

# Transocean Ltd.

## Howard Weil 40<sup>th</sup> Annual Energy Conference

March 26, 2012



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# Transocean is the Industry Leader



- **World's largest offshore contract driller**
  - Largest fleet in all asset classes
  - Operate in all markets worldwide
  - Significant relationships across the customer spectrum
- **Positioned to lead**
  - Premier position in ultra-deepwater market segment
  - Size and technical capabilities create reinvestment opportunities

# Key Investment Highlights

- Industry leader committed to customers, employees, and shareholders
- Backlog provides visibility
- Positioned to capture global opportunities in an improving market

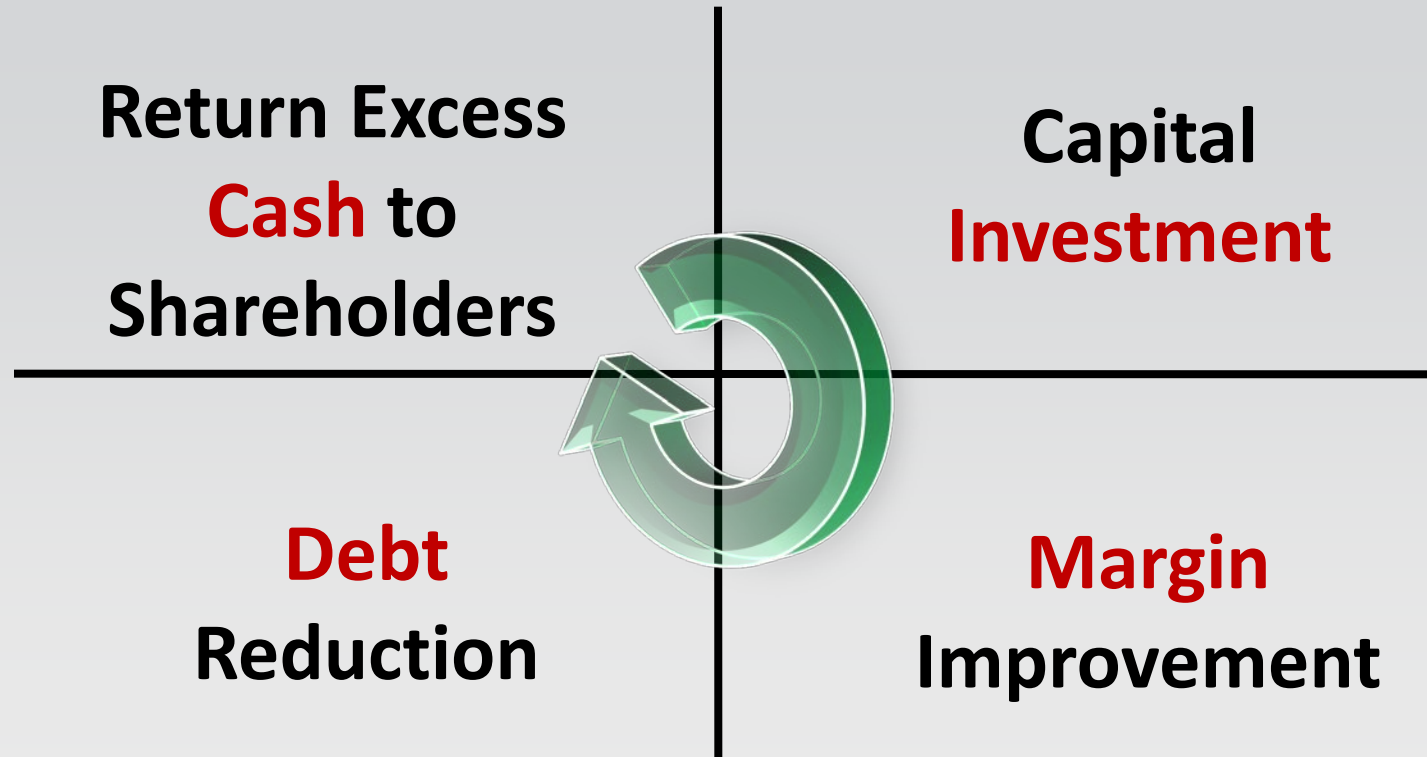
	Standard Jackups	High-Spec Jackups	Midwater	Deepwater	Ultra-Deepwater
Percent on Contract <sup>(1)</sup>	64%	89%	75%	72%	100%

