



Transocean Ltd.

Cowen and Company

4th Annual Ultimate Energy Conference – New York

December 2, 2014

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- **Company Overview**
- **Market Overview**
- **Value Creation**
 - **Financial Flexibility**
 - **Capital Investment**
 - **Dividend**
- **Litigation Update**

Company Overview

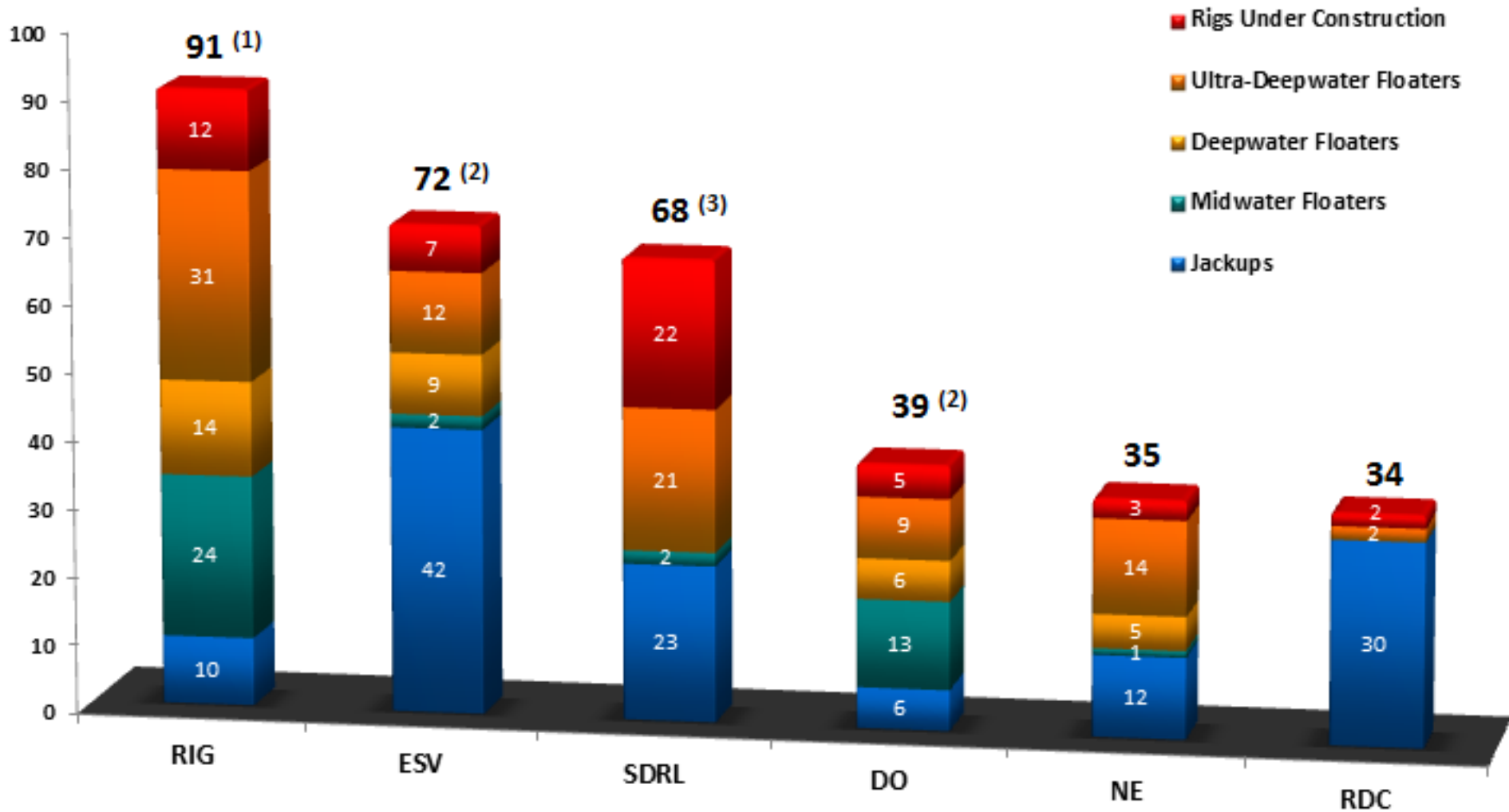
Industry Leader



- Premier position in ultra-deepwater market segment
- Largest fleet of high spec and midwater floaters
- Operates in most major markets worldwide
- Technical leader
- Significant relationships across the customer spectrum
- Size and technical capabilities create reinvestment opportunities

