field operating income (2) (defined as revenues less operating and maintenance expenses) was \$214.4 million for the three months ended June 30, 2004. Both figures declined relative to levels for the three months ended March 31, 2004 of \$178.2 million and \$245.0 million, respectively, due primarily to lower revenues and, in the case of operating income before general and administrative expenses, the absence of the gain recorded in the first quarter in connection with the TODCO IPO. Average fleet utilization and dayrates for the three months ended June 30, 2004 were 68% and \$89,100, respectively, compared to 69% and \$90,200, respectively, for the three months ended March 31, 2004.

The company also provided an update on the labor strike in Norway and the fire on jackup rig Trident 20, two previously reported events that occurred early in the third quarter of 2004. A labor strike in Norway, which was called on July 1 by one of three unions representing offshore workers in the country, has disrupted operations

on Transocean's active Norwegian fleet, comprised of the semisubmersibles Polar Pioneer, Transocean Leader and Transocean Searcher. The three rigs are expected to complete the process of securing well operations during the week and rig headcounts will be reduced to a minimum safe level. The company has a contract for the semisubmersible rig Transocean Arctic with Statoil which was expected to commence by August 15, 2004, but could now also be affected by the strike. The company cannot currently estimate the possible length of the strike nor its financial impact.

In addition, an engine room fire aboard the jackup rig Trident 20, which occurred on July 3, is now expected to idle the rig for approximately four months. The rig has a three-well contract providing drilling services offshore Turkmenistan. The contract has been suspended by the customer to allow time for rig repairs and the company expects to resume operations upon completion of the repairs. The company is in the process of completing an estimate of the expected costs to repair the rig.

These events, coupled with expected downtime due to rig mobilizations, including the drillship Deepwater Discovery to West Africa, the semisubmersible rigs Jack Bates and Actinia to Australia and India, respectively, and jackup rigs Trident VI and J.T. Angel to Southeast Asia, as well as planned shipyard programs on the semisubmersible rigs Polar Pioneer and Sedco 709, will have a negative impact on revenues and profitability in the third quarter of 2004 relative to revenue and profitability levels in the second quarter of 2004.

While third quarter financial performance will decline for the reasons stated, there are encouraging indications of growing customer interest and an improving offshore drilling environment. This improving level of interest is supported by recent contract signings involving the company's High Specification Floaters, including a two-year contract on the semisubmersible rig P.B. Loyd, Jr. in the UK-sector of the North Sea, an estimated 210-day program for the semisubmersible rig Cajun Express in the U.S. Gulf of Mexico, an estimated 120-day contract for the drillship Deepwater Discovery in West Africa and the reactivation of the semisubmersible rig Sovereign Explorer for an estimated 320-day contract in Trinidad and Venezuela. In addition, customers have recently issued two tenders for deepwater rigs in India and the Black Sea. Although customer interest for High Specification rigs appears to be building, the timing of some drilling programs remains uncertain, leaving some rigs at risk of downtime.

The company's Other Floaters are experiencing relatively stable business conditions, although the sector remains underutilized in most regions. Improving conditions are evident in the North Sea region, where the company currently has contracts in place on four units to work through the traditionally weak winter period, and expects further improvement in the region during 2005. Finally, customer demand for the company's Jackup Rig fleet remains strong, particularly in Southeast Asia and the Middle East. The company plans to mobilize two jackup rigs currently located in West Africa and another jackup rig in India to Southeast Asia during the third quarter of 2004. Two of the three units are expected to begin drilling assignments during the fourth quarter of 2004.

Currently, 60% of the company's remaining fleet days in 2004 are committed to contracts, including 71% of the remaining High Specification Floater fleet days. In 2005, 34% of the fleet days are currently committed to contracts, with 48% of the High Specification Floater fleet committed.

TODCO Segment - Revenues for the three months ended June 30, 2004 totaled \$80.7 million. The segment reported an operating loss before general and administrative expenses (2) of \$9.4 million and field operating income (2) of \$12.6 million for the three months ended June 30, 2004.

Effective Tax Rate -The increase in the company's effective tax rate (3) to 34.7% for the six months ended June 30, 2004 from 27.3% in the first quarter was primarily due to an increase in the tax valuation allowance established at the time of the TODCO IPO (a 2.6 percentage point increase), international tax dispute developments (a one percentage point increase), and changes in the expected amount and geographical concentration of taxable income for the remainder of 2004 (which accounts for the remainder of the increase). The company currently estimates its effective tax rate for the year to be 34.7%. The final effective tax rate for the year could vary significantly from current expectations.

