



UBS Global Oil and Gas Conference  
Austin, Texas  
May 2016

**BE FIRST**



Terry Bonno - Senior Vice President, Marketing



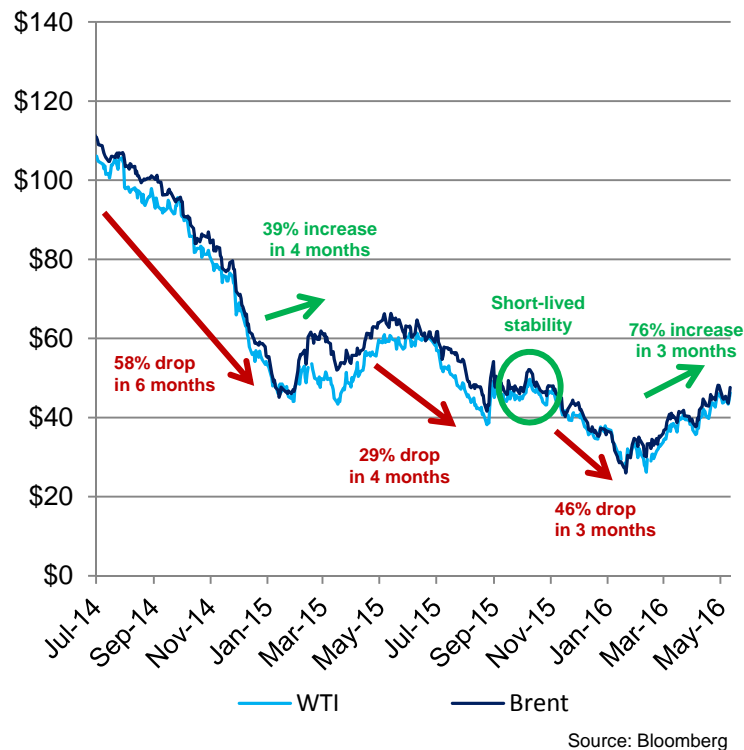
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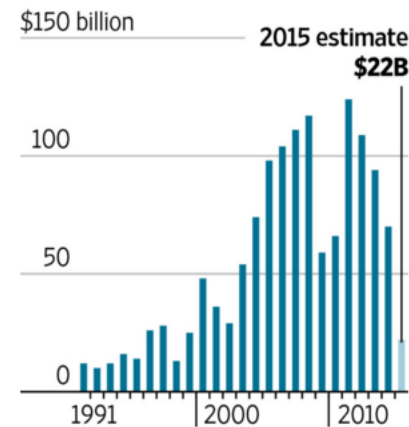
# Challenging Market

Commodity Prices



- O&G exploration programs cut due to low oil prices
- E&P companies focusing on preserving cash and low cost/near-term production
- Reduced E&P budgets set for 2016
- Increases in 2017 budgets dependent on further oil price increases and stability

Oil companies' net income\*



- Combined 2015 estimated earnings of BP, Shell, Chevron and XOM
- **Lowest since 1998**

Source: DNB Markets, Jan 28, 2016; Market Watch Jan 2016, WSJ

# Challenging Market

Low oil prices – rig market is oversupplied – reduced drilling demand

Ultra-Deepwater



- Global fleet utilization 76%\*
- Uncontracted newbuild cancellations and delays continue

