

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): July 13, 2005

**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)

**66-0582307**

(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))
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Annual Base Salaries

On July 13, 2005, the Executive Compensation Committee (“Committee”) of Transocean Inc. (together with its subsidiaries, unless the context requires otherwise, “Transocean,” “we,” “us” or “our”) approved the following annual base salaries to be effective July 15, 2005 for our named executive officers:

<b>Name and Position</b>		<b>2005 Annual Base Salary</b>
Robert L. Long	President and Chief Executive Officer	\$750,000
Jean P. Cahuzac	Executive Vice President and Chief Operating Officer	\$435,000
Gregory L. Cauthen	Senior Vice President and Chief Financial Officer	\$360,000
Eric B. Brown	Senior Vice President, General Counsel and Corporate Secretary	\$315,000
Barbara S. Wood (1)	Vice President and Chief Information Officer	\$225,000
J. Michael Talbert (2)	Former Executive Chairman of the Board and current Non-Executive Chairman of the Board	N/A

(1) Mrs. Wood is no longer one of our executive officers.

(2) Mr. Talbert was our executive Chairman of the board of directors until his retirement in October 2004. After his retirement, he became our non-executive chairman.

Executive Change of Control Severance Benefit Policy

The board of directors and the executive compensation committee have, over a considerable period of time, analyzed the merits of a change of control severance policy for our senior executives. After careful consideration, the board concluded that it was in the best interest of shareholders to establish a policy applicable to a limited number of senior executives.

Effective as of July 15, 2005, the board established an executive change of control severance benefit policy for executives who are designated by the board. The policy provides for severance benefits to designated executives who, within 24 months after a change of control (as defined by the policy) are terminated for other than cause (as defined in the policy) or who leave the Company for good reason (also as defined in the policy) (with either such termination of employment referred to herein as a “Qualifying Employment Termination”). The board designated Robert L. Long, President and Chief Executive Officer, Jean P. Cahuzac, Executive Vice President and Chief Operating Officer, Eric B. Brown, Senior Vice President, General Counsel and Corporate Secretary, and Gregory L. Cauthen, Senior Vice President and Chief Financial Officer, as being eligible to receive benefits under the policy.

Under the policy, a designated executive who is subject to a Qualifying Employment Termination 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 severance payment equal to 2.99 times the sum of (a) the base salary of the executive calculated using the higher of the annual base salary in effect at the time of termination of employment or that in effect on the date of the change of control and (b) any target bonus at the 100% level for which the executive is eligible for the fiscal year in which termination occurs;
- certain outplacement services not to exceed a cost to us of 5% of the base annual salary of the executive used to determine the severance payment described in the bullet above; and
- certain gross-up payments for any applicable excise tax such that the net amount received would be the same as without the application of the excise tax, subject to specified limits described in the policy.

A designated executive who is subject to a Qualifying Employment Termination 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. Any such executive will further be assumed to have 3 additional years of age and service credits for the purposes of our supplemental retirement plan.

Under the policy, a change in control shall be deemed to have occurred in the event any of the following occurs:

(1) a person or entity becomes the “beneficial owner,” as defined in Rule 13d-3 under the Securities Exchange Act of 1934, directly or indirectly, of 20% or more of the combined voting power of our outstanding securities, excluding any person or entity that becomes a beneficial owner in accordance with clause (A) of paragraph (3) below,

(2) our continuing directors (including directors serving on July 15, 2005 and any new directors whose appointment or election to our board if directors or nomination for election by our shareholders was approved or recommended by a vote of at least two-thirds of the continuing directors then serving, other than a new director who assumed office in connection with an actual or threatened election contest) cease to constitute at least a majority of our board of directors,

(3) the consummation of a scheme of arrangement, merger or consolidation of us or any direct or indirect subsidiary of ours with any other corporation, other than, (A) a scheme of arrangement, merger or consolidation resulting in our voting securities outstanding immediately prior to such scheme of arrangement, merger or consolidation continuing to represent, in combination with the ownership of any trustee or other fiduciary under our employee benefit plans, at least 65% of the combined voting securities of our company or a surviving entity or (B) a scheme of arrangement, merger or consolidation effected to implement a recapitalization or similar transaction involving us, in which no person or entity is or becomes the beneficial owner, directly or indirectly, of 20% or more of the combined voting power of our outstanding securities (not including any securities acquired directly from us other than in connection with our acquisition of a business), or

(4) our shareholders approve a plan of liquidation or dissolution, or an agreement for the sale of substantially all of our assets is consummated, other than a sale of substantially all of our assets to an entity of which at least 65% of the combined voting power of its voting securities is owned by our shareholders in substantially the same proportion as their ownership of our company immediately prior to such sale.

**Exhibit Number**

**Description**

10.1

Executive Change of Control Severance Benefit Policy of Transocean Inc. Effective July 15, 2005

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 19, 2005

By: /s/ William E. Turcotte  
Name: William E. Turcotte  
Title: Associate General Counsel

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INDEX TO EXHIBITS

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## Executive Change of Control Severance Benefit

### 1. POLICY

Transocean Inc. (together with its subsidiaries, unless the context requires otherwise, the "Company") will provide, or will cause the appropriate employing subsidiary to provide, the severance benefits as defined herein to designated executives who are terminated for other than Cause or who leave for Good Reason, in either case within 24 months after a Change of Control.

### 2. PURPOSE

The purpose of this policy is to define the severance policy of the Company for designated executives after a Change of Control.