Liquidity - Cash flow from operations totaled \$280.6 million for the six months ended June 30, 2004. Net debt (4) declined 13% to \$2,754.8 million at June 30, 2004 compared to \$3,184.1 million at December 31, 2003.

Conference Call Information

Transocean will conduct a teleconference call at 10:00 a.m. ET on July 27, 2004. To participate, dial 303-275-2170 approximately five to 10 minutes prior to the scheduled start time of the call.

In addition, the conference call will be simultaneously broadcast over the Internet in a listen-only mode and can be accessed by logging onto the company's website at www.deepwater.com and selecting "Investor Relations." It may also be accessed via the Internet at www.CompanyBoardroom.com by typing in the company's New York Stock Exchange trading symbol, "RIG."

A telephonic replay of the conference call should be available after 1:00 p.m. ET on July 27 and can be accessed by dialing 303-590-3000 and referring to the passcode 11002859. Also, a replay will be available through the Internet and can be accessed by visiting either of the above-referenced Worldwide Web addresses.

TODCO, a publicly traded company in which Transocean owns a majority interest, will also conduct a teleconference call at 9:00 a.m. ET on July 27, 2004. To participate, dial 877-692-2086 approximately five to 10 minutes prior to the scheduled start time of the call. TODCO's conference call will be simultaneously broadcast over the Internet in a listen-only mode and can be accessed by logging onto the TODCO website at www.theoffshoredrillingcompany.com. For more information, see TODCO's website.

Monthly Fleet Update Information

Drilling rig status and contract information on Transocean Inc.'s offshore drilling fleet has been condensed into a report titled "Monthly Fleet Update," which is available through the company's website at www.deepwater.com. The report is located in the "Investor Relations/Financial Reports" section of the website. By subscribing to the Transocean Financial Report Alert, you will be immediately notified when new postings are made to this page by an automated e-mail that will provide a link directly to the page that has been updated. Shareholders and other interested parties are invited to sign up for this service.

Forward-Looking Disclaimer

Statements regarding future opportunities and outlook for the company, including the company's Transocean Drilling business segment, involving dayrates, contract duration, rig utilization, drilling activity, contract opportunities, revenues, profitability, the duration and financial impact of a labor strike in Norway, rig mobilizations, the Trident 20 repair time and contract status, the effective tax rate, as well as any other statements that are not historical facts in this release, are forward-looking statements that involve certain risks, uncertainties and assumptions. These include but are not limited to operating hazards and delays, risks associated with international operations, effect of strike and other labor relations issues, effect of fire, future financial results, actions by customers and other third parties, the future price of oil and gas and other factors detailed in the company's most recent Form 10-K and other filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated.

Transocean Inc. is the world's largest offshore drilling contractor with a fleet of 95 mobile offshore drilling units, excluding the 70-rig fleet of TODCO, a publicly traded drilling company in which Transocean Inc. owns a majority interest. The company's mobile offshore drilling fleet, consisting of a large number of high-specification deepwater and harsh environment drilling units, is considered one of the most modern and versatile in the world due to its emphasis on technically demanding segments of the offshore drilling business. The company's fleet consists of 32 High-Specification Floaters (semisubmersibles and drillships), 25 Other Floaters, 26 Jackup Rigs and other assets utilized in the support of offshore drilling activities worldwide. With a current equity market

capitalization in excess of \$8 billion, Transocean Inc.'s ordinary shares are traded on the New York Stock Exchange under the symbol "RIG."

###

04-26

(1) Net income adjusted for certain items, a non-GAAP measure, is computed by subtracting from or adding to net income, a GAAP measure, items that occurred during the three months ended June 30, 2004 and are considered by management to be outside the normal course of operations. A reconciliation for the periods reported may be found in the accompanying schedule titled Non-GAAP Financial Measures and Reconciliations - Adjusted Net Income and Diluted Earnings Per Share.

(2) For a reconciliation of segment operating income before general and administrative expense to field operating income, see the accompanying schedule titled Non-GAAP Financial Measures and Reconciliations - Operating Income (Loss) Before General and Administrative Expense to Field Operating Income (Loss) by Segment.