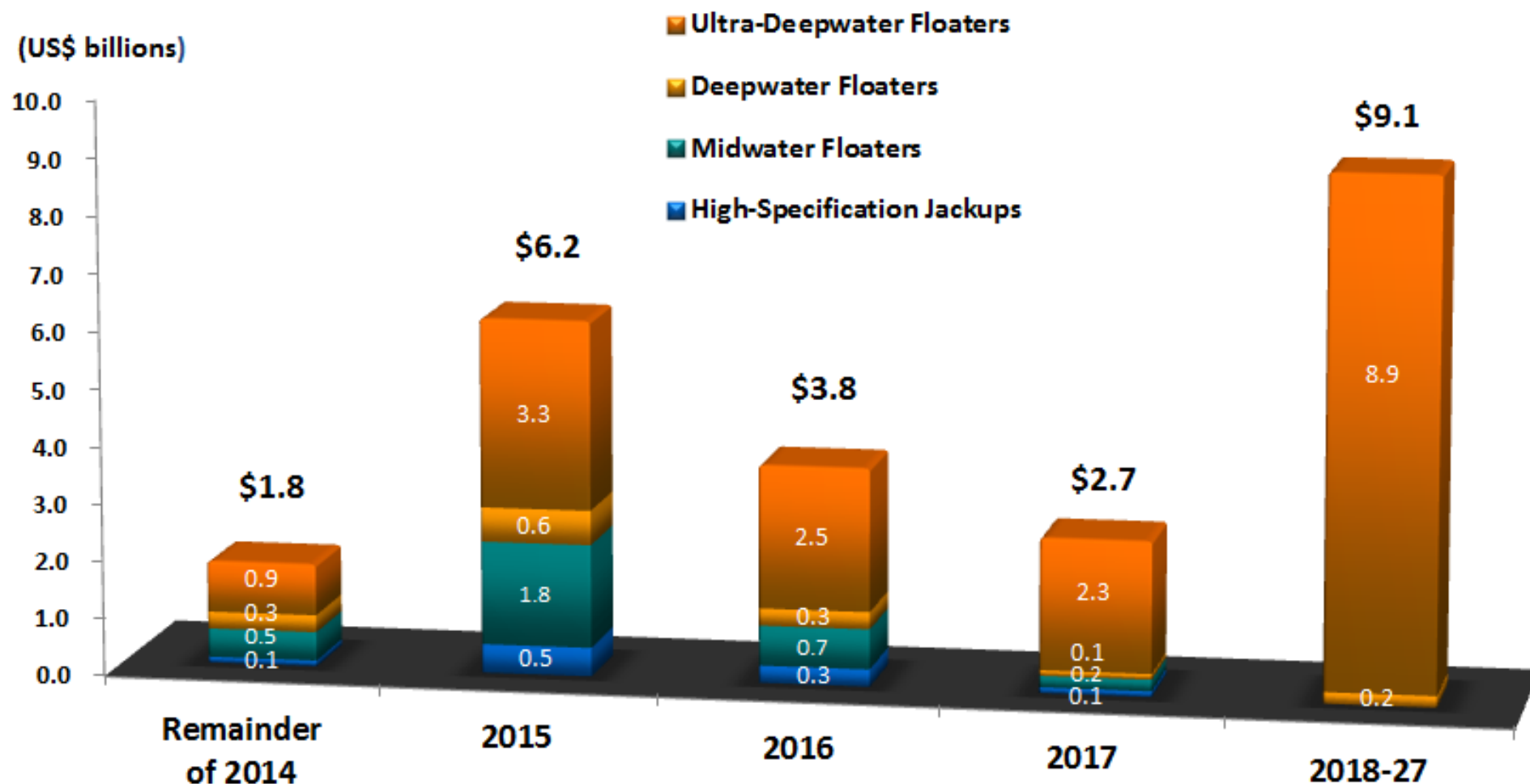
Company Overview

Largest Worldwide Rig Fleet



Company Overview

Strong Backlog



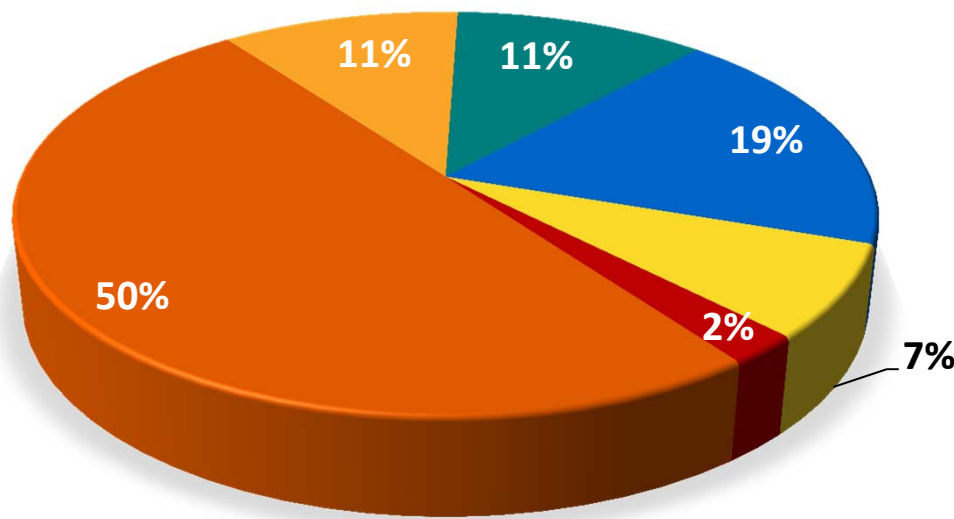
Total Backlog From Continuing Operations - \$23.6 billion⁽⁴⁾