Deepwater



- Global fleet utilization 68%\*
- Weakening activity with limited prospects

Midwater



- Global fleet utilization 75%\*
- Acceleration of rig retirements

High-Spec Jackups



- Global fleet utilization 74%\*
- Dayrates declining as oversupply intensifies

\*Global marketed utilization data from IHS-Petrodata as of 5/17/16

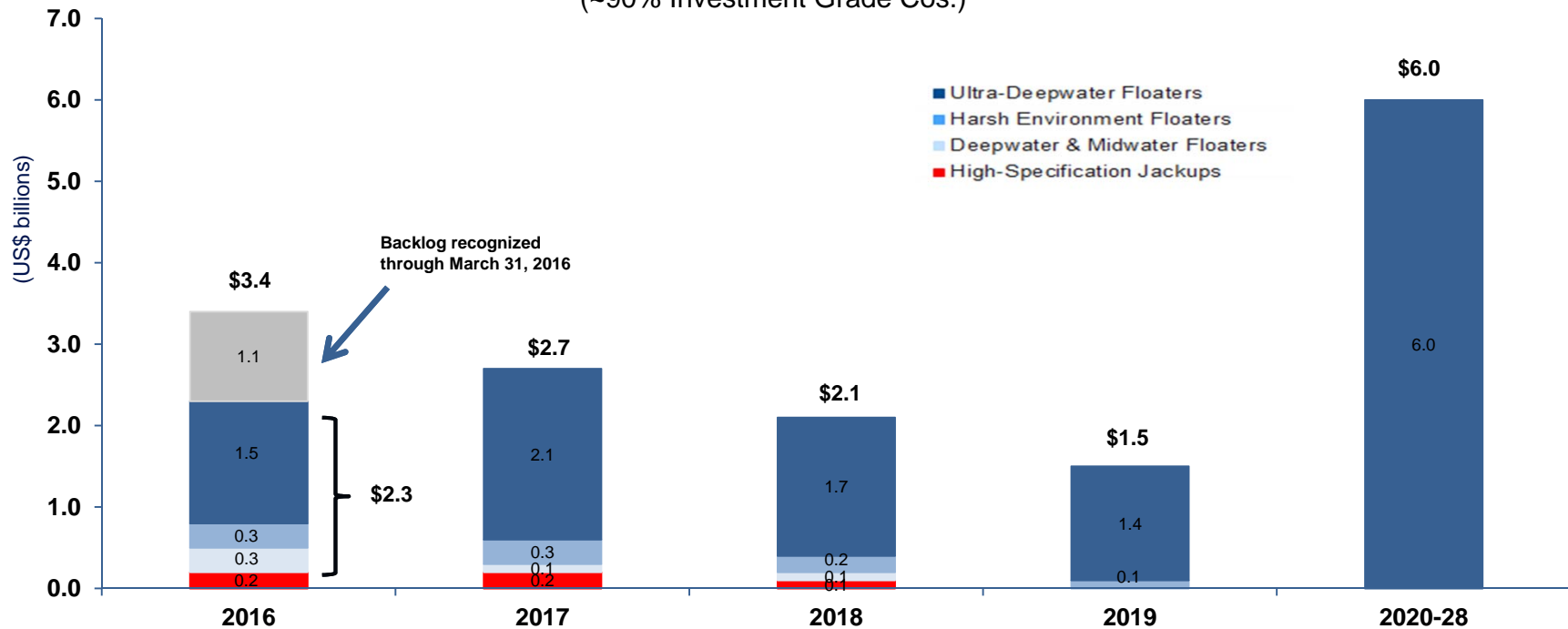
## Strong Financial Position

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- **\$14.6 billion** backlog provides solid cash-generation foundation
- \$5.6 billion total liquidity at March 31, 2016
  - **\$2.6 billion** cash
  - **\$3.0 billion** undrawn revolving credit facility
- Continued strong **operating performance** and cash flow generation
- Deferred capital spending