(3) For the analysis of the effective tax rate, see the accompanying schedule titled Effective Tax Rate Analysis.

(4) Net Debt is a non-GAAP measure defined as total debt less cash and cash equivalents.

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

| Three Months Ended Six Months Ended June 30, June 30, ----- ----- ----- ----- ----- | 2004 2003 2004 2003 --- ----- ----- ----- |
|---|---|
| Operating Revenues | |
| Contract drilling revenues \$ | |
| 584.9 \$ 574.7 | |
| \$ 1,162.2 Other revenues | |
| 29.2 102.8 | |
| 57.7 633.2 | |
| 603.9 1,285.2 | |
| 1,219.9 Costs and Expenses | |
| Operating and maintenance | |
| 406.2 426.5 | |
| 818.6 800.6 | |
| Depreciation | |
| 133.0 127.5 | |
| 264.5 254.3 | |
| General and administrative | |
| 14.0 14.9 | |
| 29.1 28.8 | |
| Impairment loss on long-lived assets | |
| -- 15.8 -- | |
| 16.8 Gain from sale of assets, net | |
| (23.8) (0.6) | |
| (27.6) (2.0) | |
| Gain from TODCO initial public offering | |
| -- - (39.4) -- | |
| 529.4 584.1 | |
| 1,045.2 | |
| 1,098.5 | |
| Operating Income | |
| 103.8 | |
| 19.8 240.0 | |
| 121.4 Other Income | |
| (Expense), net Equity in earnings of joint ventures | |
| 3.7 | |
| 1.8 6.0 5.4 | |
| Interest income | |
| 1.9 | |
| 5.8 4.0 12.7 | |
| Interest expense | |

| | |
|---------|----------------|
| (42.6) | (52.8) |
| (90.0) | |
| (105.4) | Loss |
| | on retirement |
| | of debt -- |
| (15.7) | (28.1) |
| (15.7) | |
| | Impairment |
| | loss on note |
| | receivable |
| | from related |
| | party -- |
| (21.3) | -- |
| (21.3) | Other, |
| | net (1.1) |
| (2.7) | 0.3 |
| (3.3) | (38.1) |
| (84.9) | |
| (107.8) | |
| (127.6) | |
| | Income (Loss) |
| | Before Income |
| | Taxes and |
| | Minority |
| | Interest 65.7 |
| (65.1) | 132.2 |
| (6.2) | Income |
| | Tax Expense |
| | (Benefit) |
| 19.9 | (20.8) |
| 67.9 | (9.0) |
| | Minority |
| | Interest |
| (2.2) | 0.2 |
| (6.4) | 0.1 Net |
| | Income (Loss) |
| \$ 48.0 | \$ |
| (44.5) | \$ 70.7 |
| \$ 2.7 | |
| | Earnings |
| | (Loss) Per |
| | Share Basic \$ |
| 0.15 | \$ (0.14) |
| \$ 0.22 | \$ 0.01 |
| | Diluted \$ |
| 0.15 | \$ (0.14) |
| \$ 0.22 | \$ 0.01 |
| | Weighted |
| | Average |
| | Shares |
| | Outstanding |
| | Basic 320.8 |
| | 319.8 320.7 |
| | 319.7 Diluted |
| | 324.1 319.8 |
| | 324.2 321.5 |

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

| June 30, December 31, ----- ----- 2004 2003 -- ----- | |
|---|---|
| | (Unaudited) |
| | ASSETS |
| | Cash and Cash Equivalents |
| | \$ 322.1 \$ 474.0 |
| | Accounts Receivable, net Trade |
| | 481.9 435.3 |
| | Other 30.2 |
| | 45.0 |
| | Materials and Supplies, net |
| | 151.9 152.0 |
| | Deferred Income Taxes |
| | 39.2 41.0 |
| | Other Current Assets |
| | 47.2 31.6 |
| | Total Current Assets |
| | 1,072.5 1,178.9 |
| | Property and Equipment |
| | 10,642.3 10,673.0 |
| | Less Accumulated Depreciation |
| | 2,863.5 2,663.4 |
| | Property and Equipment, net |
| | 7,778.8 8,009.6 |
| | Goodwill |
| | 2,232.0 2,230.8 |
| | Investments in and Advances to Joint Ventures |
| | 6.8 5.5 |
| | Deferred Income Taxes, net |
| | 28.2 28.2 |
| | Other Assets |
| | 217.4 209.6 |
| | Total Assets |
| | \$ 11,335.7 \$ 11,662.6 |
| | LIABILITIES AND SHAREHOLDERS' EQUITY |
| | Accounts Payable |
| | \$ 157.3 \$ 146.1 |