Company Overview

Diversified Revenue Sources

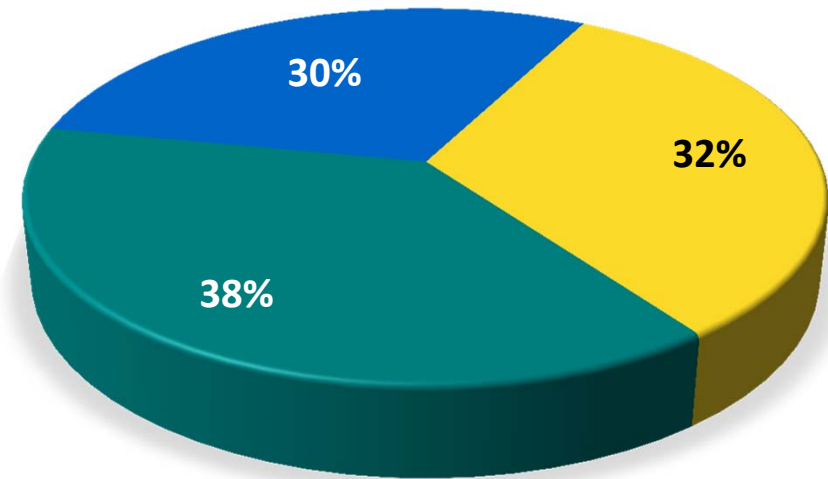


By Asset Class



- Ultra-Deepwater
- Midwater
- Deepwater
- High-Spec Jackups
- Harsh Environment
- Other

By Customer



- Integrated
- NOC
- Independent

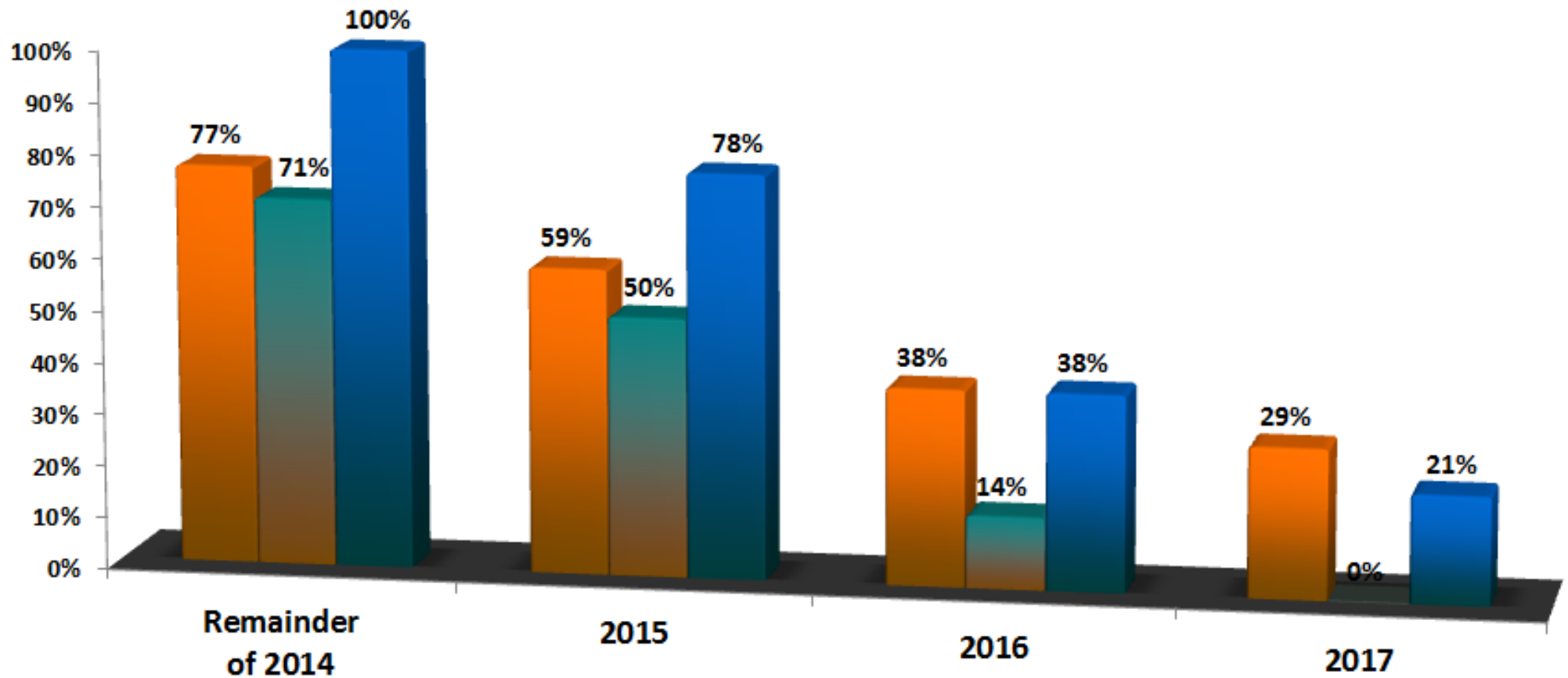
Revenues – YTD September 2014 - \$6.9 billion