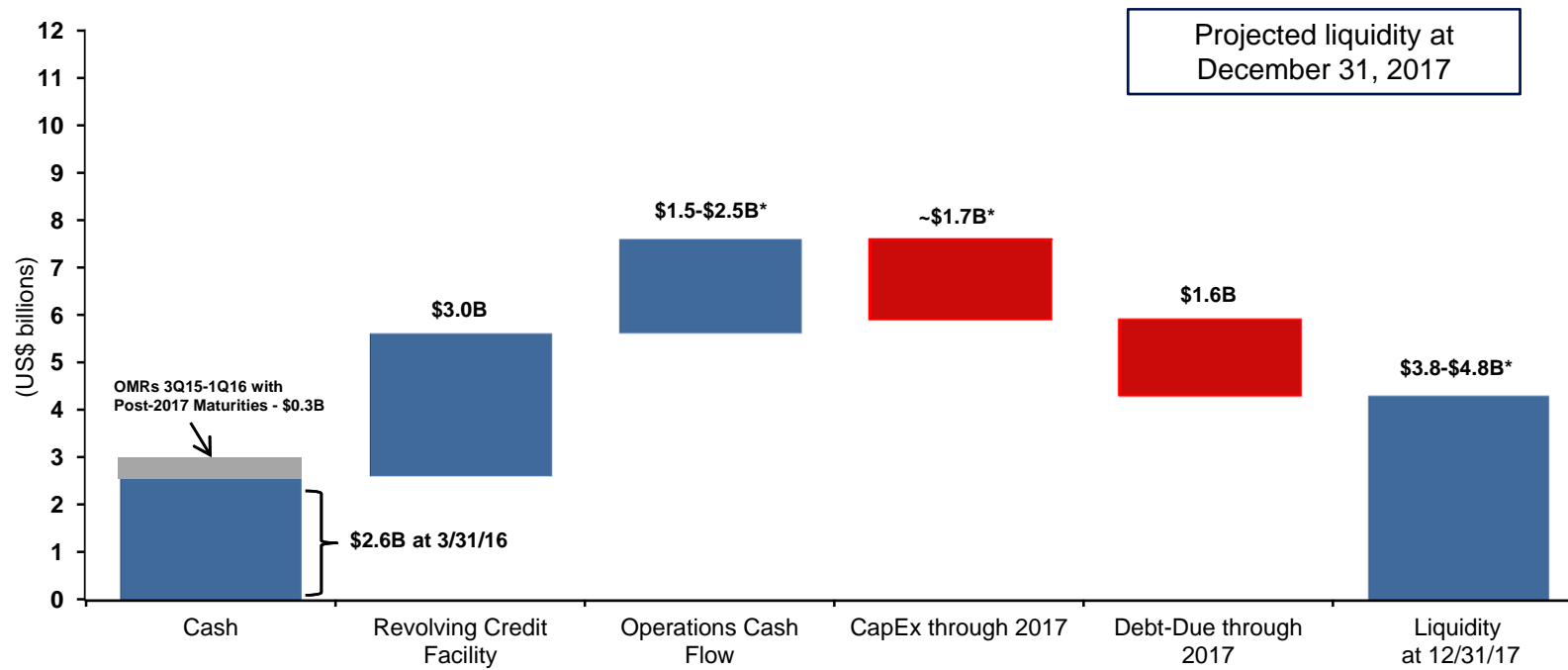
# Industry Leading Contract Backlog

Total backlog - \$14.6 billion\*  
 (~90% Investment Grade Cos.)



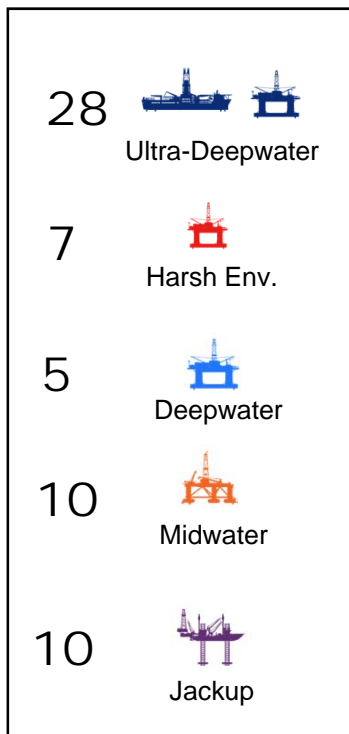
\*Contracted operating dayrate multiplied by the contract duration for future periods as of 4/21/16