- Well defined capital deployment strategy
  - Committed to maintaining strong balance sheet/financial flexibility
  - Reinvest in the business through value enhancing opportunities
  - Return excess cash to shareholders

# Strategy to Lead in Offshore Resource Development



# Commitment to Drive Shareholder Value



# Strategic Objectives

- Reinforce balance sheet to maintain financial flexibility in light of post-Macondo operational challenges
  - Equity offering
  - Debt offering
  - Suspension of dividend
  - Balance sheet objectives
    - Targeted cash levels: \$3B to \$4B (excluding Aker Drilling restricted cash)
    - Targeted adjusted debt level: \$7B to \$9B<sup>(7)</sup>
    - Strong investment grade rating
- Supporting strategic objectives
  - Improve fleet mix
    - Select asset sales: \$0.5B to \$1.0B targeted in 2012
  - Continue to focus on improving operational performance

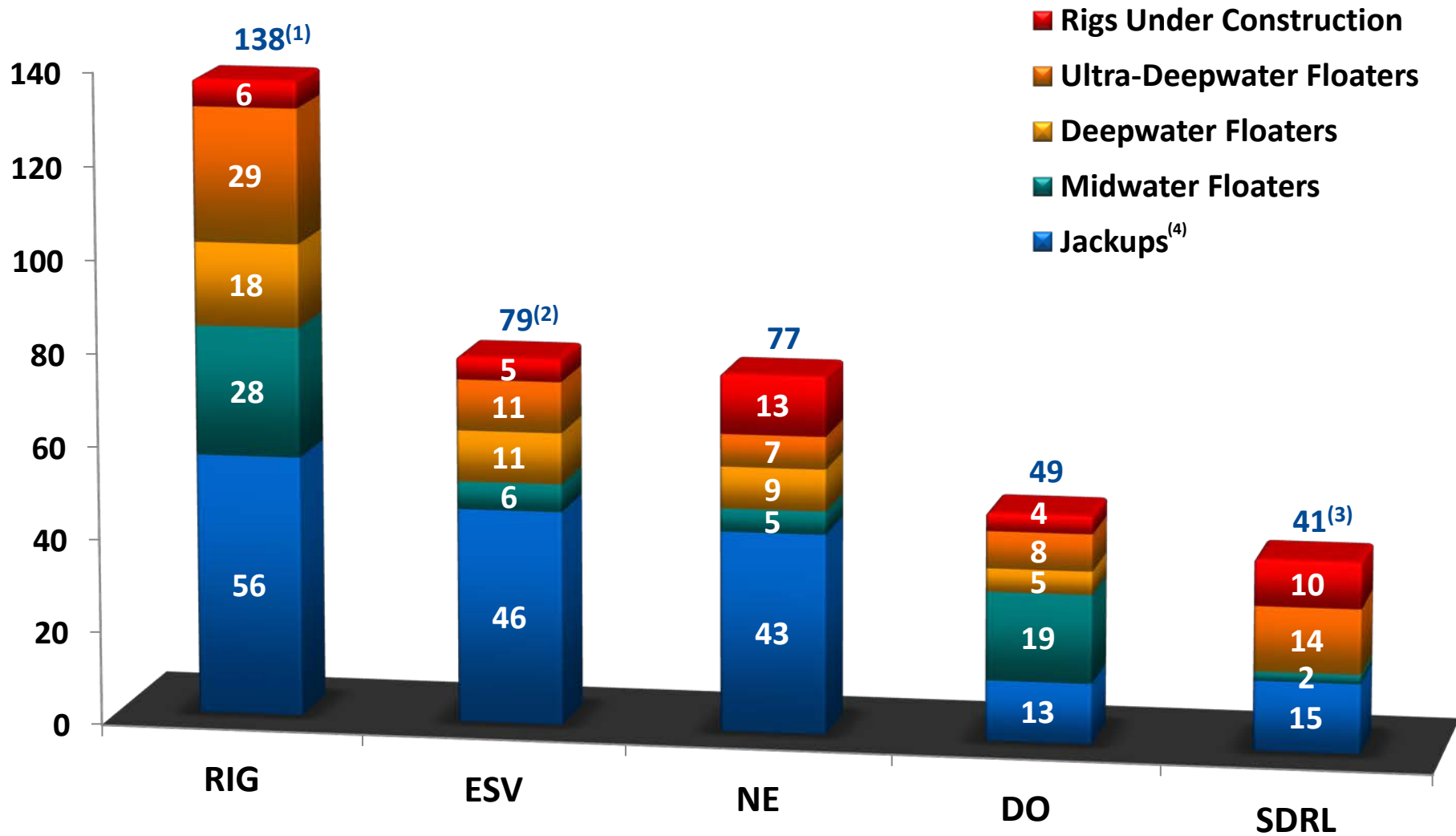
# Operational Imperatives

**We are focused on delivering superior operating performance:**

- **Revenue efficiency**
  - Technical improvements
  - Contract changes
  - Historic levels believed achievable but progress will likely be gradual and non-linear
- **Rig out-of-service time**
  - Emphasis on planning, execution, collaboration with vendors
  - “Unit exchange” versus “inspect and repair” philosophy
- **Operating and maintenance costs**
  - Constant scrutiny of cost structure; leverage industry leadership position



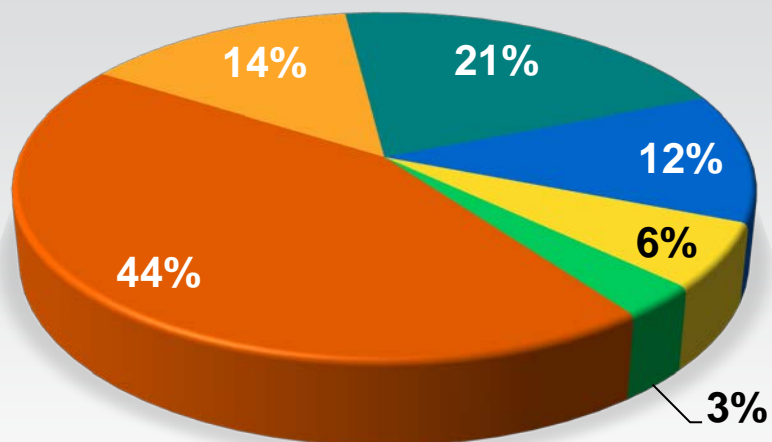
# Largest Worldwide Rig Fleet



# Diversified Revenue Source

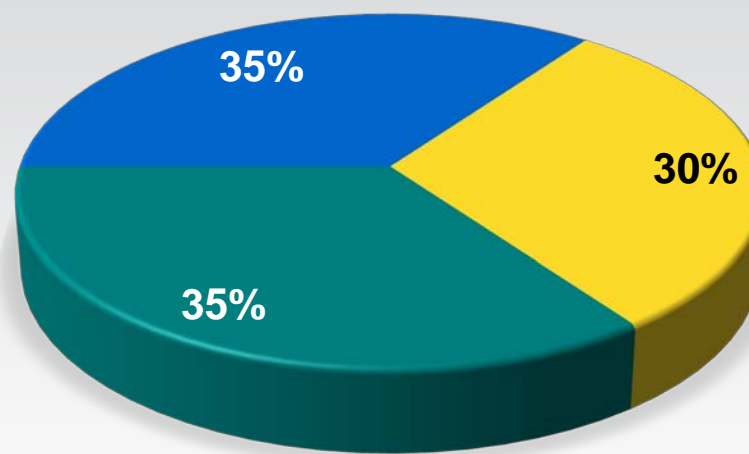
FY 2011 Revenues - \$9.1 billion

By Asset Class<sup>(4)</sup>



- Ultra-Deepwater
- Midwater
- ADTI
- Other
- Deepwater
- Jackups
- Contract Intangibles