Company Overview

Committed Fleet ⁽⁵⁾



■ High-Specification Floaters ■ Midwater Floaters ■ High-Specification Jackups

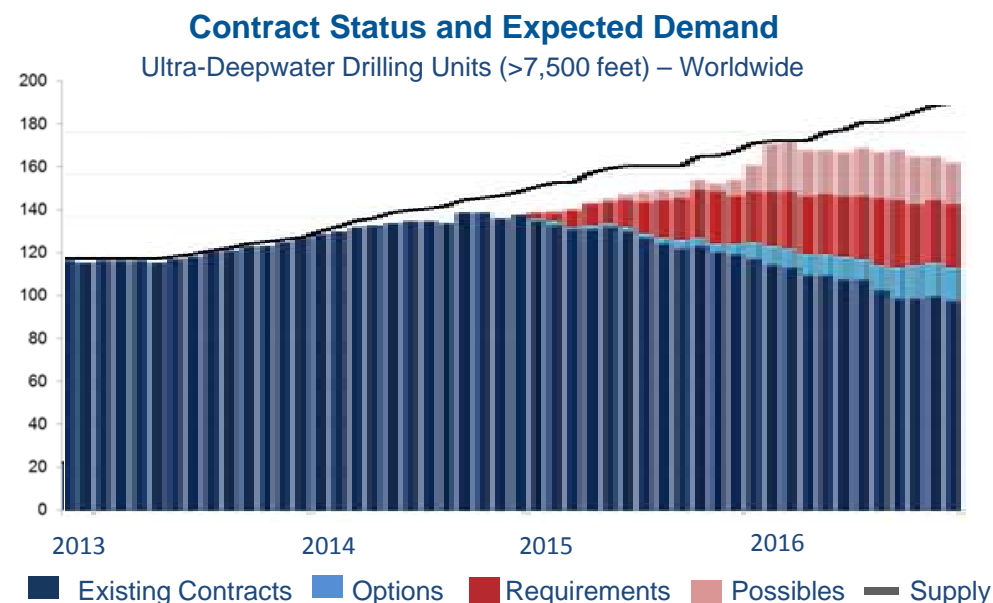


Market Overview

Ultra-Deepwater



- **Exploration success supports significant long-term ultra-deepwater demand**
 - Between 2010 – 2013, 131 UDW discoveries totaled ~40 billion boe*
 - UDW remains among highest return investments
- **Transocean's disciplined, high-return investment strategy is primarily focused on high-specification assets**
- **Ultra-deepwater market is oversupplied near term**
 - Programs being delayed
 - Reduced exploration spending
 - Farmouts increasing
 - Rates on UDW rigs are \$300K to \$450K/day depending upon specification



* Rystad Energy, March 2014

Market Overview

Other Floaters, Jackups



Deepwater



Discoverer Seven Seas

- Near-term increase in rig availability
- Global fleet utilization 84% ⁽⁶⁾
- Weak activity
- Limited data points, but rates between \$250K to \$300K/day for near-term availability

Midwater



GSF Rig 140

- Strong presence in the U.K. and Norway sectors of the North Sea
- Global fleet utilization 94% ⁽⁶⁾
- Near-term increase in rig availability
- Limited data points, but rates between \$280K to \$340K/day in the North Sea; outside U.K. rates approximately \$200K/day

