



Morgan Stanley
May 2016

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Challenging Market

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

Ultra-Deepwater



- Global fleet utilization 79%*
- Uncontracted newbuild cancellations and delays continue

Deepwater



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

Midwater



- Global fleet utilization 74%*
- Acceleration of rig retirements

High-Spec Jackups



- Global fleet utilization 75%*
- Dayrates declining as oversupply intensifies

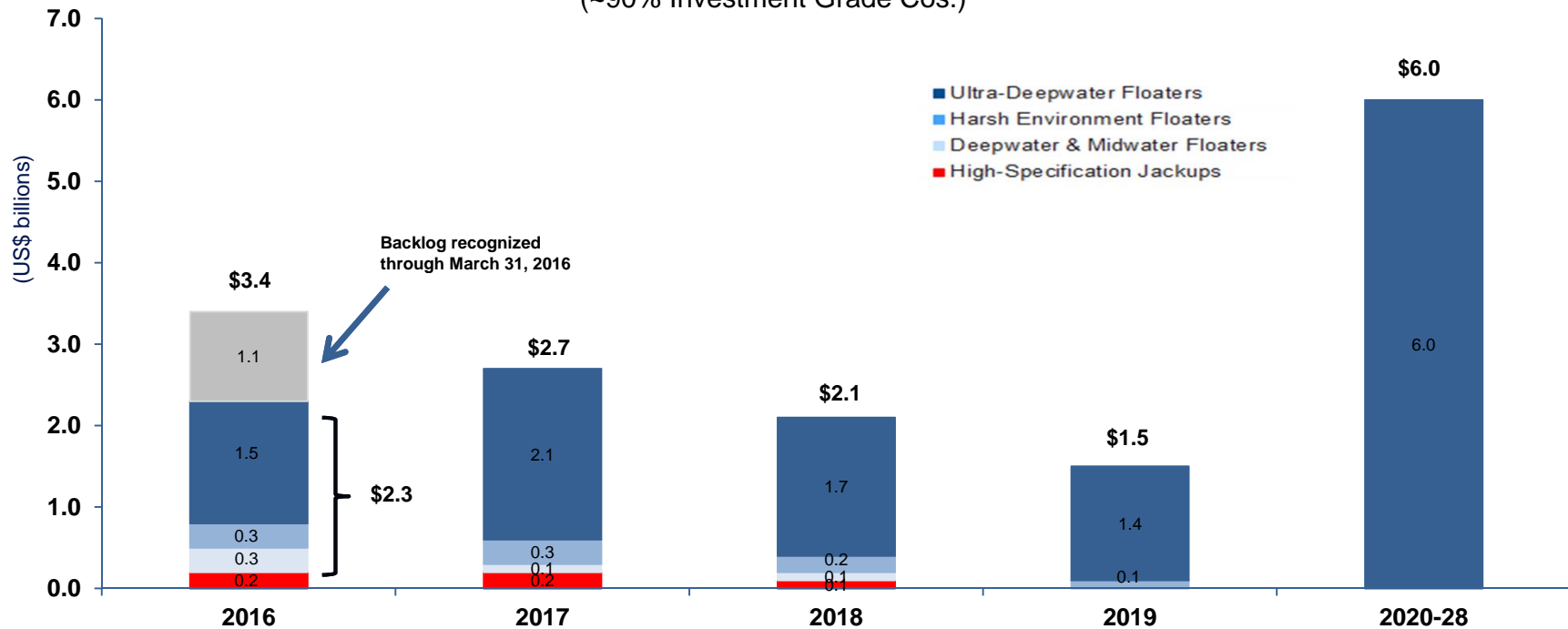
*Global marketed utilization data from IHS-Petrodata as of 5/5/16