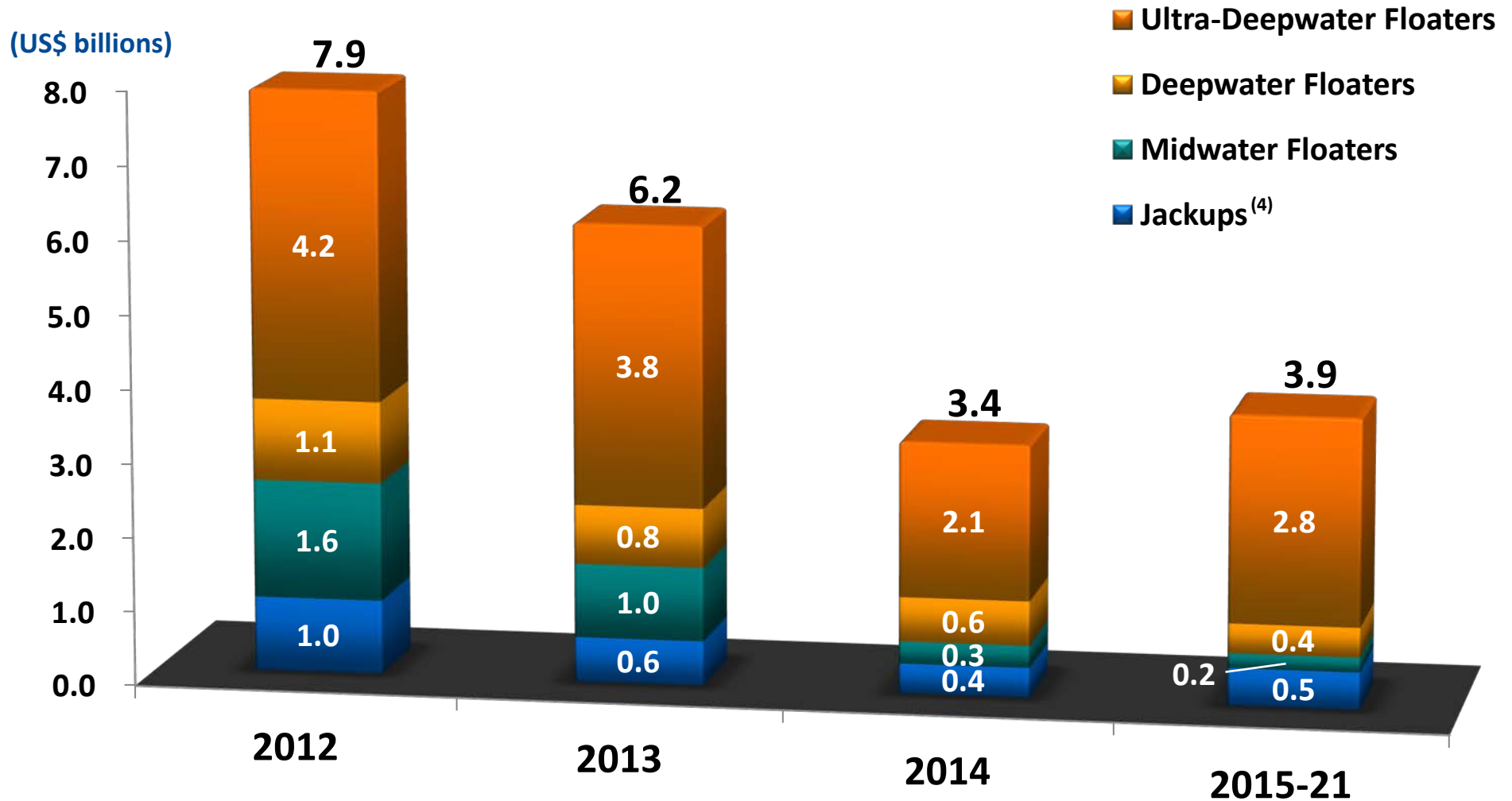
By Customer



- Integrated
- NOC
- Independent

# Strong Backlog

Total Contract Revenue Backlog - \$21.4 billion<sup>(5)</sup>



# Fleet Management: Create Opportunities & Drive Returns

## FUTURE

- Core, strategic asset portfolio
  1. Ultra-deepwater
  2. Harsh Environment
  3. High-spec Jackups
  4. High-quality floaters and jackups
- Acquire, build, divest and / or spin-off
- Maintain tax efficiency for future acquisitions & divestitures

## 2009 • Assessed and segmented fleet

1. Core
2. Solid performers
3. Non-core

# Newbuild Philosophy Drives Investment Decisions

## Customer Requirements as a Starting Point

Does RIG have a suitable unit available? → Provide

Can a unit be upgraded? → Upgrade

Is an acquisition available? → Buy

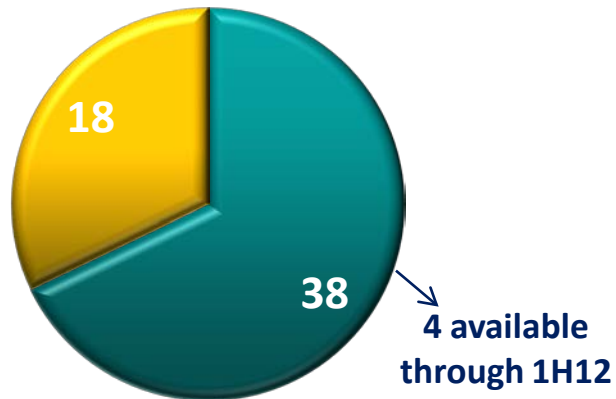
Is a newbuild appropriate? → Build