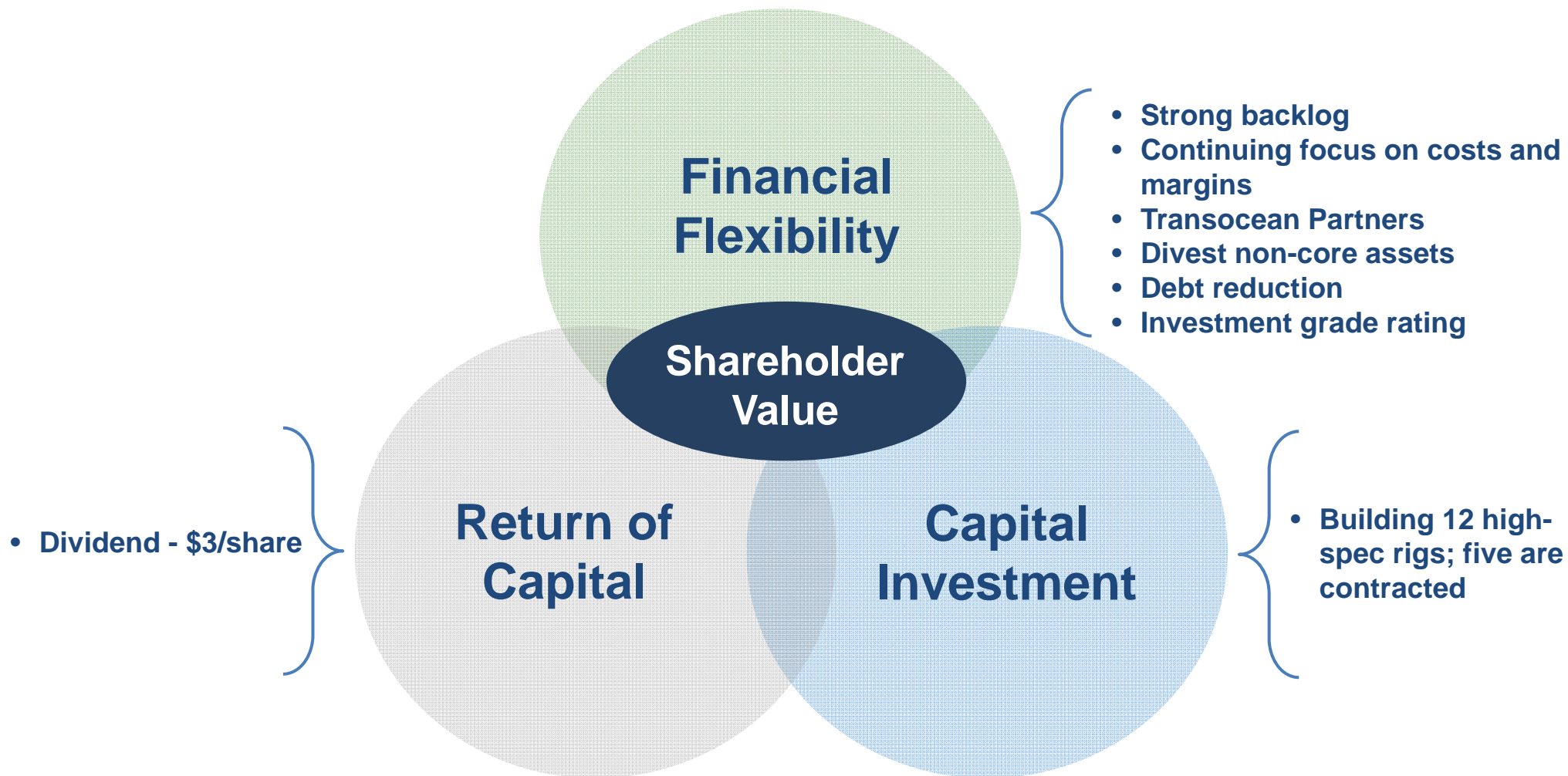
High-Spec Jackups



Transocean Honor

- Demand and dayrates remain under pressure
- Global fleet utilization 95% ⁽⁶⁾
- Key demand areas are Mexico, India, Middle East and Southeast Asia
- Rates \$160K to \$190K/day in U.K.; outside U.K. rates \$135K to \$160K/day

Value Creation



Financial Flexibility

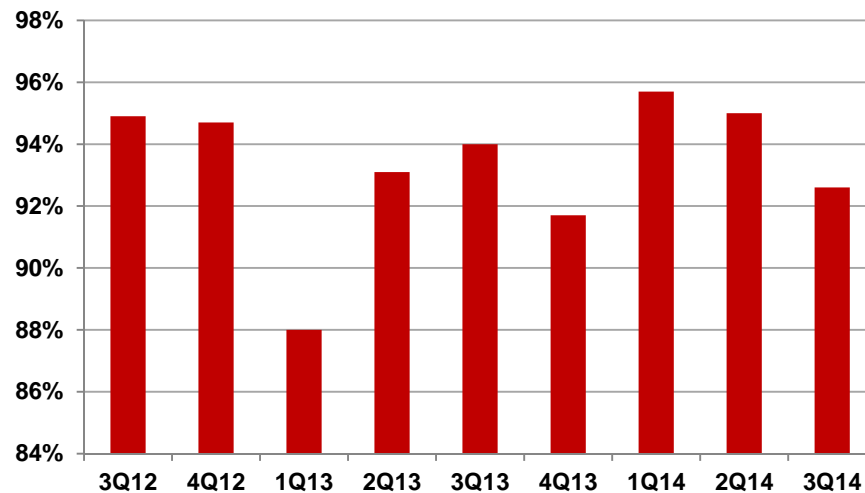
Objectives



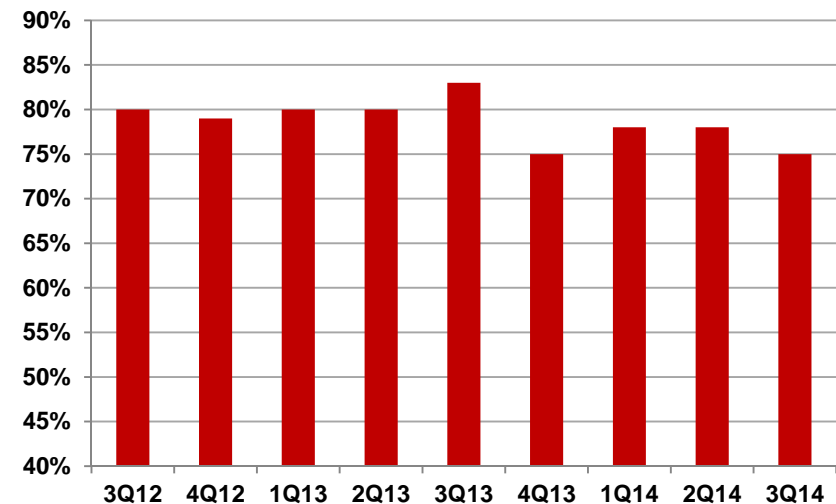
- **Manage financial exposure**
- **Sustain investment grade rating while renewing the fleet**
 - **Progress towards gross debt targets**
 - **Completed \$1 billion accelerated debt retirement**
 - **Successfully launched Transocean Partners LLC**
- **Continue to divest non-core assets**
 - **Since 2011 have divested 64 non-core rigs; proceeds exceed \$2 billion**
 - **Created Caledonia Offshore Drilling; continuing separation process**
- **Improve operating performance, margins**
 - **Increase revenue efficiency**
 - **Reduce costs and out-of-service time**