Strong Financial Position

- **\$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

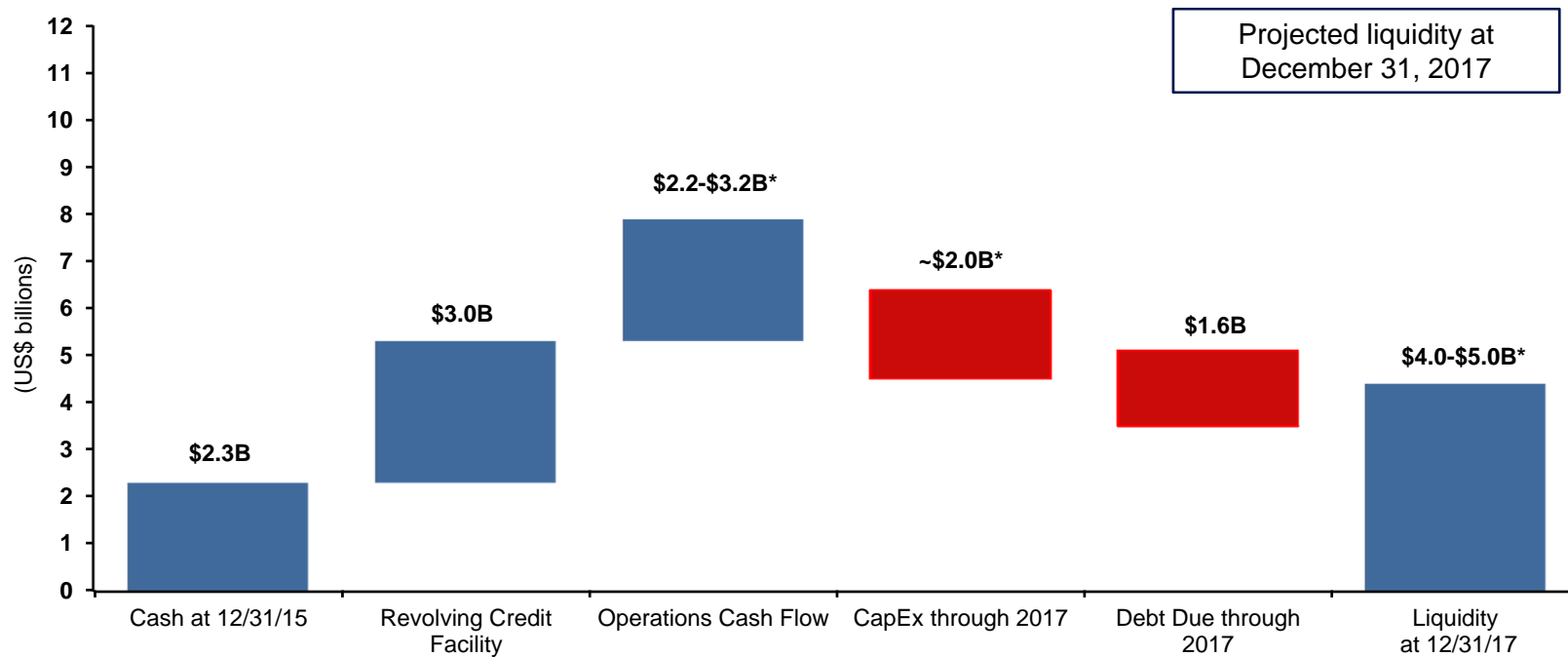
Industry Leading Contract Backlog

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



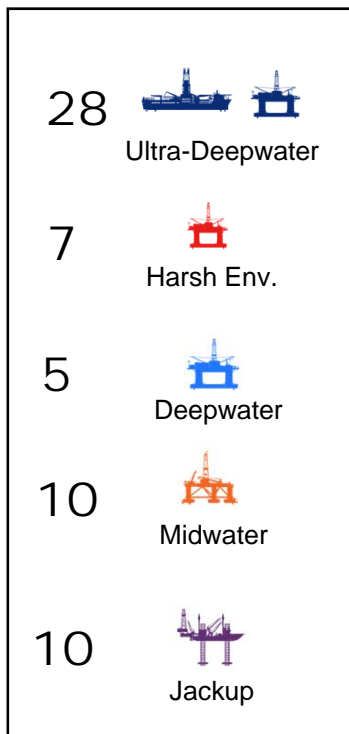
*Contracted operating dayrate multiplied by the contract duration for future periods as of 4/21/16