| | | |
|---------------|-----------|-------|
| Accrued | | |
| Income Taxes | 54.7 | 57.2 |
| Debt Due | | |
| Within One | | |
| Year | 398.9 | |
| Other | 45.8 | |
| Current | | |
| Liabilities | 260.9 | 262.0 |
| Total | | |
| Current | | |
| Liabilities | 871.8 | 511.1 |
| Long-Term | | |
| Debt | 2,678.0 | |
| | 3,612.3 | |
| Deferred | | |
| Income Taxes | 69.2 | 42.8 |
| Other Long- | | |
| Term | | |
| Liabilities | 310.1 | 299.4 |
| Total Long- | | |
| Term | | |
| Liabilities | 3,057.3 | |
| | 3,954.5 | |
| Commitments | | |
| and | | |
| Contingencies | | |
| Minority | | |
| Interest | 120.8 | 4.4 |
| Preference | | |
| Shares, | | |
| \$0.10 par | | |
| value; | | |
| 50,000,000 | | |
| shares | | |
| authorized, | | |
| none issued | | |
| and | | |
| outstanding | -- | -- |
| Ordinary | | |
| Shares, | | |
| \$0.01 par | | |
| value; | | |
| 800,000,000 | | |
| shares | | |
| authorized, | | |
| 320,819,763 | | |
| and | | |
| 319,926,500 | | |
| shares | | |
| issued and | | |
| outstanding | | |
| at June 30, | | |
| 2004 and | | |
| December 31, | | |
| 2003, | | |
| respectively | 3.2 | 3.2 |
| Additional | | |
| Paid-in | | |
| Capital | 10,666.1 | |
| | 10,643.8 | |
| Accumulated | | |
| Other | | |
| Comprehensive | | |
| Loss | (20.0) | |
| | (20.2) | |
| Retained | | |
| Deficit | (3,363.5) | |
| | (3,434.2) | |
| Total | | |
| Shareholders' | | |

Equity

7,285.8

7,192.6

Total

Liabilities

and

Shareholders'

Equity \$

11,335.7 \$

11,662.6

TRANSOCEAN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

Three Months Ended
Six Months Ended
June 30, June 30,

----- 2004 2003
2004 2003 -----

----- CASH FLOWS

| | | | |
|---------------------|-------|-------|-------|
| FROM OPERATING | | | |
| ACTIVITIES Net | | | |
| income (loss) \$ | | | |
| 48.0 \$ (44.5) \$ | | | |
| 70.7 \$ 2.7 | | | |
| Adjustments to | | | |
| reconcile net | | | |
| income (loss) to | | | |
| net cash provided | | | |
| by operating | | | |
| activities | | | |
| Depreciation | 133.0 | | |
| | 127.5 | 264.5 | 254.3 |
| Deferred income | | | |
| taxes (3.3) (87.1) | | | |
| 28.0 (59.5) Equity | | | |
| in earnings of | | | |
| joint ventures | | | |
| (3.7) (1.8) (6.0) | | | |
| (5.4) Net (gain) | | | |
| loss from disposal | | | |
| of assets (23.1) | | | |
| 8.5 (25.0) 7.8 | | | |
| Gain from TODCO | | | |
| initial public | | | |
| offering -- -- | | | |
| (39.4) -- Loss on | | | |
| retirement of debt | | | |
| -- 15.7 28.1 15.7 | | | |
| Impairment loss on | | | |
| long-lived assets | | | |
| -- 15.8 -- 16.8 | | | |
| Impairment loss on | | | |
| note receivable | | | |
| from related party | | | |
| -- 21.3 -- 21.3 | | | |
| Amortization of | | | |
| debt-related | | | |
| discounts/premiums, | | | |
| fair value | | | |
| adjustments and | | | |
| issue costs, net | | | |
| (4.9) (6.1) (12.5) | | | |
| (7.9) Deferred | | | |
| income, net 17.4 | | | |
| (8.0) 14.1 (1.6) | | | |
| Deferred expenses, | | | |
| net (10.8) 7.5 | | | |
| (12.7) 2.7 Other | | | |
| long-term | | | |
| liabilities 4.7 | | | |
| 6.6 6.9 13.5 | | | |
| Other, net 3.9 7.3 | | | |
| 9.2 8.0 Changes in | | | |
| operating assets | | | |
| and liabilities | | | |
| Accounts | | | |
| receivable (61.6) | | | |
| 34.0 (31.8) 51.6 | | | |
| Accounts payable | | | |
| and other current | | | |
| liabilities (23.5) | | | |