# Substantial Liquidity



\* Estimate

# Global Footprint and Diverse Fleet

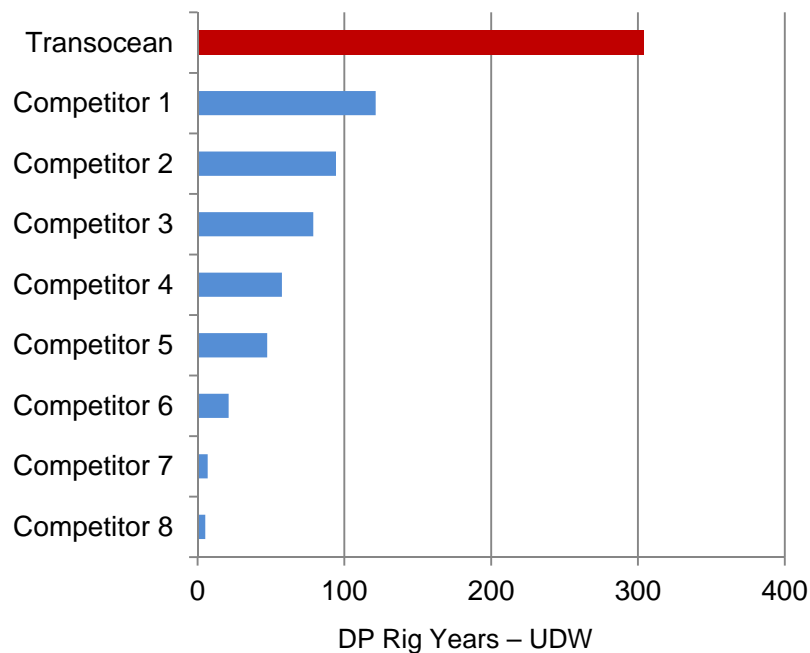




# Extensive Customer Network



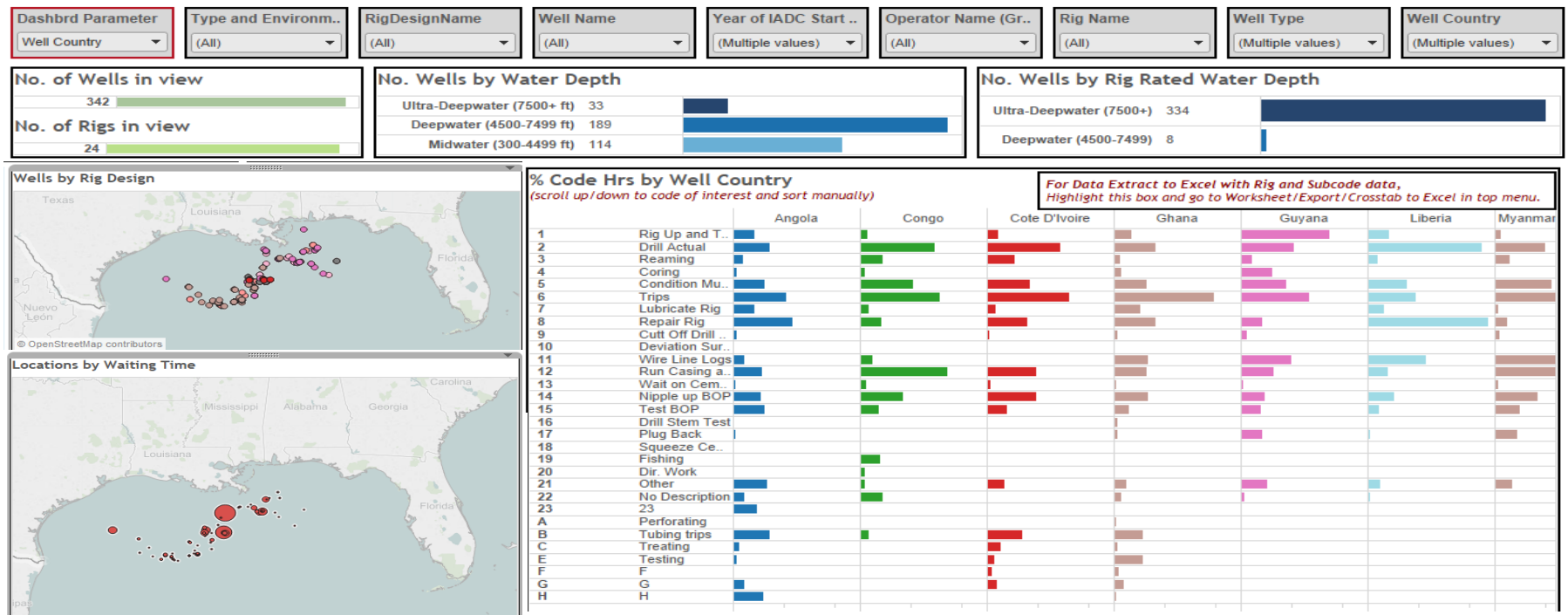
# Unmatched Experience



Source: IHS-Petrodata

- **Comprehensive drilling operations database**
  - Includes ~4,000 offshore wells drilled since 2010 (~1,000 UDW wells)
  - Activity in all major worldwide UDW basins
  - Extensive customer base including Supermajors, Independents, and NOC's
  - Detailed logs of activity and durations
- **Performance culture focused on incorporating extensive experience-based data**
- **Reducing the flat spots and the cost per well for our customers**