# Aker Drilling Acquisition

- **Reflects execution of asset and growth strategy**
- **Strengthened position in Norway by adding two HDHE assets**
- **Ultra-deepwater drillships under construction provide growth and upside potential**

# Strong Jackup Demand Leading to Reactivations

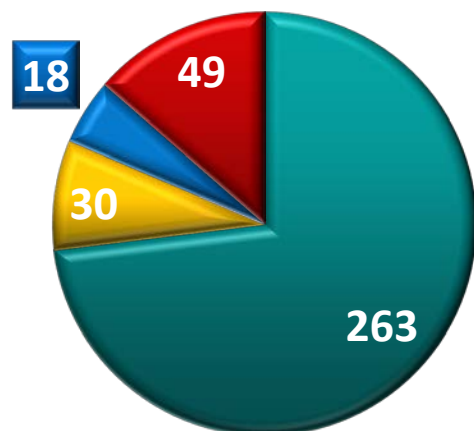
## Transocean Fleet<sup>(1)</sup> - 56



## Key Market Drivers

- Demand and dayrates are increasing
- Continuing demand growth is:
  - Absorbing uncontracted newbuilds
  - Increasing dayrates for standard units
  - Bringing some idle jackups back to work

## Global Fleet<sup>(6)</sup> - 360



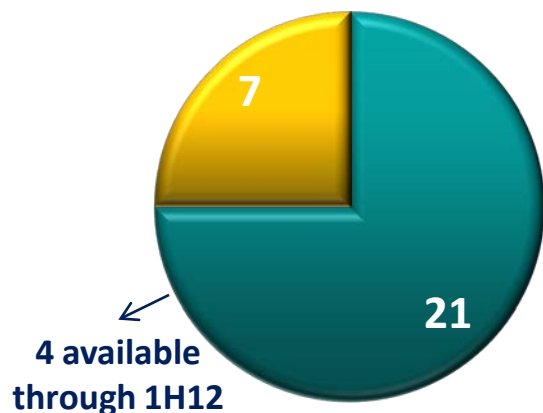
## Current Market Overview

Jackup Type	Standard	High Spec
Utilization	Increasing	Increasing
Tendering Pace	Increasing	Increasing
Contract Term	Increasing	Stable
Dayrates	Increasing	Increasing