Substantial Liquidity



Projected liquidity at December 31, 2017

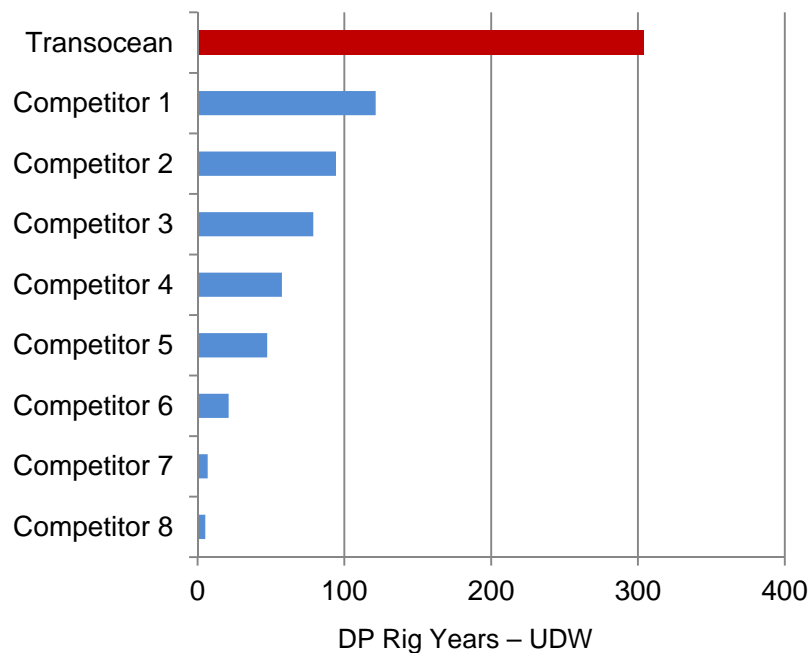
Global Footprint and Diverse Fleet



Extensive Customer Network



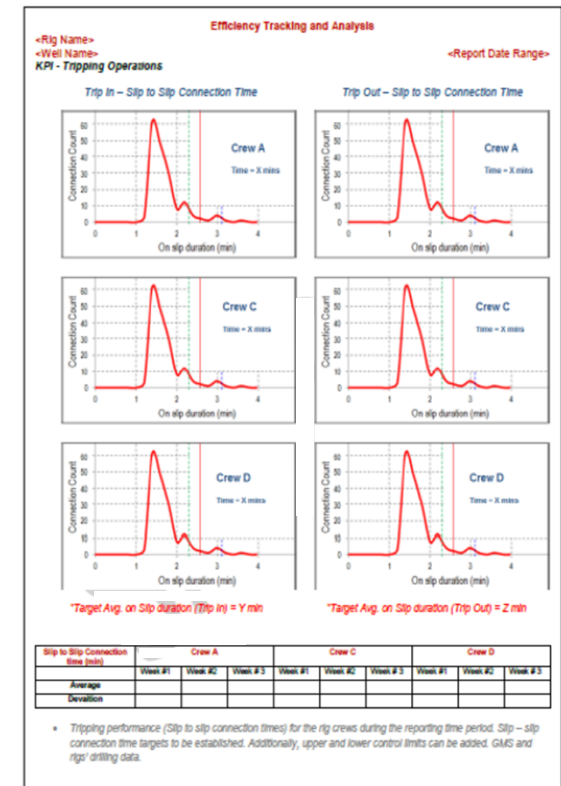
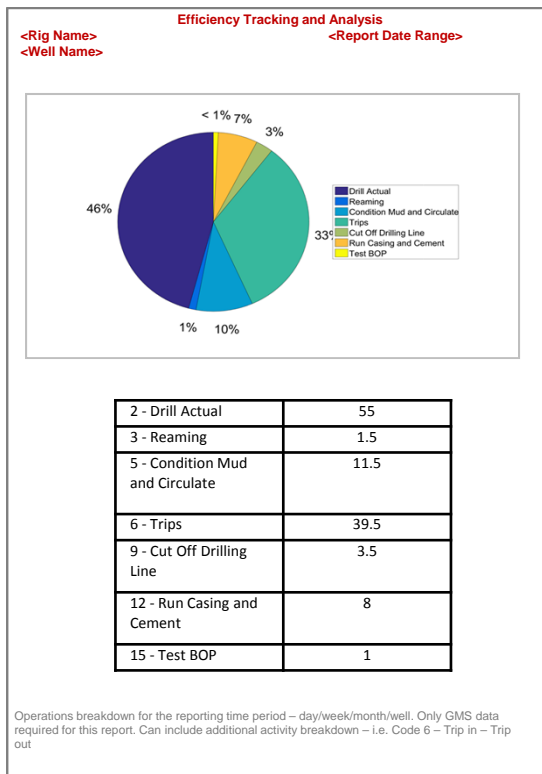
Unmatched Experience