# Using Well Data to Improve Drilling Performance



## Proof of Performance



### ***Polar Pioneer: Arctic Campaign (Shell)***

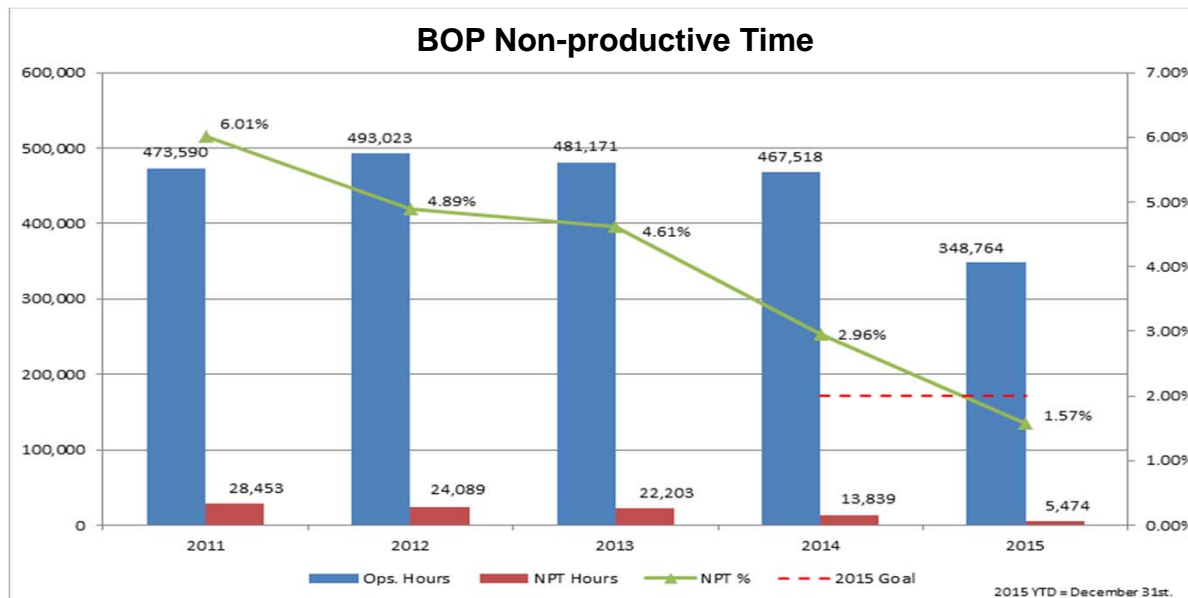
- Drilled and logged exploration well in one summer season
- Achieved an **injury and incident free drilling campaign** under intense public scrutiny
- Less than 5% downtime despite remote operation

### ***Transocean Spitsbergen: Gymir Campaign (Statoil)***

- Highlight of Statoil “Market Day”
- All three wells in their DW campaign beat the curve
- Gymir beat the technical limit – named “**The Perfect Well**” by Statoil
- Zero TRIR, 1.5% downtime