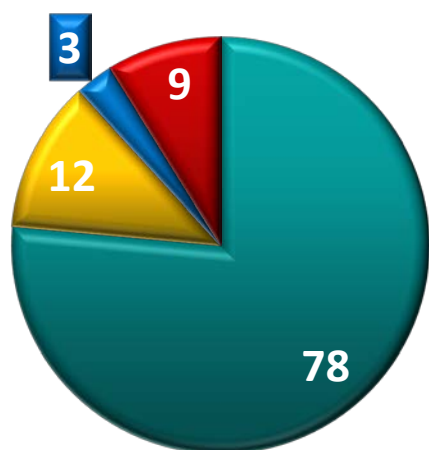
■ Contracted 
 ■ Stacked 
 ■ Idle 
 ■ Other

# Midwater Market Activity and Dayrates Improving

## Transocean Fleet<sup>(1)</sup> - 28



## Global Fleet<sup>(6)</sup> - 102



■ Contracted ■ Stacked ■ Idle ■ Other

## Key Market Drivers

- No influx of newbuilds
- Demand continues to increase
- Active areas include UK, Norway, India and Southeast Asia
- Multiple opportunities for available units

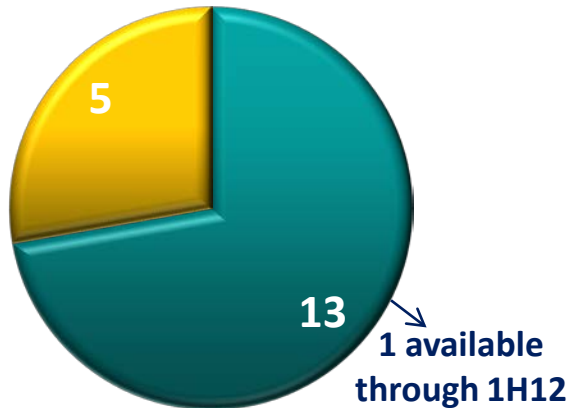
## Current Market Overview

- Contract durations are increasing
- Dayrates improving
- Tendering activity accelerating
- Opportunities exist for some reactivation

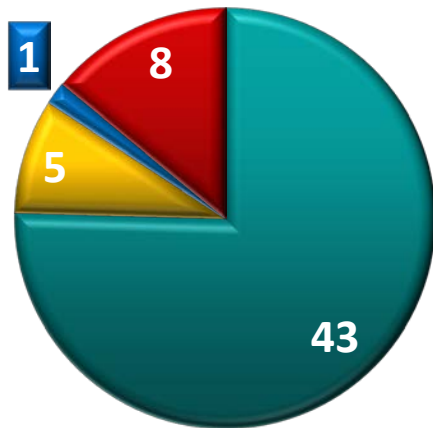


# Deepwater Demand Continues to Improve

## Transocean Fleet<sup>(1)</sup> - 18



## Global Fleet<sup>(6)</sup> - 57



■ Contracted ■ Stacked ■ Idle ■ Other

## Key Market Drivers

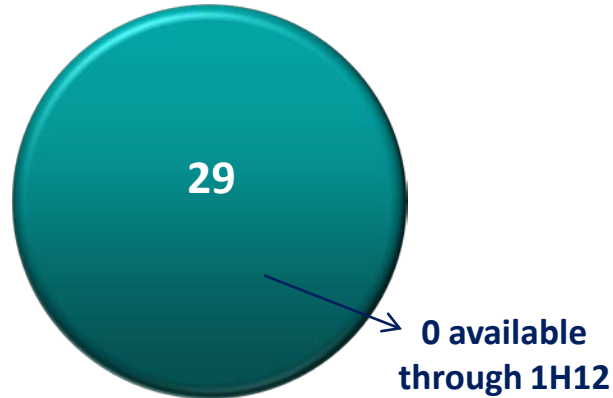
- Strong UDW utilization has positive impact on DW
- Demand continues to increase
- Strong demand in West Africa, Australia and Southeast Asia