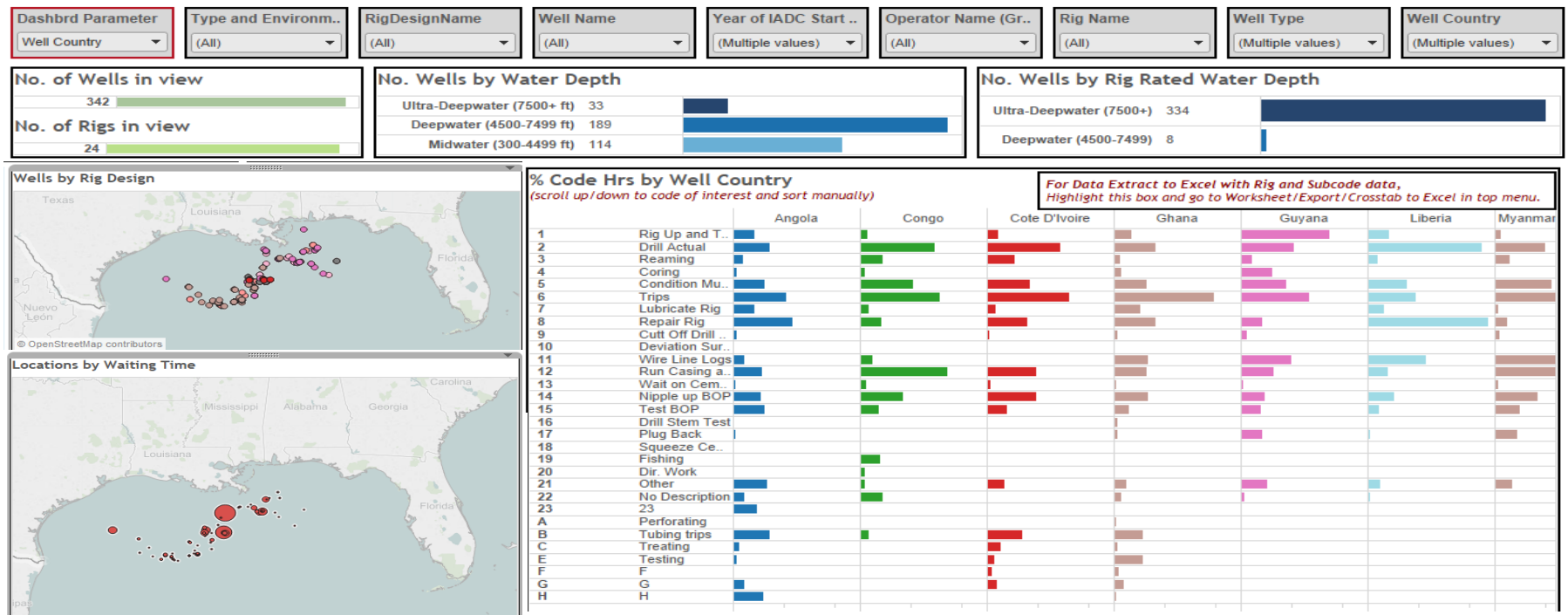
Source: IHS-Petrodata

- **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 Crew Data to Improve Drilling Performance



Using Well Data to Improve Drilling Performance



Proof of Performance



Polar Pioneer: Arctic Campaign (Shell)