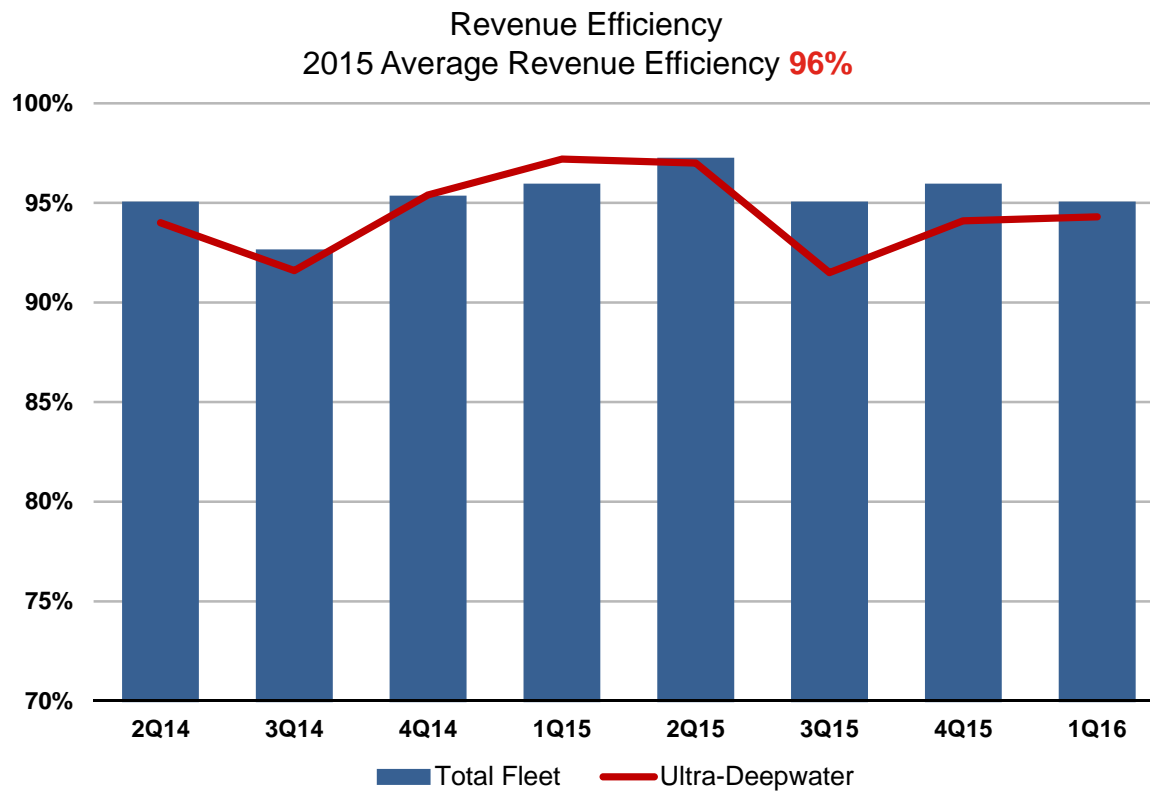


# Improving Equipment Reliability and Uptime



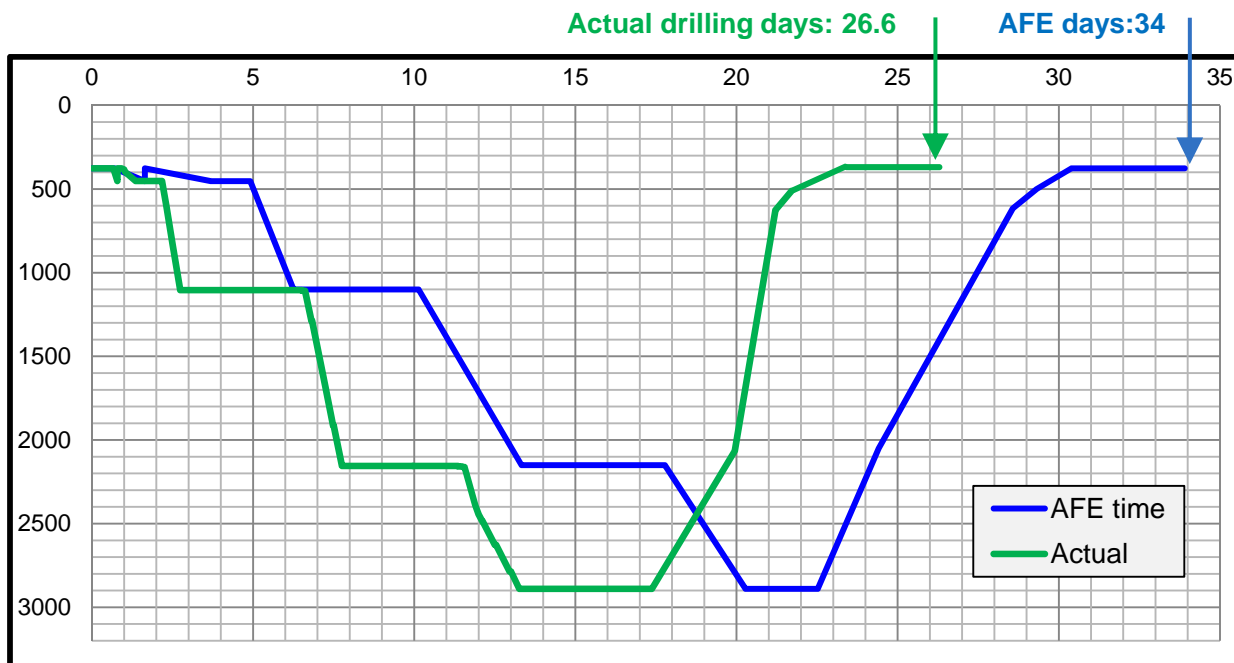
- **~75% reduction** in BOP-related downtime
- Non-productive time **below 2%**
- Performance driven by Transocean / OEM collaboration
- Focus moves to other critical equipment