## Current Market Overview

- Dayrates are increasing
- Moored units returning to work
- Utilization improving
- Opportunity to return two stacked units to market

# Ultra-Deepwater Market is Robust

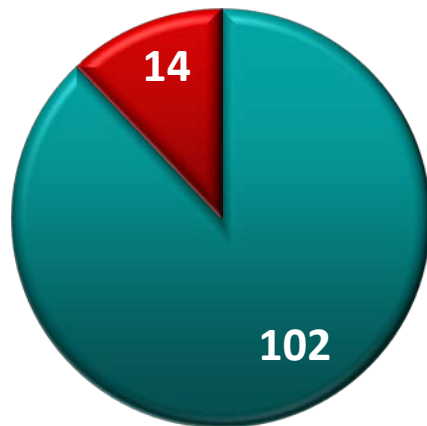
## Transocean Fleet<sup>(1)</sup> - 29



## Key Market Drivers

- 2012 availability is almost absorbed
  - Petrobras expected to contract more units
  - Demand and dayrates increasing
  - Customers urgently pursuing available units

## Global Fleet<sup>(6)</sup> - 116



## Current Market Overview

- Market utilization almost 100%
- Tendering pace accelerating
- Multiple fixtures now over \$600K

■ Contracted ■ Stacked ■ Idle ■ Other

# Long-Term Ultra-Deepwater Outlook is Positive



# Macondo Update

- **Recent court decisions:**
  - **Court found that, under OPA, BP and Anadarko are liable for the subsea discharges, and Transocean is liable for discharges from the rig above the surface of the water. Similarly, under CWA, the court found BP and Anadarko are liable for civil penalties related to the subsea discharge, but the Court indicated that Transocean must first be found to have been an ‘operator’ in order to face such penalties.**
  - **Court found that BP must indemnify Transocean for compensatory damages arising from pollution below the surface of the water, notwithstanding a finding(s) of strict liability, negligence, and / or gross negligence.**
  - **Court found that, with respect to BP’s attempt to access Transocean’s insurance, (i) BP’s additional insured status under the policies does not extend to the pollution liabilities BP has incurred and will incur; and (ii) BP’s additional insured status under the policies only extends to those liabilities assumed by Transocean in the Drilling Contract -- that is, pollution originating on or above the surface of the water and injury/death claims of Transocean personnel.**
  - **Have booked \$1.2B in contingent liability**

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# Footnotes

- (1) Per Fleet Status Report issued January 16, 2012 & Fleet Update Summaries issued February 14, 2012 and March 15, 2012. Floaters classifications are by water depth as described in the Fleet Status Report. Harsh Environment Floaters are included in the appropriate water depth classification. “Jackups” includes High-Specification Jackups and Standard Jackups. Rig count is 131, plus 6 newbuilds, and one drilling barge. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to March 15, 2012. “Idle” and “Stacked” rig classifications are as described in the Fleet Status Report.
- (2) Excludes submersible rigs.
- (3) Excludes tender rigs.
- (4) “Jackups” includes High-Specification Jackups and Standard Jackups.
- (5) Calculated by multiplying the contracted operating dayrate by the firm contract period for 2012 and future periods as of the Fleet Status Report issued February 14, 2012. Firm commitments are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog is calculated by multiplying the full contractual operating dayrate by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions, which are not expected to be significant to our contract drilling revenues. The contractual operating dayrate may be higher than the actual dayrate we receive or we may receive other dayrates included in the contract, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate. The contractual operating dayrate may also be higher than the actual dayrate we receive because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.
- (6) Data from ODS-Petrodata as of March 19, 2012. Analysis by Transocean. Includes competitive rigs which have completed construction on or before March 19, 2012. Jackups are defined as independent cantilever. “Other” includes, but is not limited to, rigs which are not under contract and are en route, in port, in shipyard, out of service, undergoing acceptance testing, or on standby.
- (7) Adjusted debt is equal to debt, net of restricted cash investments associated with the Eksportfinans loans.
- (8) This presentation is unaudited.