- **Revenue efficiency and utilization**

Revenue Efficiency



Utilization



- **Continued progress on margin improvement initiatives help mitigate deteriorating market conditions**
 - **Set objective of ~\$800 million in margin improvement by year-end 2015**
 - \$300 million shore-based cost reduction versus 2012 base
 - \$500 million margin expansion, all else being equal, from operational efficiencies
 - Approximately 45% is cost reduction
 - Other opportunities for continuous improvement

Financial Flexibility

Transocean Partners



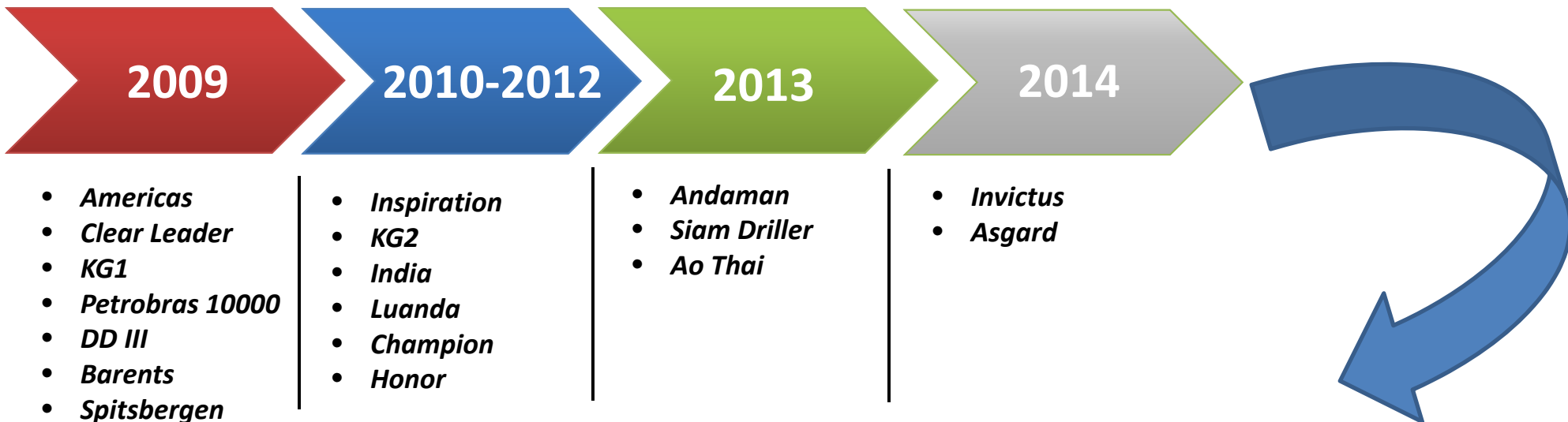
- **Successful IPO**
 - **Strong investor demand**
- **Structure facilitates strategic initiatives**
 - **Improves financial flexibility, liquidity**
 - **Supports balance sheet objectives**
 - **Represents attractive value proposition**
 - **Proceeds allocated consistent with “balanced approach”**

Capital Investment

Newbuild Program



Completed Program: 18 High-Spec Rigs



Current Program: Seven UDW drillships, five are contract-backed; five high-specification jackups



* Expected contract commencement dates, except JSPL drillships are approximate shipyard delivery dates

Capital Investment

High-Grading of Fleet

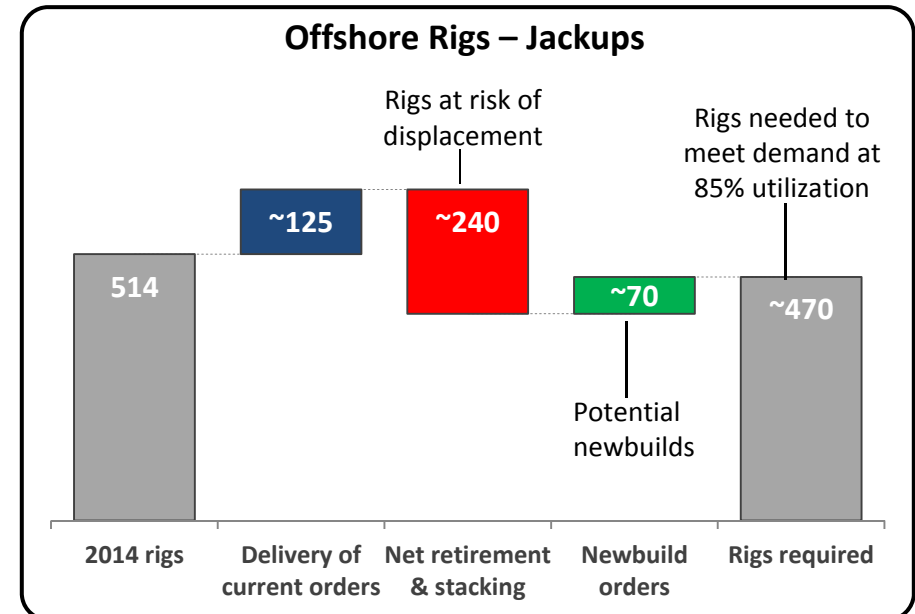
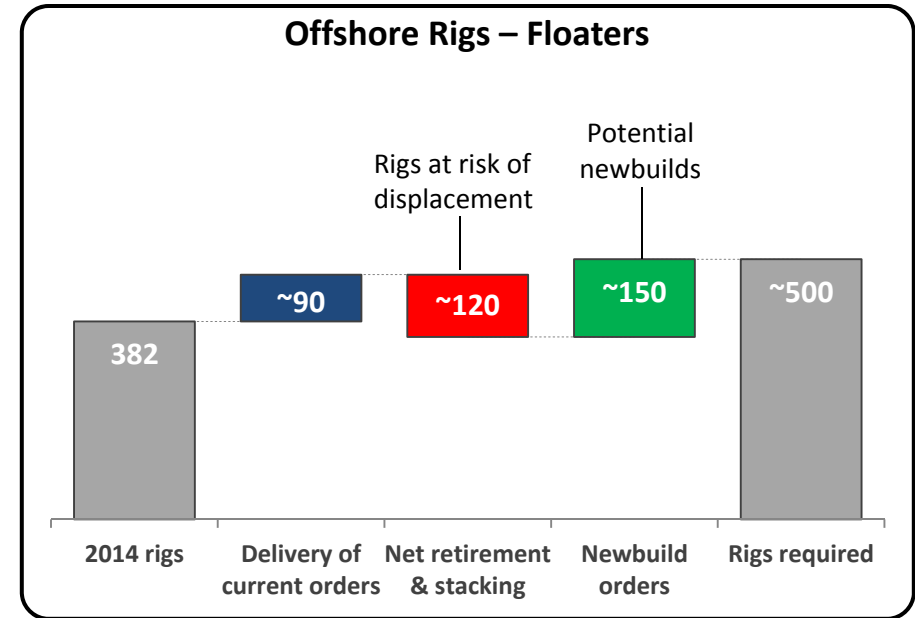