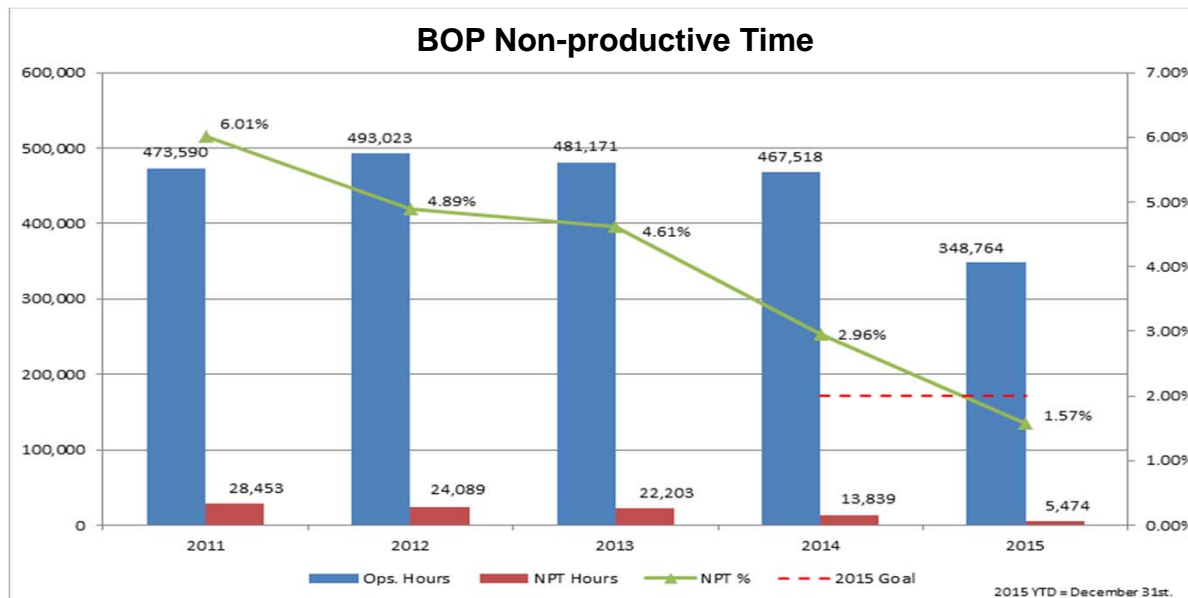
- Drilled and logged exploration well in one summer season
- Achieved an **injury and incident free drilling campaign** under intense public scrutiny
- Less than 5% downtime despite remote operation