| | | |
|---------------------|---------|-------|
| (44.0) | 0.1 | (1.6) |
| Income taxes | | |
| receivable/payable, | | |
| net | 4.4 | 50.3 |
| | 2.0 | |
| 9.6 | | |
| Other current | | |
| assets | 8.9 | 11.2 |
| (15.6) | (23.3) | |
| Net | | |
| Cash Provided by | | |
| Operating | | |
| Activities | 89.4 | |
| | 114.2 | 280.6 |
| | 304.7 | |
| CASH FLOWS FROM | | |
| INVESTING | | |
| ACTIVITIES | | |
| Capital | | |
| expenditures | | |
| (37.3) | (25.8) | |
| (55.8) | (50.2) | |
| Note | | |
| issued to related | | |
| party -- | (46.1) | -- |
| (46.1) | | |
| Payments | | |
| received from note | | |
| issued to related | | |
| party -- | 0.8 | -- |
| 0.8 | | |
| Proceeds from | | |
| disposal of | | |
| assets, net | 31.5 | |
| | 1.0 | 42.0 |
| | 3.2 | |
| Deepwater Drilling | | |
| II L.L.C.'s cash | | |
| acquired, net of | | |
| cash paid -- | 18.1 | -- |
| -- | 18.1 | |
| Proceeds | | |
| from TODCO initial | | |
| public offering -- | | |
| -- | 155.7 | -- |
| -- | | |
| Joint | | |
| ventures and other | | |
| investments, net | | |
| 3.2 | 0.8 | 4.7 |
| | 2.2 | |
| Net Cash Provided | | |
| by (Used in) | | |
| Investing | | |
| Activities | (2.6) | |
| (51.2) | 146.6 | |
| (72.0) | | |
| CASH FLOWS | | |
| FROM FINANCING | | |
| ACTIVITIES | | |
| Repayments on | | |
| revolving credit | | |
| agreements | (150.0) | |
| -- | (200.0) | -- |
| -- | | |
| Net | | |
| borrowings from | | |
| issuance of debt - | | |
| - -- | 1.1 | -- |
| -- | | |
| Repayments on | | |
| other debt | | |
| instruments | (13.6) | |
| (871.4) | (395.2) | |
| (919.2) | | |
| Cash from | | |
| termination of | | |
| interest rate | | |
| swaps -- -- -- | | |
| 173.5 | | |
| Net proceeds | | |
| from issuance of | | |
| ordinary shares | | |
| under stock-based | | |
| compensation plans | | |
| 1.0 | 0.8 | 15.0 |
| | 11.7 | |
| Other, net -- | 1.2 | -- |
| -- | 1.1 | |
| Net Cash | | |
| Used in Financing | | |
| Activities | (162.6) | |
| (869.4) | (579.1) | |
| (732.9) | | |
| Net | | |
| Decrease in Cash | | |
| and Cash | | |
| Equivalents | (75.8) | |
| (806.4) | (151.9) | |
| (500.2) | | |
| Cash and | | |
| Cash Equivalents | | |
| at Beginning of | | |
| Period | 397.9 | |

1,520.4 474.0
1,214.2 Cash and
Cash Equivalents
at End of Period \$
322.1 \$ 714.0 \$
322.1 \$ 714.0

Transocean Inc.
Fleet Operating Statistics

Operating
Revenues (\$
Millions)
(1) -----

-- Six
Months Ended
Three Months
Ended June
30, -----

June 30,
March 31,
June 30,
TRANSOCEAN
DRILLING
SEGMENT:
2004 2004
2003 2004
2003 -----