• Floaters

- Long-term growth in deepwater
- Lower spec rigs at risk
- ~125 floaters are 30+ years old
- Customers prefer high-spec rigs - perceived to be more reliable and have better performance

• Jackups

- ~240 jackups are 30+ years old
- Customers actively replacing lower-spec rigs
- Attrition/stacking



- **Strategic imperative to high-grade the fleet through consistent investment in high-specification floaters and jackups**
 - **Acquire existing, high-specification rigs**
 - **Build high-specification, contract-backed rigs**
 - **Build high-specification rigs on an opportunistic basis**
- **Will remain highly disciplined**
 - **Returns exceed cost of capital**
 - **Contribution accretive to margins**

Capital Investment

Fleet Profile



Current Fleet					
		Existing	Under construction	Total	
Floater	Ultra-deepwater	29	+7	36	
	Deepwater	12		12	
	Midwater	21		21	
	Harsh Environment	7		7	
Jack-ups	High-Spec Jackups	10	+5	15	
Total	Total Floaters	69	+7	76	84%
	Total Jackups	10	+5	15	16%
	Total Fleet			91	100%

Future Fleet	
Ultra-deepwater	~50%
Deepwater	
Midwater	
Harsh Environment	~10%
High-Spec Jackups	~40%
Total Floaters	~60%
Total Jackups	~40%
Approximate EBITDA Contribution Margin:	
	Floater: ~75%
	Jackup: ~25%