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

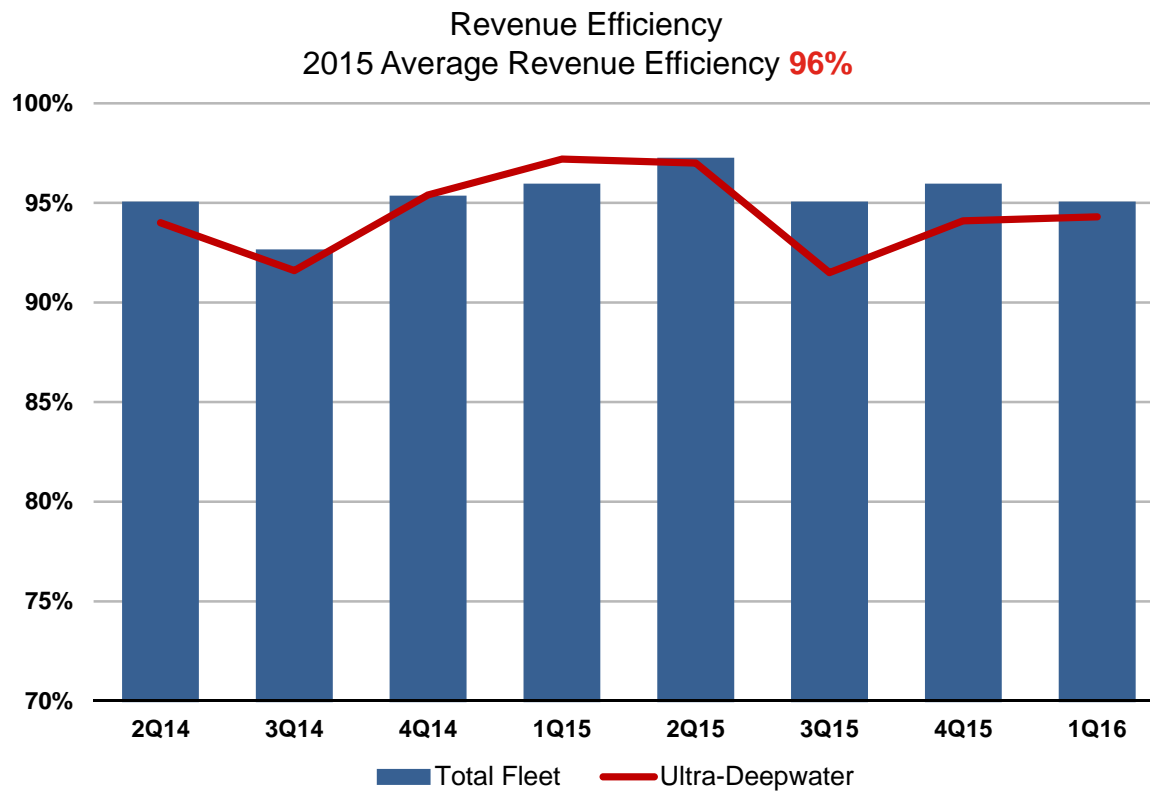


Improving Equipment Reliability and Uptime



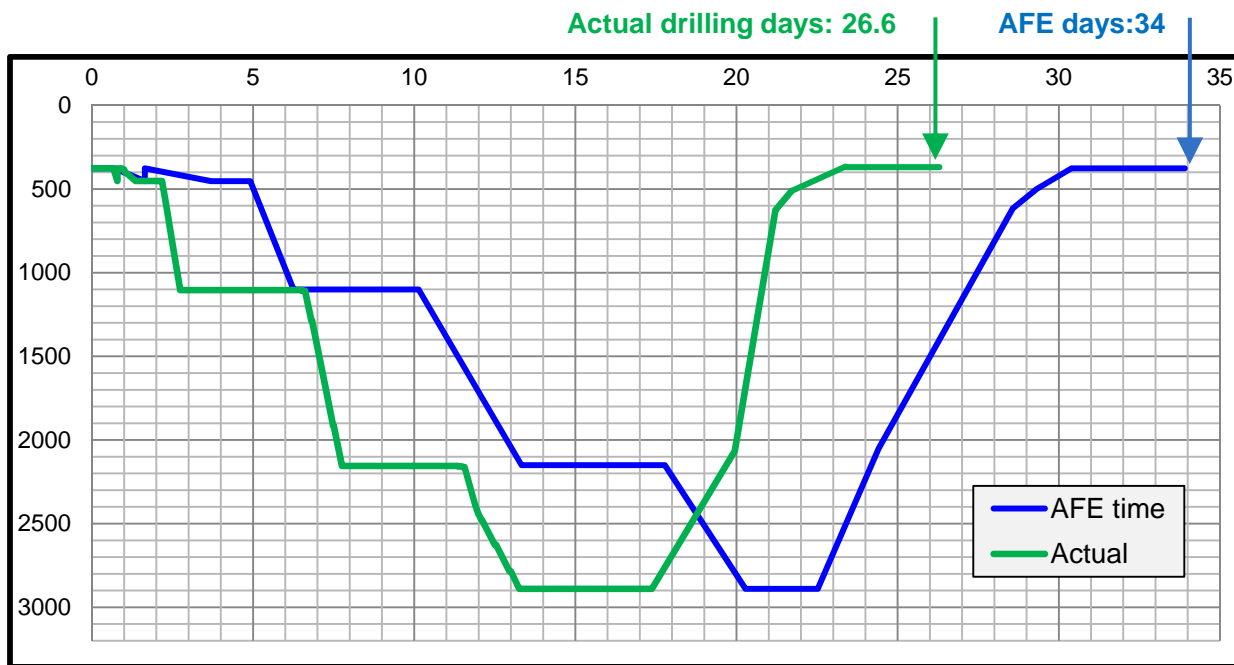
- **~75% reduction** in BOP-related downtime
- Non-productive time **below 2%**
- Performance driven by Transocean / OEM collaboration
- Focus moves to other critical equipment