### 3. SCOPE

This policy shall only apply to certain executives designated by the Company's Board of Directors in its sole discretion. As a condition precedent to receipt of these severance benefits, each executive will be required to execute a binding release satisfactory to the Company pursuant to which such employee releases the Company and its affiliates from any liability in connection with employment by the Company and its affiliates. To the extent an executive is entitled to the benefits of this policy, such executive shall not be entitled to the benefits under the Company's Executive Severance Benefit effective February 9, 2005.

### 4. PROCEDURE

Executives who, within 24 months after a Change of Control, are terminated for other than Cause or leave the Company for Good Reason as defined under this policy shall be provided the following payments, benefits and other services as hereinafter defined, with payments to be made within eight (8) business days after execution of a satisfactory release.

#### 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 up to the date of termination at the then projected year end rate of payout, in an amount, if any, as determined by the Executive Compensation Committee in its sole discretion.

#### 4.3 Severance

The executive will be eligible to receive a lump sum cash severance payment equal to 2.99 times the sum of (a) base salary of the executive calculated using the higher of the annual base salary in effect at the time of termination or that in effect on the date of the Change of Control and (b) any target bonus at the 100% level for which the executive is eligible for the fiscal year in which the termination of employment occurs.

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#### **4.4 Long Term Incentives**

Terminations of employment made under the provisions of this policy shall, unless otherwise governed by the specific award and plan, for purposes of any long term incentive plan (“LTIP”) awards held by the executive be deemed “For the Convenience of the Company”, as defined within the individual LTIP award documents.

#### **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 used to determine the severance payment in Section 4.3.

#### **4.6 Excise Tax**

If any of the payments or benefits received by the executive designated to participate, whether or not pursuant to this policy, will be subject to the Excise Tax, then the Company shall pay to the executive an additional amount (“Gross-Up Payment”) such that the net amount retained by the executive, after deduction of any Excise Tax on the total payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the amount executive would have otherwise received without such Excise Tax; provided, however, that if it shall be determined that the executive is entitled to a Gross-Up Payment, but that the total to be paid to executive does not exceed 110% of the greatest amount (the “Reduced Amount”) that could be paid to the executive such that the receipt of the total would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the executive and the total payments to executive in the aggregate shall be reduced to the Reduced Amount.

#### **4.7 Supplemental Retirement Plan**

For purposes of determining the executive’s benefits under the Company’s Supplemental Retirement Plan, the executive shall be assumed to have three (3) additional years of age and service credits for vesting and benefit accrual (subject to the maximum services period under the Company’s Retirement Plan), for purposes of calculating the amount under Section 4.1(a)(1) of the Supplemental Retirement Plan that would otherwise have been payable under the Company’s Retirement Plan; provided, further, that for purposes of determining “final average earnings” under the Company’s Retirement Plan, the executive’s employment shall be deemed to have continued for three (3) years following termination with the annualized base salary rate and the annual incentive award used in the calculation of base and bonus compensation per Section 4.3 of this policy.

#### **4.8 Other Benefits**

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

## 5. DEFINITIONS

“Cause” for termination by the Company of the executive’s employment shall mean (i) the willful and continued failure by the executive to substantially perform the executive’s duties with the Company (other than any such failure resulting from the executive’s incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the executive by the Board which demand specifically identifies the manner in which the Board believes that the executive has not substantially performed the executive’s duties, or (ii) the willful engaging by the executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the executive’s part shall be deemed “willful” unless done, or omitted to be done, by the executive not in good faith and without reasonable belief that the executive’s act, or failure to act, was in the best interest of the Company.

“Change in Control” - a Change in Control shall be deemed to have occurred for purposes of this policy if the event set forth in any one of the following paragraphs shall have occurred:

(I.) any person or entity ( “Person”) is or becomes the Beneficial Owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates) representing 20% or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (III) below; or

(II.) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(III.) there is consummated a scheme of arrangement, merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (i) a scheme of arrangement, merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such scheme of arrangement, merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 65% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a scheme of arrangement, merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 20% or more of the combined voting power of the Company’s then outstanding securities; or

(IV.) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all or the assets of the Company immediately following such transaction or series of transactions.

"Excise Tax" shall mean any excise tax imposed under section 4999 of the Code.

"Good Reason" for termination by the executive of the executive's employment shall mean the occurrence (without the executive's express written consent) within 24 months after any Change in Control of any one of the following acts by the Company, or failures by the Company to act:

(I.) a reduction in the executive's annual base salary as in effect on the date of the Change in Control or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company;

(II.) the failure by the Company to continue in effect any compensation plan in which the executive participates immediately prior to the Change in Control which is material to the executive's total compensation, including but not limited to the Company's Long Term Incentive Plan and the Performance Award and Cash Bonus Plan or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan or unless the Company eliminates the compensation plan for all participants, or the failure by the Company to continue the executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the executive's participation relative to other participants, as existed immediately prior to the Change in Control;

(III.) the failure by the Company to continue to provide the executive with benefits substantially similar to those enjoyed by the executive under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the executive was participating immediately prior to the Change in Control (except for across-the-board changes similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the executive of any material fringe benefit or perquisite enjoyed by the executive at the time of the Change in Control, or the failure by the Company to provide the executive with the number of paid vacation days to which the executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control.

The executive's right to terminate the executive's employment for Good Reason shall not be affected by the executive's incapacity due to physical or mental illness. The executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

**6. 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., provided, however, that the policy shall not be changed as to the designated executives after a Change of Control.

**7. SECTION 409A**

Notwithstanding anything in this policy to the contrary, if any payment or benefit under this policy would result in the imposition of an additional tax under Section 409A of the Internal Revenue Code and related regulations and United States Department of the Treasury pronouncements, that provision of this policy will be reformed to avoid imposition of the applicable tax.

**8. EFFECTIVE DATE**

The effective date of this policy is July 15, 2005.