Contract
Drilling
Revenues
High-
Specification
Floaters:
Fifth-
Generation
Deepwater
Floaters \$
189.0 \$
208.5 \$
168.5 \$
397.5 \$
344.2 Other
Deepwater
Floaters \$
103.3 \$
108.1 \$
106.0 \$
211.4 \$
222.2 Other
High-
Specification
Floaters \$
31.5 \$ 30.6
\$ 31.2 \$
62.1 \$ 64.5
Total High-
Specification
Floaters \$
323.8 \$
347.2 \$
305.7 \$
671.0 \$
630.9 Other
Floaters \$
66.3 \$ 62.7
\$ 82.7 \$
129.0 \$
164.5
Jackups \$
106.6 \$

101.5 \$
 116.6 \$
 208.1 \$
 231.9 Other
 Rigs \$ 19.9
 \$ 24.1 \$
 18.6 \$ 44.0
 \$ 35.3
 Subtotal \$
 516.6 \$
 535.5 \$
 523.6 \$
 1,052.1 \$
 1,062.6
 Other
 Revenues
 Client
 Reimbursable
 Revenues \$
 21.4 \$ 16.6
 \$ 23.0 \$
 38.0 \$ 44.6
 Integrated
 Services and
 Other \$ 14.5
 \$ 26.1 \$ 1.9
 \$ 40.6 \$ 4.0
 Subtotal \$
 35.9 \$ 42.7
 \$ 24.9 \$
 78.6 \$ 48.6
 Segment
 Total \$
 552.5 \$
 578.2 \$
 548.5 \$
 1,130.7 \$
 1,111.2
 TODCO
 SEGMENT
 Contract
 Drilling
 Revenues \$
 68.3 \$ 62.0
 \$ 51.1 \$
 130.3 \$ 99.6
 Other
 Revenues
 Client
 Reimbursable
 Revenues \$
 5.6 \$ 5.0 \$
 4.3 \$ 10.6 \$
 9.1 Delta
 Towing \$ 6.8
 \$ 6.8 \$ -- \$
 13.6 \$ --
 Subtotal \$
 12.4 \$ 11.8
 \$ 4.3 \$ 24.2
 \$ 9.1
 Segment
 Total \$ 80.7
 \$ 73.8 \$
 55.4 \$ 154.5
 \$ 108.7
 Total
 Company \$
 633.2 \$
 652.0 \$
 603.9 \$
 1,285.2 \$
 1,219.9

Average
 Dayrates (1)
 (2) -----

-- Six
Months Ended
Three Months
Ended June
30, -----

June 30,
March 31,
June 30,
TRANSOCEAN
DRILLING
SEGMENT:
2004 2004
2003 2004
2003 -----

High-
Specification
Floaters:

Fifth-
Generation
Deepwater
Floaters \$
177,800 \$
191,800 \$
185,100 \$
184,900 \$
184,400
Other

Deepwater
Floaters \$
107,800 \$
101,300 \$
111,500 \$
104,400 \$
112,600

Other High-
Specification

Floaters \$
115,500 \$
115,200 \$
114,400 \$
115,300 \$
118,900

Total High-
Specification

Floaters \$
141,100 \$
143,500 \$
143,300 \$
142,300 \$
144,000

Other
Floaters \$
65,000 \$
62,800 \$
64,800 \$
63,900 \$
65,900

Jackups \$
52,700 \$
51,400 \$
57,400 \$
52,100 \$

57,100 Other
Rigs \$

43,300 \$
44,200 \$
41,500 \$
43,800 \$
42,300
Segment

Total \$
89,100 \$
90,200 \$
88,900 \$
89,700 \$
90,300 TODCO
SEGMENT \$
26,200 \$
25,700 \$
17,500 \$
25,900 \$
18,000 Total
Drilling
Fleet \$
69,600 \$
71,600 \$
65,300 \$
70,600 \$
67,100

revenue earning day in the period and utilization is defined as the total actual number of revenue earning days in the period as a percentage of the total number of calendar days in the period.

(TRANSOCEAN LOGO)
 TRANSOCEAN INC. AND SUBSIDIARIES
 EFFECTIVE TAX RATE ANALYSIS
 (IN US\$ 000'S)

THREE MONTHS
 ENDED SIX
 MONTHS ENDED

JUNE 30,
 MARCH 31,
 JUNE 30,
 JUNE 30,
 2004 2004
 2003 2004
 2003 -----

Income
 (Loss)
 before
 Income Taxes
 and Minority
 Interest \$
 65.7 \$ 66.5
 \$ (65.1) \$
 132.2 \$
 (6.2) Add
 back: TODCO
 IPO date
 stock option
 vesting --
 5.6 -- 5.6 --
 - Transocean
 IPO date
 stock option
 vesting --
 1.5 -- 1.5 --
 - Nigeria
 benefit plan
 restructuring
 -- -- 2.6 --
 2.6