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

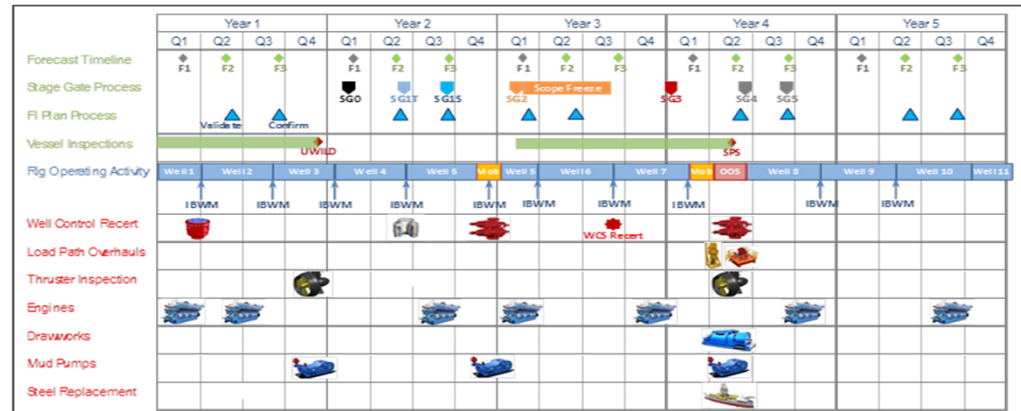
Riser Inspection and Repair Costs: **Reduced 25%** per joint from 2014



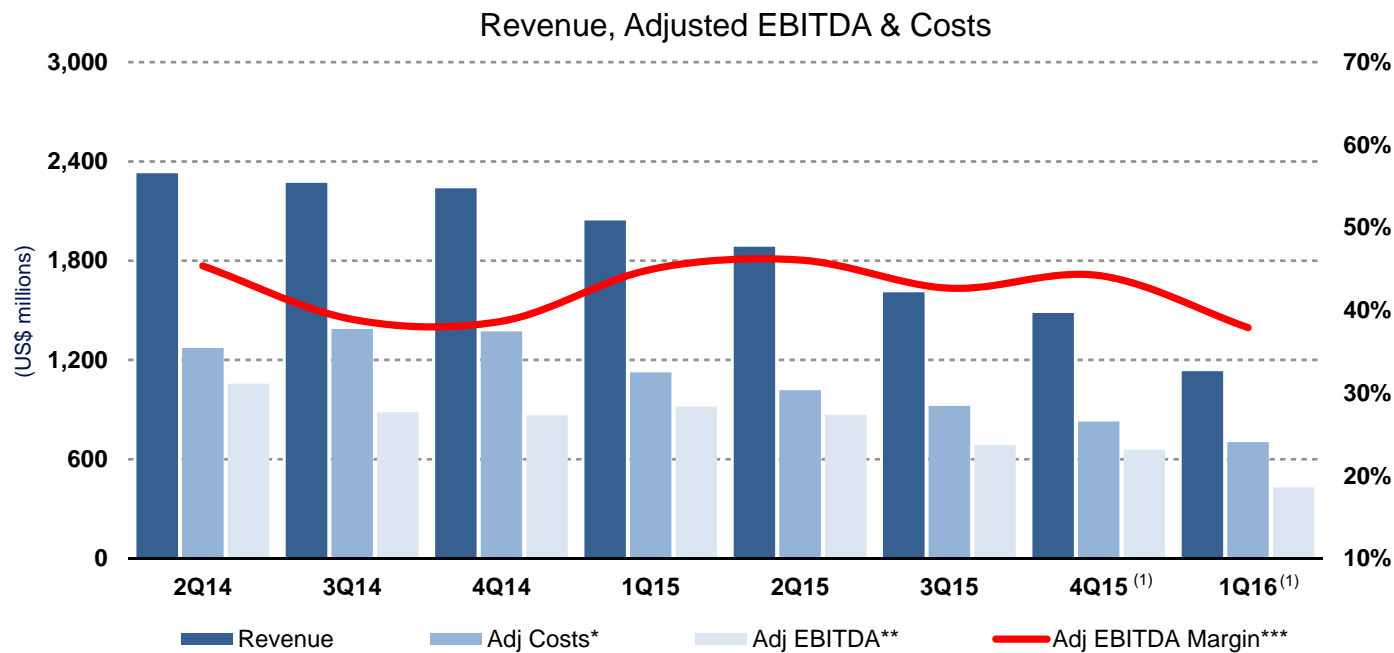
DP Stacking Costs: **Reduced to <math>< \\$20k/day/rig</math>**