# Proof of Performance



- **UDW revenue efficiency** averaged **~95%** in 2014 and 2015
- Continued progress from current initiatives; focus on operational excellence

# Aligning with Customers



\$350k/d = Market rate  
 \$50k/d Malus applied  
 \$300k/d = Dayrate x [AFE/Actual]  
 \$384k/d = Actual rate w/ 50% bonus opportunity  
  
 Operator = \$3.7M saved on well (after bonus)  
 Contractor = \$84k/d rig bonus (28%) – 100% SELF FUNDING

# Transforming Transocean





# Implementing Innovative Cost-Saving Solutions

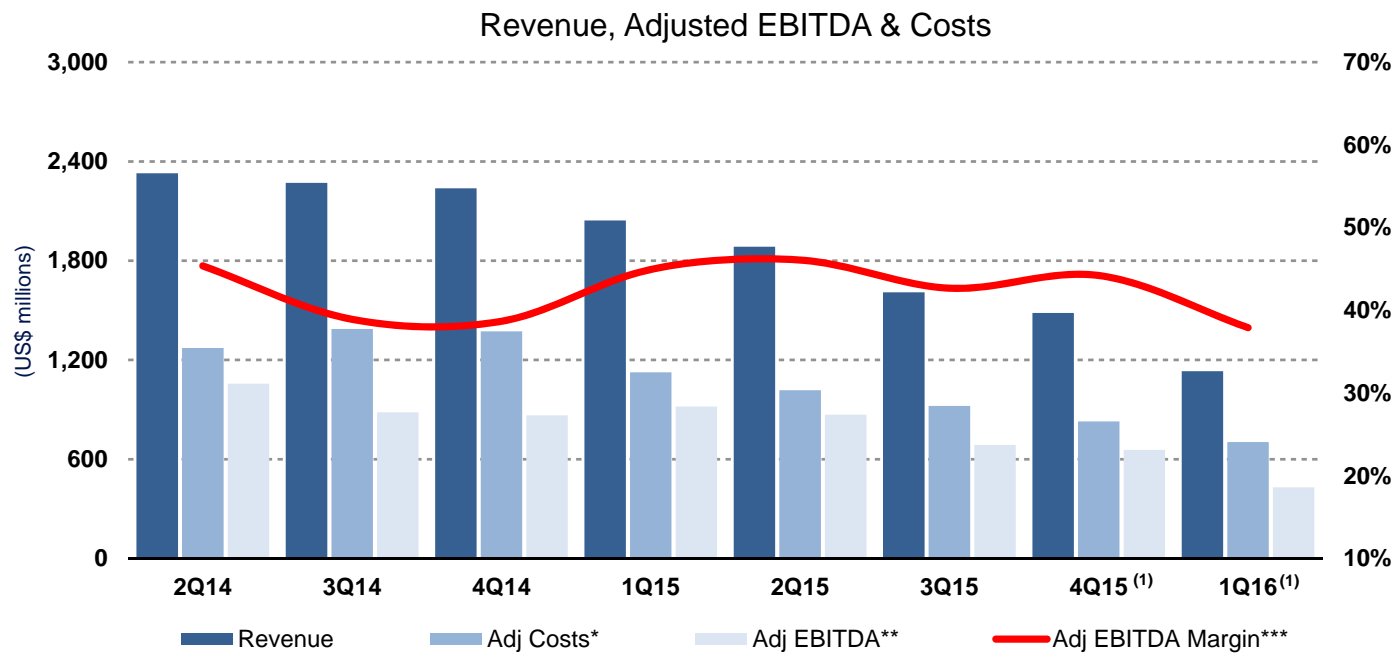
Repair & Maintenance Costs



DP Stacking Costs: **Reduced to <\$20k/day/rig**



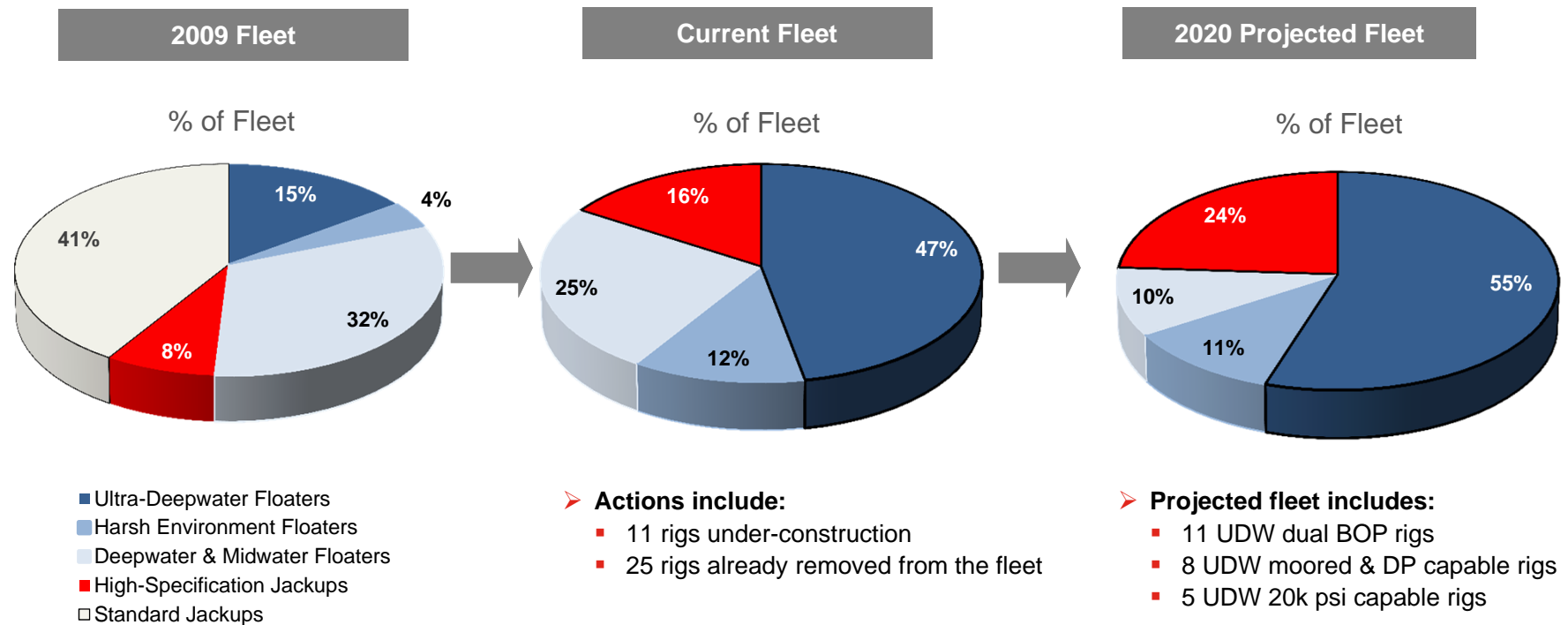
# Proof of Performance



Continued progress on margin improvement initiatives partially offset deteriorating market conditions