Impairment
 loss on note
 receivable
 from related
 party -- --
 21.3 -- 21.3
 Impairment
 loss on
 long-lived
 assets -- --
 15.8 -- 16.8

Loss on
 retirement
 of debt --
 28.1 15.7
 28.1 15.7
 IPO related
 costs -- --
 -- -- --

Subtract:
 Gain on sale
 of Sedco 602
 (21.6) -- --
 (21.6) --
 Gain on
 TODCO IPO --
 (39.4) --

from the
TODCO IPO
-- 0.02 --
0.02 --
After-tax
impairment
loss on
long-lived
assets --
-- 0.04 --
0.04
After-tax
impairment
loss on
note
receivable
from
related
party -- -
- 0.04 --
0.04
Favorable
resolution
of a non-
U.S.
income tax
liability
-- --
(0.04) --
(0.04) ---

Net income
(loss) as
adjusted \$
0.08 \$
0.15 \$
(0.06) \$
0.23 \$
0.09 -----

(TRANSOCEAN LOGO)
 TRANSOCEAN INC. AND SUBSIDIARIES
 NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

OPERATING INCOME (LOSS) BEFORE GENERAL AND ADMINISTRATIVE EXPENSE
 TO FIELD OPERATING INCOME (LOSS) BY SEGMENT
 (IN US\$ MILLIONS)

THREE MONTHS
 ENDED SIX
 MONTHS ENDED

 - JUNE 30,
 MARCH 31,
 JUNE 30, JUNE
 30, 2004 2004
 2003 2004
 2003 -----
 -- -----

Transocean
 Drilling
 Segment
 Operating
 revenue \$
 552.5 \$ 578.2
 \$ 548.5 \$
 1,130.7 \$
 1,111.2

Operating and
 maintenance
 expense 338.1
 333.2 355.9
 671.3 671.4
 Depreciation
 109.1 107.3
 104.4 216.4
 208.0

Impairment
 loss on long-
 lived assets
 -- -- 4.2 --
 5.2 Gain from
 sale of
 assets, net
 (21.9) (1.1)
 (0.2) (23.0)
 (1.6) Gain
 from TODCO
 IPO -- (39.4)
 -- (39.4) --

-- Operating
 income before
 general and
 administrative
 expense 127.2
 178.2 84.2
 305.4 228.2
 Add back:
 Depreciation
 109.1 107.3
 104.4 216.4
 208.0
 Impairment
 loss on long-
 lived assets
 -- -- 4.2 --

5.2 Gain from
 sale of
 assets, net
 (21.9) (40.5)
 (0.2) (62.4)
 (1.6) -----

Field
 operating
 income \$
 214.4 \$ 245.0
 \$ 192.6 \$
 459.4 \$ 439.8

-- TODCO
 Segment
 Operating
 revenue \$
 80.7 \$ 73.8 \$
 55.4 \$ 154.5
 \$ 108.7

Operating and
 maintenance
 expense *
 68.1 79.2
 70.6 147.3
 129.2

Depreciation
 23.9 24.2
 23.1 48.1
 46.3

Impairment
 loss on long-
 lived assets
 -- -- 11.6 --

11.6 Gain
 from sale of
 assets, net
 (1.9) (2.7)
 (0.4) (4.6)
 (0.4) -----

Operating
 loss before
 general and
 administrative
 expense (9.4)
 (26.9) (49.5)
 (36.3) (78.0)

Add back:
 Depreciation
 23.9 24.2
 23.1 48.1
 46.3

Impairment
 loss on long-
 lived assets
 -- -- 11.6 --

11.6 Gain
 from sale of
 assets, net
 (1.9) (2.7)
 (0.4) (4.6)
 (0.4) -----

Field
 operating
 income (loss)
 \$ 12.6 \$

(5.4) \$
(15.2) \$ 7.2
\$ (20.5) ----

* Q2 04, Q1 04, Q2 03, YTD Q2 04, and YTD Q2 03 include \$7.1 million, \$12.3 million, \$3.6 million, \$19.4 million, and \$7.3 million, respectively, of operating and maintenance expense that TODCO classifies as general and administrative expense.