Rig Out of Service Time and Cost: **Reduced 60%** from 2013



Proof of Performance



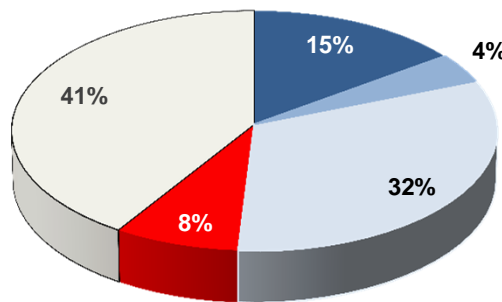
Continued progress on margin improvement initiatives partially offset deteriorating market conditions

*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

2009 Fleet

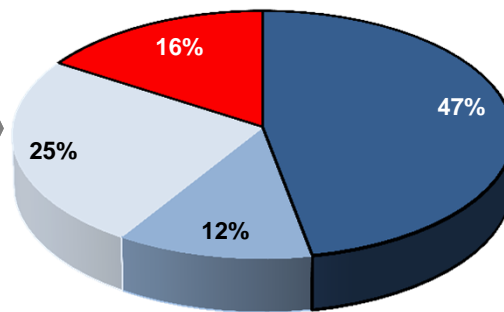
% of Fleet



- Ultra-Deepwater Floaters
- Harsh Environment Floaters
- Deepwater & Midwater Floaters
- High-Specification Jackups
- Standard Jackups

Current Fleet

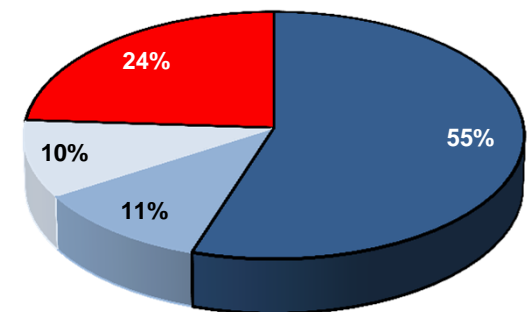
% of Fleet



- **Actions include:**
 - 11 rigs under-construction
 - 25 rigs already removed from the fleet

2020 Projected Fleet

% of Fleet

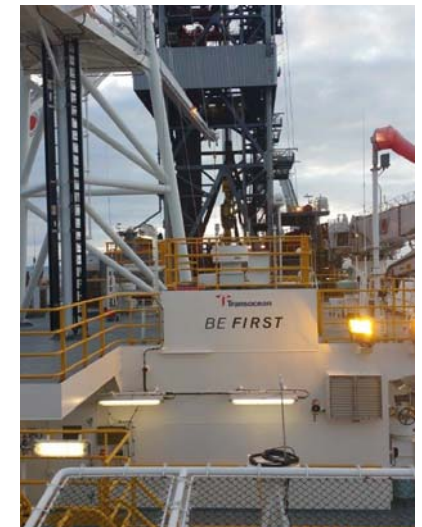


- **Projected fleet includes:**
 - 11 UDW dual BOP rigs
 - 8 UDW moored & DP capable rigs
 - 5 UDW 20k psi capable rigs

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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