\*O&M plus G&A expenses, adjusted for discrete items \*\*Revenue less Adjusted Costs \*\*\*Adjusted EBITDA divided by Revenue  
 (1) 1Q16 and 4Q15 Revenue excludes early contract terminations fees

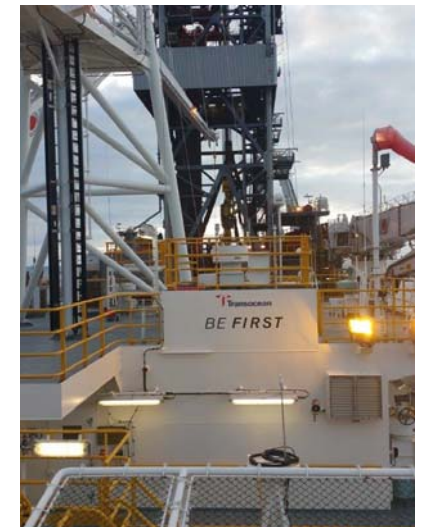
# Improving Mix and Overall Fleet Quality



## The Path Forward

### ➤ Transocean will:

- Actively manage capital structure and liquidity
- Deliver the safest, most efficient drilling services
- Continue to focus on producing strong operating results through:
  - Strengthening customer relationships
  - Delivering best-in-class uptime and revenue efficiency
  - Streamlining every element of the business
- High grade and reposition the worldwide fleet for the industry recovery



Transocean will build upon its position as the industry's leading offshore driller



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