Capital Investment

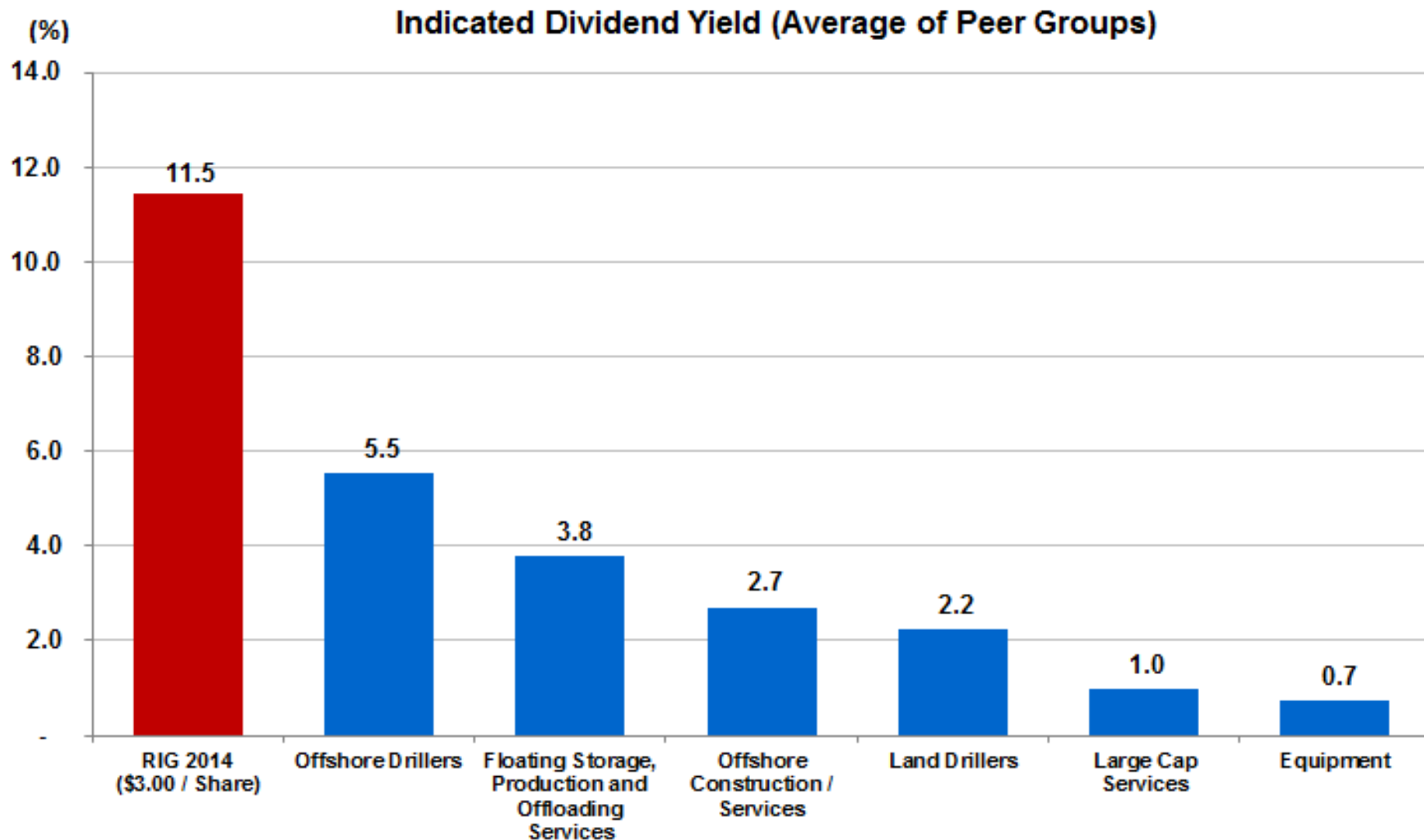
Execution



- **Fleet renewal strategy drives annual newbuild capital**
 - **Estimated @ ~\$1.5-\$2.0 billion per year**
 - **Will be opportunistic and disciplined**
 - **Amount will vary from year to year**
- **Funding sources include**
 - **Operating cash flow**
 - **Transocean Partners**
 - **Asset sales**
 - **Divest non-core assets by 2018**

Return of Capital

Dividend



Source: Bloomberg 11/17/14

- **Favorable court ruling 9/4/14 - effectively eliminates Transocean's financial risk arising from the below-surface discharge of oil**
 - **Transocean found to be not grossly negligent and not liable for punitive damages**
 - **Contractual indemnity affirmed as valid and enforceable**
 - **BP's release of its own claims against Transocean is valid and enforceable; PSC cannot pursue**
- **January 2013 – Civil and criminal settlement agreements reached with DOJ comprising \$1.4B paid over five years**
- **Insurance – Oral arguments were made to the Texas Supreme Court in September 2014 to address certain Texas insurance law questions posed by the Fifth Circuit. A ruling is not expected until mid-2015**

Significant Progress



- **Improving operations**
 - Steady gains in revenue efficiency, exceeding 2014 guidance
- **Rationalizing cost structure**
 - Leaner shore-base, optimizing maintenance
 - Continued focus on out-of-service spending
- **Eliminated exposure to low-spec jackups**
- **Built a robust pipeline of value-enhancing high-spec newbuilds**
- **Enhanced financial flexibility via Transocean Partners**
- **Completed \$1.0 billion accelerated debt retirement in Q4 2014**
- **Results exceeded analyst expectations for six consecutive quarters**
- **Continuing leadership in our industry**
 - 20K rigs, hybrid power plant, next generation BOP control system, arctic drilling
- **Resolved major elements of uncertainty**
 - Macondo, Norway tax litigation, Frade

Key Investment Highlights



- **We are delivering on our commitment to create value**
 - **Improving financial flexibility**
 - **Executing plan to high-grade the fleet**
 - **Returning excess cash to shareholders**
 - **Reducing uncertainty**
- **We will continue to “focus on what we can control”**
- **Transocean is well positioned to capitalize on global opportunities**



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- (1) As of November 18, 2014. Floater classifications are by water depth as described in the Fleet Status Report. Harsh Environment Floaters are included in the appropriate water depth classification. Rig count associated with continuing operations is 79, plus 12 newbuilds. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to November 18, 2014. “Idle” and “Stacked” rig classifications are as described in the Fleet Status Report.
- (2) Excludes retired rigs and rigs held for sale.
- (3) Excludes tender rigs.
- (4) Calculated by multiplying the contracted operating dayrate by the firm contract period for the remainder of 2014 and future periods as of the Fleet Status Report issued October 15, 2014, for continuing operations only. 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.
- (5) The committed fleet rate is defined as one minus the uncommitted fleet rate, which is the number of uncommitted days divided by the total number of rig calendar days in the measured period, expressed as a percentage. An uncommitted day is defined as a calendar day during which a rig is idle or stacked, is not contracted to a customer and is not committed to a shipyard. The rate is as of October 15, 2014.
- (6) Global market utilization data from IHS-Petrodata as of November 20, 2014. Deepwater rigs are defined as floaters with water depths equal to or greater than 4500’ and less than 7500’. Midwater rigs are defined as floaters with water depths less than 4500’. High-specification jackups are defined as competitive, independent cantilever rigs with water depths of 350’ and greater.
- (7) This presentation is unaudited.